

OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

**A Special Review
of the
Department of Navajo Veterans Affairs
Fort Defiance Agency**

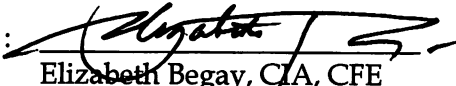
**Report No. 15-09
January 2015**

**Performed by:
Karen Briscoe, Senior Auditor**



M-E-M-O-R-A-N-D-U-M

TO : Edsel Pete, Department Manager
Department of Navajo Veterans Affairs
DIVISION OF HUMAN RESOURCES

FROM : 
Elizabeth Begay, CIA, CFE
Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE : January 14, 2015

SUBJECT : **A Special Review of the Department of Navajo Veterans Affairs –
Fort Defiance Agency**

The Office of the Auditor General herewith transmits Audit Report No. 15-09, A Special Review of the Department of Navajo Veterans Affairs – Fort Defiance Agency. The audit was conducted with the following objectives:

- Determine whether only eligible veterans received financial assistance.
- Determine the reliability of the veteran's registry used to verify chapter enrollment of financial assistance applicants.
- Determine whether financial assistance requests were processed timely.
- Determine whether traditional healing ceremony fees were reimbursed.

Review Results

- Finding I: Ineligible recipients received approximately \$18,000 in financial assistance.
- Finding II: The veterans' registry cannot be relied upon for verification of chapter enrollment.
- Finding III: 65% of financial assistance requests were not processed in a timely manner and 19% of assistance checks were not released in a timely manner.
- Finding IV: Traditional healing ceremony fees of \$14,630 were not reimbursed resulting in lost resources that otherwise should have been available for further assistance.

The report provides recommendations to correct the reported deficiencies and improve department operations. The department has agreed to resolve each finding.

If you have any questions about this report, please contact our office at (928) 871-6303.

Attachment

xc: Kendall Long, Administrative Service Officer
DEPARTMENT OF NAVAJO VETERANS AFFAIRS – Fort Defiance Agency
Thomas Ranger, Division Director
DIVISION OF HUMAN SERVICES
Chrono

TABLE OF CONTENT

	<u>Page</u>
INTRODUCTION AND BACKGROUND	1
FINDING I: Ineligible recipients received approximately \$18,000 in financial assistance	3
Financial assistance was approved despite missing supporting documentation.....	3
FINDING II: The veterans’ registry cannot be relied upon for verification of chapter enrollment	4
The veterans’ registry is missing data to verify that veterans that request for assistance are actually enrolled with a chapter within the Fort Defiance Agency.....	4
FINDING III: 65% of financial assistance requests were not processed in a timely manner and 19% of assistance checks were not released in a timely manner	5
65% of financial assistance requests were not processed within three days.....	5
19% of financial assistance checks were not released to veterans in a timely manner.....	5
FINDING IV: Traditional healing ceremony Fees of \$14,630 were not reimbursed	6
The agency office did not claim \$14,630 in traditional healing ceremony reimbursements.....	6
CONCLUSION	7
CLIENT RESPONSE	8

INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a special review of the Department of Navajo Veterans Affairs (DNVA) Fort Defiance Agency Office. The Budget and Finance Committee of the Navajo Nation Council requested the audit because of concerns over the Fort Defiance Agency Office's administration of the veterans' financial assistance programs. Accordingly, a special review was conducted pursuant to the authority vested in the Office of the Auditor General by 12 NNC, Chapter 1, Section 1-10.

