



**OFFICE OF THE AUDITOR GENERAL**

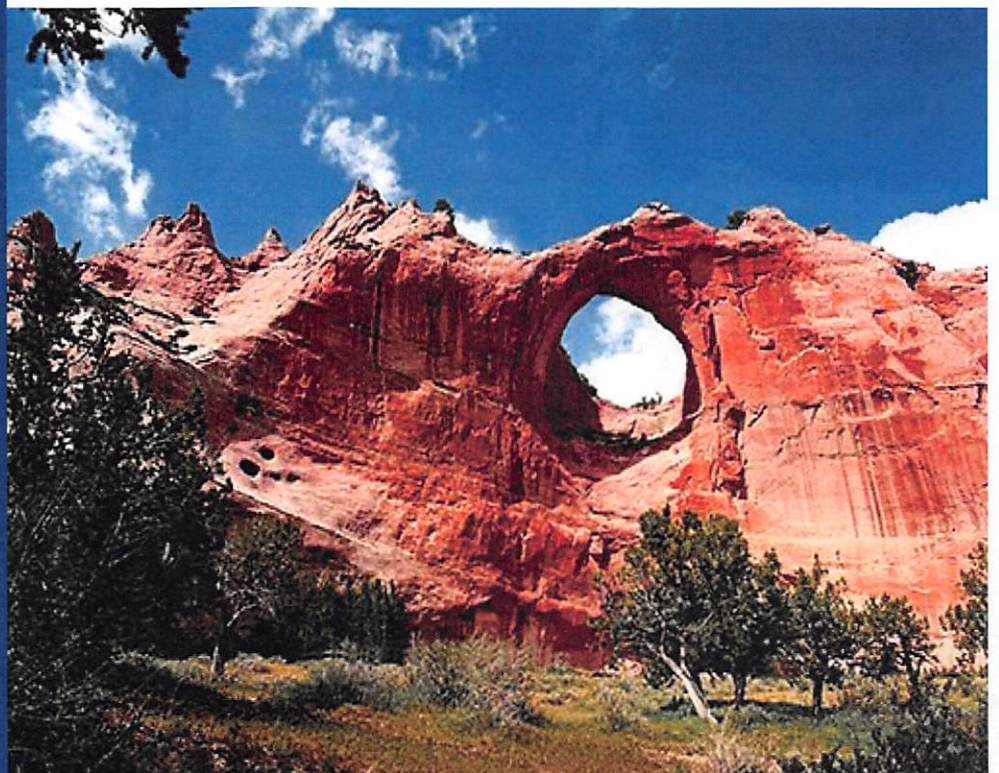
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**The Navajo Nation**

**A Follow-up Review  
of the  
Navajo Housing Authority  
Corrective Action Plan Implementation**

**Report No. 21-07  
March 2021**

**Performed by:  
HEINFELD, MEECH & CO., P.C.**

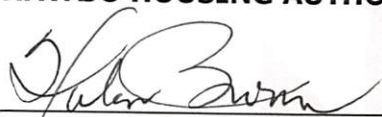




## **M-E-M-O-R-A-N-D-U-M**

**TO** : Dwayne Waseta, Interim Chief Executive Officer  
**NAVAJO HOUSING AUTHORITY**

: Derrith Watchman-Moore, Chairwoman  
**NAVAJO HOUSING AUTHORITY BOARD OF COMMISSIONERS**

**FROM** :   
Helen Brown, CFE, Principal Auditor  
Delegated Auditor General  
**OFFICE OF THE AUDITOR GENERAL**

**DATE** : March 31, 2021

**SUBJECT** : Follow-up review of the Navajo Housing Authority corrective action plan implementation

The Navajo Nation Office of the Auditor General herewith transmits report no. 21-07, a Follow-up Review of the Navajo Housing Authority (NHA) Corrective Action Plan (CAP) implementation. This follow-up review was completed in conjunction with Heinfeld, Meech and Co., P.C.

