

ROCK SPRINGS CHAPTER SPECIAL REVIEW

The Office of the Auditor General conducted a site visit of the Rock Springs Chapter (Chapter) due to your concerns regarding financial assistance awards from the housing discretionary funds. Our objectives were to determine whether the Chapter is expending housing discretionary funds in accordance with established policies and procedures, whether recipient(s) are continually awarded assistance every fiscal year, and whether an enrolled Chapter member with a home site lease within a different chapter can receive assistance from Rock Springs Chapter. In meeting our objectives, we reviewed Chapter documentation for a five year period beginning October 1, 2000 through September 30, 2005. Our review also consisted of inquiry with the Chapter Administration and an Official, the Navajo Nation Office of Legislative Counsel, the Navajo Nation Ethics and Rules Office, and the Navajo Nation Land Department.

Upon our initial site visit, it was determined that the Chapter's record keeping system requires improvement. The Chapter was unable to provide complete records for the five fiscal years. This resulted in the Office of the Auditor General having to compile a list of housing discretionary expenditures for our review period from available records such as ledgers, registers, quarterly reports, and other supporting documents. Thus, the amount and number of housing discretionary expenditures identified may be higher. Since our review was limited in scope, we relied on the available records to determine the number of expenditures.

Results of our Review

1. The Chapter made reasonable attempts to avoid awarding housing discretionary assistance to the same recipients in any one fiscal year.

For our five fiscal year review, there were a total of 77 housing discretionary recipients. Test work revealed that sixty-nine of those recipients did not receive financial assistance from housing discretionary funds more than once within a fiscal year or awarded consecutive fiscal years.

2. Enrolled Chapter members with home sites in other communities can receive Chapter housing discretionary assistance.

It is our determination based on research that the Navajo Nation housing discretionary policies and procedures were developed based on Navajo Housing Services Department policy and case law, in which assistance was agency based. Meaning, that it did not matter which chapter you lived in to receive services. In addition, the legal opinion stated that ultimately the chapter's approved policies and procedures govern the activities of the housing discretionary fund. The Chapter provided evidence that their housing discretionary policies and procedures were approved in September 2005, however the Chapter's policy does not mandate that the home site lease submitted to show evidence of land ownership must be within the Chapter's boundaries. Thus, as it stands, the Chapter's housing discretionary funds can be provided to enrolled chapter members whose home sites are located in a different chapter until the Chapter amends their policy to include such a provision.

3. The Chapter is not complying with established policies and lacks internal controls in expending housing discretionary funds.

Compliance. The Navajo Nation housing discretionary policies and procedures require specific documentation to be submitted to determine eligibility and selection. However, based on our review of 30 housing discretionary expenditures, the Chapter is not complying with the provision by ensuring that the necessary documentation such as evidence of land ownership is

consistently obtained. As a result of the lack of proper documentation, the chapter cannot support whether 24 of 30 recipients were eligible to receive housing discretionary assistance since all the supporting documentation to make such a determination was not obtained by the Chapter. In addition, pertinent information such as income verification statement, authorization of release of information, copies of social security cards for all household members, and referrals (if applicable) were not requested by the Chapter, this attributed to the Chapter's noncompliance. Without proper and complete documentation, the Chapter is unable to support their decision in awarding recipients. Thus, there is no assurance that bias and favoritism were eliminating factors in awarding recipients.

Internal Controls. Effective internal control requires establishing adequate controls to ensure that all requests for housing discretionary assistance have adequate documentation, are reviewed and properly authorized, prioritized, awarded within established limits, and that performance reports describing accomplishments be prepared. The Navajo Nation housing discretionary policies and procedures require that Chapter's create a selection committee that will use a ranking system to prioritize applicants based on greatest needs determined by five basic factors: annual household income, family size, overcrowded living conditions, unsanitary or unsafe living conditions, and elderly, handicapped or disabled. However, our review of the Chapter's files found that 40% of the time the Community Services Coordinator did not review the application packets for completeness prior to awarding assistance and there was no evidence of a selection committee. Within the Chapter's application packets it was required to document the accomplishments of how the awarded funds were used, instead the process was neglected by the Chapter. In addition, there were no thresholds on the amount of assistance provided, thus awarded amounts ranged between approximately \$53 and \$2,357.

The Chapter's lack of policies and procedures for awarding housing discretionary funds was lacking until September 2005. The lack of controlled procedures resulted in incomplete files to support awards and the Chapter's ability to provide assurance those individuals with greatest needs such as the elderly and handicapped were given priority. Further, the Chapter was unable to provide assurance that funds awarded were used for their intended purposes.

Without adequate internal controls, there is a risk of continued claims of impropriety. Internal controls needs to be in place to ensure that every applicant is given equal consideration and assistance is disbursed equitably among community members who need housing assistance.

Conclusion

Concerns were raised by the Chapter regarding housing discretionary activities, specifically on the number of times a recipient is assisted, the location of a home site lease to receive assistance, and compliance with guidelines. Our review of five fiscal years found that the Chapter is reasonably awarding housing discretionary assistance to different recipients in any one fiscal year, housing discretionary funds can be provided to enrolled chapter members with home site leases within other chapters, and that the Chapter did not comply with Navajo Nation policies in expending their housing discretionary funds. Consequently, the Chapter has approved their housing discretionary policies and procedures in September 2005 and included such things as income thresholds to receive assistance and limitations on the number and amount of assistance received from the Chapter. The Chapter should incorporate their written policies and procedures in awarding housing discretionary funds and they should be consistent with actual Chapter operations. In addition, to address the concern of awarding enrolled Chapter members that have home site leases within other chapters, the Chapter may consider amending their established policy to include such a provision.