

## **OFFICE OF THE AUDITOR GENERAL**

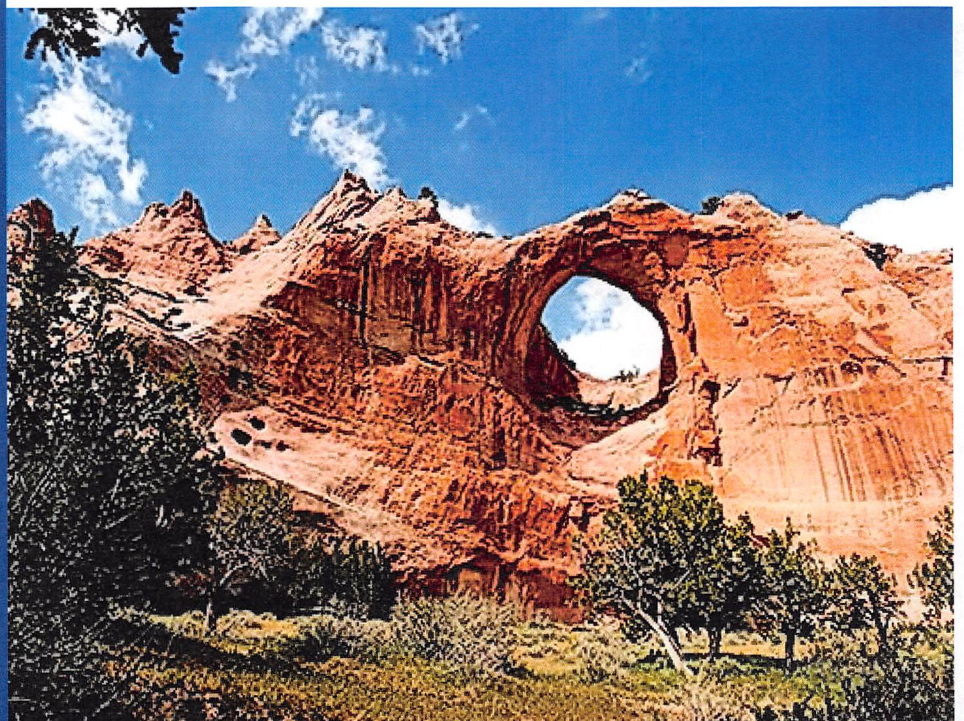
---

### **The Navajo Nation**

### **A Follow-Up Review of the Many Farms Chapter Corrective Action Plan Implementation**

**Report No. 17-12  
January 2017**

Performed by:  
Karen Briscoe, Principal Auditor  
Myrtis Begay, Associate Auditor



January 5, 2017

Katherine O. Arthur, President  
**MANY FARMS CHAPTER**  
P.O. Box 185  
Many Farms, AZ 86538

Dear Ms. Arthur:

The Office of the Auditor General herewith transmits Audit Report No. 17-12, a Follow-Up Review of the Many Farms Chapter Corrective Action Plan Implementation. The follow-up was conducted in accordance with 12 Navajo Nation Code (N.N.C.) Section 7 to determine the current status of the corrective action plan which was developed by the Many Farms Chapter in response to the 2014 audit report no. 14-09. The audit report and the corrective action plan were approved by the Budget and Finance Committee on September 16, 2014, per resolution no. BFCs-23-14.

We reviewed the Many Farms Chapter's records for the six month period of July 2015 to December 2015.

The Chapter implemented 12 of 44 (or 27%) corrective measures. The Chapter did not implement 32 of 44 (73%) corrective measures. A summary of the current status of the corrective measures approved by the Budget and Finance Committee in September 2014 is presented below.

