

## SUMMARY

The Navajo Nation Office of the Auditor General (OAG) conducted a 3<sup>rd</sup> follow-up review of the Local Governance Support Center (LGSC) corrective action plan (CAP) implementation in accordance with 12 N.N.C Section 7. LGSC reported to the Budget and Finance Committee on October 22, 2012 that all corrective measures have been implemented. The 3<sup>rd</sup> follow-up review was conducted to determine whether LGSC implemented its CAP to resolve the findings presented in audit report no. 10-01.

Our 3<sup>rd</sup> follow-up review found:

**AUDIT FINDING:** LGSC does not have a standardized management system that is uniform across all five offices in providing services to the chapters.

**STATUS:** In Progress

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**AUDIT FINDING:** LGSC does not have a system of assuring technical expertise and continuous improvement in LGSC employees in the FMS.

**STATUS:** In Progress

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**AUDIT FINDING:** LGSC is organized in a hierarchical model in which LGSC interacts with the chapters in an authoritative role. In addition, the workload among the five agencies is uneven.

**STATUS:** In Progress

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**AUDIT FINDING:** Chapters need greater help with bookkeeping, tax compliance and use of accounting software.

**STATUS:** Implemented

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**AUDIT FINDING:** Dissatisfaction was expressed over the operation of LGSC due to the low number of certified chapters and the high number of sanctioned chapters.

**STATUS:** In Progress

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The LGSC has made reasonable progress in resolving the deficiencies previously reported in the audit. Nonetheless, we encourage LGSC and DCD to continue to make improvements in fully implementing the corrective measures and improve services to the Navajo Nation chapters. Accordingly, the Office of the Auditor General concluded to lift the sanctions against the Local Governance Support Center and Division of Community Development Director and Deputy Director and will provide a memorandum to the Office of the Controller to release all withheld funds to the LGSC and the Division Director and Deputy Director in accordance to the authority vested with the Auditor General pursuant to Title 12 § 9(B) and (C).