

SUMMARY

The Navajo Nation Office of the Auditor General conducted a follow-up review of the Kinlichee Chapter corrective action plan (CAP) implementation. The Budget and Finance Committee (BFC) approved the CAP on March 28, 2007 per resolution no. BFCMA-13-07 to address the audit findings presented in audit report no. 06-13.

Our CAP follow-up review found:

Finding I:

- 10 of 17 corrective measures have been implemented.
- 7 of 17 corrective measures have not been implemented.

Finding II:

- 15 of 21 corrective measures have been implemented.
- 6 of 21 corrective measures have not been implemented.

Finding III:

- 2 of 7 corrective measures have been implemented.
- 5 of 7 corrective measures have not been implemented.

Overall, the Kinlichee Chapter has not fully implemented the corrective measures outlined in the corrective action plan approved per BFC resolution no. BFCMA-13-07. Of the forty-five (45) corrective measures, twenty-seven (27) were found to be implemented. Eighteen (18) corrective measures have not been fully implemented, especially in the area of internal controls. Control weakness such as incomplete accounting records, inaccurate accounting procedures, unreliable financial reports, non-compliance with funding guidelines, and poor monitoring by the Chapter officials continue to exist.

It was noted through inquiries and review of records that there is poor communication, coordination and cooperation at times between the Chapter staff and officials. This likely hindered the successful implementation of the CAP. The lack of effective monitoring and oversight by the Chapter officials over staff activities also contributed to the unaccounted revenues of \$12,433 in FY2007 when the Community Services Coordinator (CSC) was on medical leave. Although the CSC has since strengthened the cash controls, there is a potential risk that such controls may once again be compromised which will likely result in missing Chapter resources if the officials do not monitor staff activities.

With the corrective measures not fully implemented, the Chapter has not demonstrated improvements within its Five Management System (FMS) to ensure proper accountability of Chapter assets and resources. In conclusion, the Office of the Auditor General recommends that sanctions be imposed on the Kinlichee Chapter and officials in accordance with 12 N.N.C., Section 9(B) and (C) for failure to fully implement the corrective action plan.