Prior Audit Finding	Number of Corrective Action Components IMPLEMENTED	Number of Corrective Action Components NOT IMPLEMENTED	Audit Finding Adequately Resolved?
Objective for the Chapter housing services program is not fully met.	3	19	No
Chapter Veterans Assistance Program is managed contrary to policies.	2	6	No
Public Employment Project funds were used contrary to program objective.	5	2	No
Control deficiencies affected the proper delivery of direct services.	2	5	No
Total:	12 Implemented	32 Not Implemented	

Ltr. to Katherine O. Arthur  
Page 2

## CONCLUSION

Title 12, Navajo Nation Code (N.N.C.) Section 8 imposes upon the Many Farms Chapter the duty to implement the corrective action plan according to the terms of the plan. The Chapter did not implement the corrective action plan. More importantly, the Chapter did not provide needed services to the Chapter membership. Therefore, the Office of the Auditor General recommends sanctions be imposed on the Many Farms Chapter and officials in accordance with 12 N.N.C. Section 9(b) and 9(c) for failure to implement the corrective action plan. See attached Exhibit A for the review results.

Sincerely,



Elizabeth Begay, CIA, CFE  
Auditor General

xc: Charlotte J. Begaye, Vice President  
Lucy E. Ayze, Secretary/Treasurer  
Danny Francis, Community Services Coordinator  
Kee Allen Begay, Jr., Council Delegate  
**MANY FARMS CHAPTER**  
Shirleen Jumbo-Rintilla, Department Manager  
**ADMINISTRATIVE SERVICE CENTER/DCD**  
Chrono

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTION AND BACKGROUND</b>	<b>1</b>
<b>REVIEW RESULTS</b>	
Finding I: Objective for the Chapter Housing Services Program is not fully met.....	2
Finding II: Chapter Veterans Assistance Program is managed contrary to policies.....	5
Finding III: Public Employment Project funds were used contrary to program objective.....	6
Finding IV: Control deficiencies affected the proper delivery of direct services.....	7

## **INTRODUCTION AND BACKGROUND**

The Navajo Nation Office of the Auditor General conducted a follow-up review on the Many Farms Chapter corrective action plan implementation in accordance with 12 Navajo Nation Code (N.N.C.) § 7. The follow-up review was to determine whether the Many Farms Chapter implemented its corrective action plan to resolve the findings presented in audit report no. 14-09.

An audit of the Many Farms Chapter was conducted in 2014, and the Auditor General issued audit report no. 14-09. The audit report and the corrective action plan developed by the Many Farms Chapter were approved by the Budget and Finance Committee on September 16, 2014, per resolution no. BFC-23-14. With Budget and Finance Committee approval, the Many Farms Chapter had the duty of implementing the corrective action plan.

### **Objectives, Scope, and Methodology**

In accordance with 12 N.N.C. § 7(G), the following objective was established for the follow-up review:

- Determine if the Many Farms Chapter implemented its corrective action plan to resolve the audit findings.

The follow-up review specifically focused on the corrective action plan. In meeting the objectives, the Office of the Auditor General reviewed the Many Farms Chapter's records for the six-month period of July 2015 through December 2015. In addition to reviewing Chapter records, the Office of the Auditor General conducted inquiries with Chapter staff, observed Chapter operations, and performed audit test work of a sample of financial transactions.

The Auditor General and staff express appreciation to Many Farms Chapter for their cooperation and assistance throughout this review.

## PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

**Finding I: Objective for the Chapter Housing Services Program is not fully met.**

<b>2014 Audit Issue 1: Chapter administration does not properly verify eligibility of housing applicants.</b>	
<b>CHAPTER CORRECTIVE ACTIONS</b>	<b>STATUS OF CORRECTIVE ACTION</b>
a. Develop checklist of documents required to determine eligibility of applicants. The checklist will be used to verify supporting documents are submitted with the application. Applicants providing documents will be required to show eligibility for assistance.	Not Implemented: The Chapter instituted a checklist to determine eligibility of applicants; however, all records tested had instances where required documentation to determine eligibility were not on file.
b. Utilized the required documents to determine eligibility of applicants. If the applicant does not submit the required documents, incomplete applications will be returned and cannot be considered for assistance.	Not Implemented: The following required documents were not on file: 1) home site leases or other ownership documents, 2) maps to property, 3) referrals on behalf of the applicants. The Chapter did not guarantee the home as the primary residence of the applicant and confirm the home was in need of repair by documenting the condition of the home.
c. Provide in-house staff training on verification of eligibility. The Chapter administration will set up semi-annual training to keep staff updated on eligibility process.	Not Implemented: The Chapter provided an agenda from a meeting held March 2015, however, the Chapter did not provide any record to support training was provided to the Chapter administration.
<b>Audit issue resolved: No</b>	
<b>2014 Audit Issue 2: Poor documentation of housing activities.</b>	
<b>CHAPTER CORRECTIVE ACTIONS</b>	<b>STATUS OF CORRECTIVE ACTION</b>
a. Revise housing application form to obtain information to properly identify housing needs for assistance.	Not Implemented: The Chapter did not review the applications to ensure they were completed properly to identify the housing discretionary assistance recipient's needs. All files tested had instances where the documentation was incomplete.
b. Develop assessment form to document on-site assessment with applicant and to summarize type of housing assistance request by the applicant.	Not Implemented: The Chapter developed an assessment form to document on-site assessments; however, the Chapter's assessment reports did not document the need for the assistance or condition of the home for the recipient of housing assistance.
c. Establish recipient files for proper recordkeeping. Each recipient file will contain documents such as application, assessment form, and voter registration.	Not Implemented: We tested all 20 (or 100%) housing assistance transactions and out of 20 transactions tested 17 (or 85%) had incomplete assessments forms and no site follow-up was completed. In addition, 16 (or 80%) had no home ownership documents

PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

	and 16 (or 80%) had no verification of residency which is required to determine eligibility according to the Housing Policy and Procedures.
d. Chapter officials will periodically review housing assistance records to ensure proper record keeping.	Not Implemented: The officials did not review and ensure housing assistance records were properly maintained.
<b>Audit issue resolved: No</b>	
<b>2014 Audit Issue 3: Amounts of housing assistance are not clearly disclosed.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Disclose the total value of materials approved for each recipient on the assessment form.	Implemented
b. A material listing showing the total value of materials will be concurred by signature of the housing recipient at the time materials are delivered from the warehouse. A copy of the material listing will be given to the recipient.	Implemented
<b>Audit issue resolved: Yes</b>	
<b>2014 Audit Issue 4: Temporary employee has authority to determine the type and amount of housing assistance.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. For applicants requesting for self-help assistance or major repairs, the Community Services Coordinator shall accompany the Public Employment Project worker (temporary employee) on the on-site assessment with the applicant.	Not Implemented: We tested 20 (or 100%) transactions and in 4 (or 20%) of the transactions tested the Community Services Coordinator did not assist with on-site assessments to evaluate housing needs for major repairs. The Community Services Coordinator and Public Employment Project Supervisor (temporary employee) were both responsible for completing and approving the assessments.
b. For minor repair applicants, the Community Services Coordinator shall review and approve the assessment performed by the Public Employment Project worker (temporary employee).	Not Implemented: There was only one minor repair assessment for the audit period. The Community Services Coordinator did approve the assessment, however, did not review the assessment to evaluate the type and amount of assistance needed for minor repair.
c. The Chapter officials will make sure the Community Services Coordinator reviews and approves all housing assessments during their periodic review of housing records.	Not Implemented: The Chapter officials did not complete periodic reviews to ensure the Community Services Coordinator reviewed and approved all housing records.
<b>Audit issue resolved: No</b>	

## PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

2014 Audit Issue 5: Chapter housing assessments did not fully determine applicant's needs.	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Utilize assessment form to document condition of applicant's home and evaluate the type of repairs needed to improve the home. Ensure the assessment takes in to consideration any medical referrals.	Not Implemented: The assessment forms for recipients were found on file; however, we tested 20 (100%) transactions, and out of the transactions tested 17 (85%) did not document the condition of the homes and repairs needed to improve the homes in assessments forms.
<b>Audit issue resolved: No</b>	
2014 Audit Issue 6: Bulk purchasing of building materials for housing assistance cannot be traced to housing applicants.	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Compile approved housing applications and determine the total materials needed to create a monthly materials listing and purchase only the materials approved for the recipient.	Implemented
<b>Audit issue resolved: Yes</b>	
2014 Audit Issue 7: Poor inventory controls resulted in unaccounted building materials.	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Develop inventory control sheet to account for all building materials in the warehouse.	Not Implemented: The Chapter did not develop an inventory control sheet to keep track of all materials in the warehouse.
b. A warehouse issue form shall be developed to document and control the outgoing materials. The issue form will be signed by Community Services Coordinator to verify the type and amount of materials removed from the warehouse.	Not Implemented: The Chapter did not develop a warehouse issue form to track materials documenting a running balance of all materials coming in and going out. There is no evidence that the Community Services Coordinator approved the materials removed from the warehouse.
c. Perform monthly physical count of materials and reconcile to the inventory control sheet to detect any discrepancies. Immediately investigate any discrepancies.	Not Implemented: There is no inventory control sheet to reconcile to the materials stored at the warehouse.
d. To ensure the materials are received by the recipients, reconcile their material listings against the inventory control sheet.	Not Implemented: There is no inventory control sheet to reconcile materials issued to recipients.
e. Limit access to the warehouse only to authorized Chapter personnel.	Not Implemented: The auditor observed an unauthorized individual in the warehouse during the audit fieldwork.
<b>Audit issue resolved: No</b>	



PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

2014 Audit Issue 8: Public Employment Project labor force assigned to housing projects need better supervision.	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Conduct weekly project meetings with Public Employment Project Workers on assigned housing projects for updates and to address any issues/barriers.	Not Implemented: The Chapter did not document any project meetings on Public Employment Projects.
b. Conduct periodic unannounced job site visits to verify status of projects and monitor Public Employment Project workers.	Not Implemented: The Chapter did not make unannounced job site visits to verify the status of the projects. The Community Services Coordinator relied on verbal reports provided by the Project Supervisor.
c. Require weekly progress reports from beginning to end of projects from Public Employment Project workers.	Not Implemented: The Public Employment Project Supervisor provided some progress reports on the housing activities; however, the progress reports did not identify when the projects were completed nor was the progress reported each week.
<b>Audit issue resolved: No</b>	

**Finding II: Chapter Veterans Assistance Program is managed contrary to policies.**

2014 Audit Issue 9: Chapter administration does not verify veteran eligibility.	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Effective immediately, the Chapter administration will begin reviewing veteran assistance requests to verify eligibility based on supporting documents. Any applications without supporting documents will be denied and returned to Many Farms Veterans Organization.	Not Implemented: The Chapter did not verify eligibility based on supporting documents; rather, they approved all applications. There were no applications denied or returned to the Veterans Organization.
b. Establish veteran's files for proper record keeping and justification on expenses. Each veteran file shall contain documents such as DD-214, voter registration card, and assistance request forms.	Not Implemented: We tested 15 or (or 100%) of the veterans expenses and out of 15 expenses tested 4 (or 27%) files did not have discharge papers. In addition, 8 (or 53%) did not have supporting documentation for the type of assistance being requested.
c. Provide training for Many Farms Veterans Organization officers on the Chapter's authority and responsibilities for administering Chapter funds for direct services. The training will done annually or as needed.	Not Implemented: The Chapter did not provide training to Many Farms Veterans Organization officers.
<b>Audit issue resolved: No</b>	

## PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

<b>2014 Audit Issue 10: Veterans exceeded established limits for assistance.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. The Chapter administration shall review all recommended requests for assistance to verify the amount requested is within the established limits of the policies. Any requests exceeding the limits will be denied.	Implemented
b. Monitor all veteran funds to ensure compliance.	Implemented
<b>Audit issue resolved: Yes</b>	
<b>2014 Audit Issue 11: Veterans do not return receipts to justify expenditures.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Revise the Veterans Assistance Policies and Procedures to clarify the type of supporting documentation required for the various types of assistance and work closely with the Veterans Organization to enforce the policies and procedures.	Not Implemented: The Chapter revised the Veterans Policies and Procedures which clarifies the type of supporting documentation required, including receipts, but the Chapter did not ensure receipts were on file to support expenditures.
<b>Audit issue resolved: No</b>	
<b>2014 Audit Issue 12: Contrary to policies, disbursements were made directly to veterans.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Comply with the Five Management System policies and procedures to disburse checks directly to vendors/schools.	Not Implemented: The Chapter issued all checks to veterans and not to vendors/schools.
b. Maintain appropriate records to monitor veteran funds.	Not Implemented: The Chapter did not maintain records to monitor veteran funds.
<b>Audit issue resolved: No</b>	

