

## SUMMARY

The Navajo Nation Office of the Auditor General has conducted a special review of the Navajo Department of Workforce Development (NDWD). The NDWD Department Manager requested the review because of concerns on the NDWD lack of controls in processing payments to program participants. This special review evaluates NDWD use of resources in providing services to support employment and training activities to eligible members and residents of the Navajo Nation.

### **FINDING I: Financial and Management Control Systems Remain Weak**

NDWD lacks adequate controls to safeguard funds, ensure program performance, and protect program assets. NDWD is not consistent in reconciling refunds to student withdrawals and performing follow up visits. The risk that participants can drop out of the program but continue to receive financial assistance from NDWD remains. NDWD lacks reliable data. Data cannot be verified because of varying interpretations of terminology, data, policies and procedures. In addition, NDWD awarded participants beyond their unmet needs without justification contrary to their established policy. About 19% of participants reviewed were awarded assistance beyond their unmet needs without justification. Payments to participants were not processed within the established 20-business day timeframe. Consequently, complaints that participants are sent to school prior to eligibility being verified and non-payments of participants' costs continue to exist.

### **FINDING II: Operational Deficiencies Limit NDWD Ability to Meet Mandates**

The workforce development program is under-enrolled. For Program Years 2004 to 2006, NDWD projected that it would assist 8,155 participants. However, NDWD was able to serve only 6,461 participants, resulting in under-enrollment of 1,694. The under-enrollment resulted in NDWD untimely expenditure of program funds. In addition, the program cost per participant is high in comparison with other Native American Workforce Investment Act (WIA) operations. According to U.S. Department of Labor performance results for 2004 and 2005, NDWD ranks among the least efficient Native American WIA operations. NDWD Employment Assistance Officers (EAO) caseloads do not meet projected targets. Our review shows that 19 (41%) EAOs have low caseloads. The central administration does not effectively monitor agency operations. These operational deficiencies limit NDWD ability to meet its mandates.

In addition to the two findings summarized above, the audit contains recommendations for improving NDWD internal controls and operations.