

St. Michaels Chapter Corrective Action Plan 12 Month Follow Up

Objective

In accordance with Title 12 Navajo Nation Code, section 7(G), the Office of the Auditor General (OAG) conducted a follow up review on the status of the St. Michaels Chapter (Chapter) corrective action plan that was approved by the Budget and Finance Committee on July 11, 2002, per resolution no. BFJY-78-02. Our objective for the follow-up was to determine whether the Chapter fully implemented its corrective action plan to resolve all findings presented in OAG audit report no. 01-10.

Scope and Methodology

In meeting our objective, we interviewed Chapter staff, observed Chapter operations, and examined available documentation for the thirteen-month period beginning February 01, 2003 through February 29, 2004. We selected a sample of expenditures using a non statistical, judgmental approach. The sampled expenditures were reviewed to verify community approval, adequacy of supporting documentation, and compliance to applicable laws, policies and fund guidelines. In addition, we reviewed the Chapter's progress in implementing its five management system.

Compliance with Government Auditing Standards

This post audit follow-up review was conducted in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the entity under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Review Results

Our review revealed the Chapter has resolved two of ten findings presented in audit report no. 01-02. The Chapter was unable to resolve eight findings mainly due to officials getting directly involved into administrative matters which cause internal conflict between the staff and officials.

Local Governance Act (LGA), 26 Navajo Nation Code, chapter 2, section 1001, states that the administrative functions of the Chapter government are to be left to the Chapter employees. Section 1004 of LGA further states that the Chapter manager, currently the Community Services Coordinator (CSC), shall co-sign all Chapter checks and is custodian over Chapter funds and records. Failure to safeguard these items is cause for removal. As custodian, the CSC's authority

includes ensuring resources and assets are used for necessary and allowable purposes. Our review found that the CSC does not sign checks for purposes she deems as unnecessary or unallowed. However, Chapter officials sign checks to expend funds that the CSC has determined are unnecessary or unallowed. The officials' actions of bypassing the CSC's authority are considered direct involvement into administrative functions of the Chapter, which is contrary to provisions of LGA. In addition, this contributes to the conflict between the officials and staff that hinders Chapter operations.

Conclusion

The Chapter failed to implement the corrective action plan. Consequently, the Chapter was unable to resolve eight of ten audit findings. Therefore, OAG recommends that the Chapter and its officials be sanctioned in accordance with Title 12 Navajo Nation Code, sections 9(B) and 9(C).