Department Purpose and Organization

The purpose of the Department of Navajo Veterans Affairs is to advocate for Navajo veterans by identifying funds, services, and opportunities for which Navajo veterans are entitled. The department has five agency offices. The Fort Defiance Agency Office is one of these agency offices. Each agency office administers several services for Navajo veterans including the following:

1. Financial Assistance Programs:

a. The department offers financial assistance opportunities to Navajo veterans to help defray costs. Financial assistance is funded by the veterans' trust fund and the general fund. The following lists the types of financial assistance opportunities available to Navajo veterans by fund:

- Veterans' Trust Fund: 1) emergency assistance, 2) home improvement, 3) travel, and 4) educational expenses.
- General Fund: 1) traditional healing ceremonies, 2) honor/color guard detail, 3) cost of casket, and 4) self-help housing assistance.

b. The Department of Navajo Veterans Affairs works in partnership with the Carl T. Hayden Veterans Affairs Medical Center to provide healthcare benefits to Navajo veterans. An agreement was established in 1998 to allow the department to be reimbursed for traditional healing ceremony fees paid on behalf of Navajo veterans.

2. Veterans' Trust Homes: In FY 2013, the Navajo Nation Council approved amendments to the veterans' trust fund to include construction of up to 75 homes to assist in improving the living environments of veterans, surviving spouses, and gold star mothers. In FY 2013, the department was allocated \$4.7 million to construct these 75 homes.

3. Veterans' Loan Program: The purpose of the Veterans' Loan Program is to provide personal loans to qualified Navajo veterans, surviving spouses, or gold star mothers. In FY 2013, the Veterans' Loan Program approved \$396,400 in personal loans.

This special review focused on evaluating the function of the financial assistance programs by only the Fort Defiance Agency Office. The administration of the other four agency offices was not reviewed. In addition, the audit did not include an evaluation of the Veterans' Trust Homes or Veterans' Loan Program. The audit focused on the financial assistance programs only. Consequently, we provide no conclusion on the administration of the Veterans' Trust Homes or Veterans' Loan Program.

Financial Assistance Disbursements

In FY 2013, the Fort Defiance Agency awarded financial assistance to Navajo veterans on approximately 760 occasions spending a total of \$217,535. The following table summarizes the financial assistance budget to actual for the audit period ending September 30, 2013.

Financial Assistance Budget to Actual for FY 2013

Fund	Budget	Actual	Percentage of Actual over Budget
General Fund	\$ 63,866	\$ 53,068	83%
Veterans' Trust Fund	\$ 170,139	\$ 164,467	97%
Total	\$ 234,005	\$ 217,535	93%

The table shows 93% of the financial assistance budget was awarded to Navajo veterans in FY 2013. This indicates that nearly all available resources for financial assistance were awarded.

Objective, Scope, and Methodology

The objectives of this review are to:

- Determine whether only eligible veterans received financial assistance;
- Determine the reliability of the veterans' registry used to verify chapter enrollment of financial assistance applicants;
- Determine whether financial assistance requests were processed timely; and
- Determine whether traditional healing ceremony fees were reimbursed.

The review covers the period of fiscal year 2013. In meeting our objectives, we performed the following procedures:

- Interviewed the department administration staff and Fort Defiance Agency staff.
- Reviewed the policies and procedures of the department and Veterans' Trust Fund financial assistance.
- Selected a sample of financial assistance payments to test for compliance with eligibility requirements.
- Interviewed the Department of Information Technology regarding the veterans' registry.
- Evaluated the veterans' registry for reliability.
- Evaluated the financial assistance applications for timely processing.
- Reviewed the Carl T. Hayden Veterans Affairs Medical Center agreement.
- Compared traditional healing ceremony fees to reimbursements.
- Computed the unclaimed traditional healing ceremony reimbursements.

Government Auditing Standards

This audit was conducted in accordance with government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the program under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

FINDING I

Ineligible Recipients Received Approximately \$18,000 in Financial Assistance

Issue: Financial assistance was approved despite missing supporting documentation.

Criteria: Fort Defiance Agency staff is required to verify that financial assistance applicants have the following documents to support eligibility to receive assistance:

- discharge documents other than dishonorable;
- voter registration with a chapter within the Fort Defiance Agency; and
- complete application form with supporting documentation

Condition: Review of selected 85 out of 760 financial assistance disbursements found financial assistance requests were approved although requests were missing one or more required documents. The following table summarizes the results of the review.

