

## SUMMARY

The Navajo Nation Office of the Auditor General conducted a follow-up review of the Manuelito Chapter corrective action plan (CAP) implementation. The Budget and Finance Committee (BFC) approved the CAP on October 9, 2006 per resolution no. BFO-46-06 to address the audit findings presented in audit report no. 06-10.

Our CAP follow-up review found:

*Finding I:*

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

*Finding II:*

- 1 of 6 corrective measures has been implemented.
- 5 of 6 corrective measures have not been implemented.

*Finding III:*

- 6 of 9 corrective measures have been implemented.
- 3 of 9 corrective measures have not been implemented.

Overall, the Manuelito Chapter has not implemented a majority of the corrective measures outlined in the corrective action plan approved per BFC resolution no. BFS-46-06. Of the thirty (30) corrective measures, thirteen (13) were found to be implemented. Seventeen (17) corrective measures have not been fully implemented, especially in the area of internal controls. Control weakness such as lack of segregation of duties, inadequate supporting documentation, non-compliance with funding guidelines, and inconsistent financial reporting continue to exist. It was noted through observations and review of records that the CSC did not necessarily consider the CAP implementation a priority and this attitude likely contributed to the Chapter's inability to demonstrate much-needed improvements since the audit.

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