

The Navajo Nation Office of the Auditor General conducted a supplemental follow-up review of the Shiprock Chapter corrective action plan (CAP) implementation. The Budget and Finance Committee (BFC) approved the CAP on May 20, 2008 per resolution no. BFMY-13-08 to address the audit findings presented in audit report no. 08-03 issued in Fiscal Year 2008. On March 15, 2011, the Auditor General issued audit report no. 11-25, the result of the follow-up review on the Chapter's CAP implementation. This follow-up review revealed that of the 19 corrective measures outlined in its CAP, the Chapter only implemented one, leaving 18 corrective measures not implemented. Consequently, the Auditor General recommended sanctions on Shiprock Chapter and its officials.

On July 26, 2011, the BFC tabled the proposed legislation to sanction Shiprock Chapter and directed the Auditor General to conduct a supplemental follow-up review after 90 days. This decision was based on the Chapter's representation to the committee that the outstanding corrective measures would be implemented within 90 days. Accordingly, our supplemental follow-up review found:

*Finding I:*

- 2 of 10 corrective measures have been implemented;
- 6 of 10 corrective measures have not been implemented; and
- 2 of 10 corrective measures could not be determined due to no activity.

*Finding II:*

- 3 of 3 corrective measures have been implemented.

*Finding III:*

- 1 of 5 corrective measures have been implemented; and
- 4 of 5 corrective measures have not been implemented.

Overall, of the 18 outstanding corrective measures, Shiprock Chapter implemented six corrective measures, 10 corrective measures were not implemented and the status of two corrective measures could not be determined due to no activity. With ten corrective measures not implemented, internal control weaknesses continue to exist resulting in noncompliance with established policies and procedures and discord within Chapter management and operations.

Since the corrective measures have not been fully implemented, the Shiprock Chapter has not demonstrated much needed improvements to ensure proper accountability of Chapter assets and resources. In conclusion, the Office of the Auditor General reiterates its recommendation that sanctions be imposed on the Shiprock Chapter and officials in accordance with 12 N.N.C., Sections 9 (B) and 9 (C) for failure to implement the corrective action plan.