Missing Documents	No. Reviewed	No. of Exceptions	Percentage of Exceptions	Amount
Discharge Documents & Voter Registration	85	10	12%	\$4,150
Complete application with support documentation	85	23	27%	\$13,895
			Total:	\$18,045

Effect: The Fort Defiance Agency awarded \$18,045 to recipients who were ineligible to receive assistance.

Cause: The Fort Defiance Agency supervisor does not require the office aide to use the check-off list, as required by the policies, to confirm that the required documentation is provided by the applicant.

Recommendation(s):

1. The Fort Defiance Agency supervisor should approve financial assistance for only applicants that provide the required documentation.
2. The Fort Defiance Agency supervisor should require the office aide to use the established check-off list to make sure all required documentation is enclosed with the application.

FINDING II

The Veterans' Registry Cannot Be Relied Upon For Verification of Chapter Enrollment

Issue: The veterans' registry is missing data to verify that veterans that request for assistance are actually enrolled with a chapter within the Fort Defiance Agency.

Criteria: The purpose of the veterans' registry is to store and maintain accurate, relevant, and complete veteran information. The Fort Defiance Agency staff shall use the registry in the financial assistance process to verify chapter enrollment within the Fort Defiance Agency.

Condition: The veterans' registry is incomplete because data is missing for the chapter name field. There were 1,112 blank spaces in the chapter name field. Overall, this accounts for 33% of the Fort Defiance Agency records contained in the registry.

Effect: The registry cannot be relied upon to ensure veterans who apply for financial assistance are eligible for financial assistance within the Fort Defiance Agency.

Cause: The office aide has sole control over modifications to the veterans' registry and made changes without proper approval. In addition, the agency has no internal policy for maintaining the veterans' registry.

Recommendation(s):

1. Fort Defiance Agency staff should revisit the veterans' registry and populate all fields to complete the registry.
2. The Fort Defiance Agency supervisor should review and approve all recommended changes to the veterans' registry prior to making changes.
3. Fort Defiance Agency staff should develop policies and procedures for maintaining the veterans' registry.

FINDING III

65% of Financial Assistance Requests Were Not Processed in a Timely Manner and 19% of Assistance Checks Were Not Released in a Timely Manner

Issue: 65% of financial assistance requests were not processed within three days.

Criteria: The Fort Defiance Agency is required to process financial assistance applications for approval/disapproval within three working days.

Condition: The Fort Defiance Agency does not consistently process financial assistance applications within three working days. The majority (65%) of the financial assistance requests took between 4 and 125 days to review and approve.

Effect: 65% of Fort Defiance Agency veterans who applied for assistance were delayed in getting their applications approved.

Cause: The agency staff keeps incomplete applications on file until missing documents are submitted by the veterans. No system is in place to track when veterans submit the missing documents.

Recommendation(s):

1. Fort Defiance Agency staff should review and approve or disapprove financial assistance requests within three days.
2. Fort Defiance Agency staff should establish a tracking system for the submission of documents.

Issue: 19% of financial assistance checks were not released to veterans in a timely manner.

Criteria: Policies require for financial assistance checks to be delivered or mailed to veterans once the Office of the Controller processes the checks.

Condition: Fort Defiance Agency staff does not timely deliver or mail checks to veterans once the checks are processed. It took between 5 and 19 days to deliver the checks to the veterans from the time the checks were processed to the time the veterans signed out the checks.

Effect: 19% of Fort Defiance Agency veterans who were approved for assistance were delayed in receiving their financial assistance checks.

Cause: Fort Defiance Agency staff keeps checks on file at the agency office and waits for the veterans to pick up their checks.

Recommendation(s):

1. Fort Defiance Agency staff should deliver or mail checks to veterans once the checks are processed.
2. For veterans who make prior arrangements to pick up their checks at the Fort Defiance Agency Office, agency staff should mail any checks remaining in the office after the 5th day.

FINDING IV

Traditional Healing Ceremony Fees of \$14,630 Were Not Reimbursed

Issue: The agency office did not claim \$14,630 in traditional healing ceremony reimbursements.

