

SUMMARY

The Navajo Nation Office of the Auditor General has conducted a supplemental follow-up review of the Newcomb Chapter Five Management System to determine whether the Chapter implemented appropriate corrective actions to resolve the findings presented in audit report no. 06-08 issued on July 14, 2006.

Our supplemental follow-up review found:

- 8 of 13 of the reported findings have been resolved, and
- 5 of 13 of the reported findings have not been resolved.

Overall, the Newcomb Chapter did not resolve 5 of 13 (or 38%) of the findings reported in audit report no. 06-08. The failure of the Newcomb Chapter to implement appropriate corrective measures to resolve all of the findings has resulted in continued lack of accountability in several key areas of the Chapter's five management system. The control weaknesses that still exist within the system continue to pose various risks of poor accountability over Chapter assets and activities. The supplemental review found incomplete and unreliable financial statements, inadequate safeguards over Chapter property and equipment, and non-compliance with fund guidelines for restricted funds and the five management system policies and procedures.

In addition to the 90 days granted for corrective actions since audit report no. 06-08 was issued on July 14, 2006, the Newcomb Chapter was afforded additional time of approximately one year due to delays in completing the supplemental review. However, despite the ample time provided to the Chapter, its five management system continues to operate ineffectively and still does not meet its intended purpose. Therefore, in the absence of real improvements, the Office of the Auditor General recommends to the Budget and Finance Committee to withhold future funding allocations to the Newcomb Chapter until the deficiencies are corrected.