**Finding III: Public Employment Project funds were used contrary to program objective.**

<b>2014 Audit Issue 13: Temporary Public Employment Project employees are employed for extended periods of time.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Adhere to Public Employment Project funding guidelines. The chapter will select projects and determine the length for each project.	Not Implemented: The Chapter developed project applications which identified the projects and timeframe for completion. The Chapter thereafter hired temporary workers to complete the projects; however, the projects were not completed within established timeframes. As a result, the Chapter continuously extended temporary employees.
b. Adhere to Five Management System personnel policies and procedures for hiring temporary employees. The Chapter may elect to hire seasonal and temporary	Not Implemented: The Chapter did not follow policies to limit temporary employment to six months. Although policies allow the Chapter to justify the extension of employment, the Chapter did

## PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS

force.	not provide such justification. Rather the Chapter simply obtained community approval for the extension of employment.
<b>Audit issue resolved: No</b>	
<b>2014 Audit Issue 14: Public Employment Project funds were not used for on-the-job training.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. The Chapter will identify needs for on-the-job training within the community.	Implemented
b. Based on the needs identified, establish a training plan with work site agreements and project applications.	Implemented
<b>Audit issue resolved: Yes</b>	
<b>2014 Audit Issue 15: Chapter does not pay state unemployment taxes for its employees.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. Schedule training with Administrative Service Center and Arizona Department of Economic Security for the Chapter staff to clearly understand the qualifications for unemployment compensation.	Implemented
b. Contact Department of Economic Security to request state criteria for tax exemption report documents. Submit required reports and taxes to comply with state regulations.	Implemented
c. Review financial reports to ensure payroll liabilities are paid for by the Chapter administration.	Implemented
<b>Audit issue resolved: Yes</b>	

**Finding IV: Control deficiencies affected the proper delivery of direct services.**

<b>2014 Audit Issue 16: Chapter recordkeeping needs improvement.</b>	
CHAPTER CORRECTIVE ACTIONS	STATUS OF CORRECTIVE ACTION
a. The Chapter will adhere to its records management policy to improve the recordkeeping to maintain records of Chapter personnel, projects, and activities.	Not Implemented: The Chapter's housing assistance, inventory, public employment projects, and veteran's assistance records were not maintained.
b. Work with Administrative Service Center to schedule training for the staff and officials to improve its recordkeeping and filing system.	Not Implemented: The Chapter has not obtained training by the Administrative Service Center to improve their recordkeeping and filing system.
c. Monitor the Chapter's recordkeeping system on a quarterly basis to ensure records are maintained correctly by the Chapter administration.	Not Implemented: The Chapter has no monitoring of records by the Chapter officials and staff to ensure the files are complete.
<b>Audit issue resolved: No</b>	

**PRIOR FINDINGS, CORRECTIVE ACTIONS, AND CURRENT STATUS**

<b>2014 Audit Issue 17: Poor working relationship between Chapter administration and officials.</b>	
<b>CHAPTER CORRECTIVE ACTIONS</b>	<b>STATUS OF CORRECTIVE ACTION</b>
a. Better define communication methods and protocol to improve communication between staff and officials. Schedule monthly staff/officials meeting to facilitate open dialogue to discuss Chapter issues, projects, finances, etc.	Implemented
b. Work with Administrative Service Center to schedule a team building training to help the staff and officials in working closely together and provide better direct services to the community.	Not Implemented: The Chapter staff and officials did not attend team building training.
c. Comply with LGA on the limitation of direct involvement with administrative functions. The officials will remain mindful that they have oversight responsibility of the Chapter administration operations.	Not Implemented: The Chapter officials are not providing oversight over the Chapter administration operations per Local Governance Act.
<b>Audit issue resolved: No</b>	
<b>2014 Audit Issue 18: Agreement with US Postal Service was made contrary to LGA.</b>	
<b>CHAPTER CORRECTIVE ACTIONS</b>	<b>STATUS OF CORRECTIVE ACTION</b>
a. Seek legal advice from Navajo Nation Department of Justice on how to rectify the U.S. Postal Service contract with the Chapter and expedite the review process to obtain proper approval for the contract.	Implemented
<b>Audit issue resolved: Yes</b>	