Criteria: The agency office is required to submit all claims for reimbursements of traditional healing ceremony fees to Carl T. Hayden Veterans Affairs Medical Center to receive further traditional healing ceremony funds for veterans.

Condition: Fort Defiance Agency did not submit all claims for traditional healing ceremony reimbursement to Carl T. Hayden Veterans Affairs Medical Center. The following table summarizes the unclaimed reimbursements.

Description	No. of Claims	Amount
Traditional healing ceremony disbursements	44	\$19,680
Reimbursements	11	\$ 5,050
Unclaimed	33	\$14,630

Effect: Traditional healing ceremony assistance of \$14,630 was deemed lost resources that otherwise should have been available for further assistance to veterans.

Cause: The agency staff has difficulty obtaining from veterans the required form that certifies completion of the traditional healing ceremony. The agency office has not developed alternative procedures to obtain the forms.

Recommendation(s):

1. Fort Defiance Agency staff should submit all required documentation to the Carl T. Hayden Veterans Affairs Medical Center for reimbursement of fees paid on behalf of Navajo veterans.
2. Fort Defiance Agency staff should develop procedures for getting the veterans to return applicable forms with the traditional practitioner signatures that certify completion of the traditional healing ceremony.

CONCLUSION

Fort Defiance Agency awarded financial assistance of \$18,045 to ineligible recipients. In addition, the veterans' registry is missing data to verify that veterans that request for assistance are actually enrolled with a chapter within the Fort Defiance Agency. Furthermore, financial assistance applications were not processed timely, taking between 4 and 125 days to approve the applications of 65% of agency veterans. Also, it took between 5 and 19 days to release the financial assistance checks to 19% of agency veterans who were approved to receive assistance. Lastly, traditional healing ceremony fees of \$14,630 were not reimbursed to the Navajo Nation and deemed lost resources that otherwise should have been available for further assistance.

CLIENT RESPONSE



THE NAVAJO NATION

DEPARTMENT OF NAVAJO VETERANS AFFAIRS


P.O. BOX 430 • WINDOWROCK, ARIZONA 86515 • (928)871-6413

BEN SHELLY
PRESIDENT

REX LEE JIM
VICE PRESIDENT

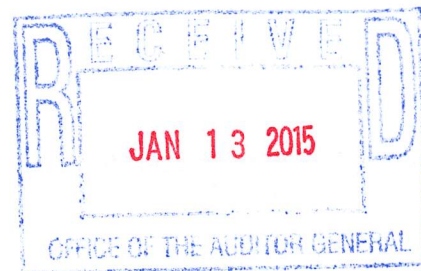
MEMORANDUM

TO : Karen Briscoe, Senior Auditor
Office of the Auditor General
Nation Nation

FROM : 
Edsel Pate, Department Manager II
Central Administration
Department of Navajo Veterans Affairs

DATE : January 13, 2015

SUBJECT : **SPECIAL REVIEW (AUDIT); DEPARTMENT OF NAVAJO VETERANS
AFFAIRS – FORT DEFIANCE AGENCY**



Please accept this Memorandum as an acknowledgment of the attached Memorandum dated December 17, 2014 subject "A Special Review of the Department of Navajo Veterans Affairs-Ft. Defiance Agency", from the Office of the Auditor General.

Note we are in receipt of a final draft of the Special Review (Audit) for the Department of Navajo Veterans Affairs – Fort Defiance Agency. Pursuant to Title 12 N.N.C. Section 7(A), we agree to all findings of the Special Review (Audit) and we will begin the process of a Corrective Action Plan with thorough consideration to recommendations made by the Office of the Auditor General, within thirty (30) days.

Also, we understand a copy of our response will be published as part of the audit report to be issued to the Budget and Finance Committee (12 NNC Section 7B) however, since the draft report is still subject to additional changes resulting from any comments offered by our department, the report and its contents are held confidential till at the release of final report.

Your assistance in this matter is greatly appreciated. If you should have any questions please contact me at extension 6958.

Thank You.

cc: file/chrono
Kendall Long, ASO – Ft. Defiance Agency