### BACKGROUND

In 2018, the Office of the Auditor General assisted the Office of the President/Vice President to have a forensic examination conducted of NHA to address various concerns with housing projects and other financial improprieties. Audit report no. 19-03 was issued November 2018 and NHA developed a CAP in response to the forensic examination. The forensic examination report and CAP were approved by the Budget and Finance Committee on June 29, 2019 per resolution no. BFJN-10-19.

With the CAP approval, NHA had one year to implement the corrective measures. However, due to the COVID-19 pandemic, the Navajo Nation government closed for several months. The closure included NHA, as operations ceased and staff were placed on administrative leave. These events hindered NHA in addressing the CAP and as a result, NHA requested for a six-month extension for the CAP implementation. The Auditor General approved the request and scheduled the follow-up review after December 2020.

### OBJECTIVE AND SCOPE

The objective of this follow-up review is to determine whether NHA fully implemented its CAP based on an 18-month review period of July 1, 2019 to December 31, 2020. Our methodology included inquiries, review of records and audit test work. Due to the COVID-19 pandemic, all the audit work was completed remotely.

SUMMARY

Of the 53 corrective measures, NHA implemented 43 (81%) corrective measures leaving 10 (19%) not fully implemented. See Exhibit A for details of the review results.

CONCLUSION

Although NHA did not implement all corrective measures, a substantial portion of the corrective measures established to address the issues noted in the forensic examination were implemented. With corrective measures implemented, NHA has made progress in strengthening internal controls, defining processes, clarifying roles and responsibilities and taking steps to mitigate the risks posed by the issues identified. Therefore, sanctions are not warranted.

Nonetheless, to ensure all recommendations from the forensic examination are fully addressed, we recommend that another follow-up review is conducted in six months to verify the remaining corrective measures are fully implemented. Ultimately, the full implementation of all recommendations will provide greater assurance to all NHA stakeholders that NHA and its board have made improvements based on the CAP to improve accountability of its use of resources and to better meet the housing needs of the Navajo Nation.

We appreciate your assistance and cooperation in this matter. If you have any questions, please call our office at (928) 871-6303.

Attachment

xc: Seth Damon, Speaker  
Sherylene Yazzie, Chief of Staff  
**OFFICE OF THE SPEAKER**  
Jonathan Nez, President  
Paulson Chaco, Chief of Staff  
**OFFICE OF THE PRESIDENT/VICE PRESIDENT**  
Jamie Henio, Chairperson  
**BUDGET AND FINANCE COMMITTEE**  
Rickie Nez, Chairperson  
**RESOURCES AND DEVELOPMENT COMMITTEE**  
Doreen N. McPaul, Attorney General  
**OFFICE OF THE ATTORNEY GENERAL**  
Dana Bobroff, Chief Legislative Counsel  
**OFFICE OF LEGISLATIVE COUNSEL**  
Chrono

March 31, 2021

Office of the Auditor General of the Navajo Nation  
P.O. Box 708  
Window Rock, AZ 86515

We have completed our engagement to perform a follow-up review of the Navajo Housing Authority (NHA) corrective action plan implementation and have provided the results in this report for your consideration. Our review consisted primarily of inquiries of NHA personnel and the examination of documents provided by NHA personnel. The accompanying report includes the following:

- A table summarizing the number of corrective measures that are implemented or not implemented
- Narrative explanations on the status of the corrective measures
- An overall conclusion on whether NHA resolved issues and made improvements through the implementation of its corrective action plan

To the extent we have performed our review using data and information obtained from the NHA, we have relied upon such information to be accurate, and no assurances are intended and no representation or warranties are made with respect thereto or the use made therein.

We would like to thank everyone at the Office of the Auditor General and NHA for their assistance and cooperation.

Sincerely,

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona



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## Executive Summary

### Background

The Navajo Housing Authority (NHA) has served as the public housing authority for the Navajo Nation since 1963. In 2003, the Navajo Nation Council formally designated NHA as the Tribally Designated Housing Entity for the Navajo Nation. As the Tribally Designated Housing Entity for the Navajo Nation, NHA is responsible for the housing needs of the Navajo Nation that spans over 27,000 square miles.

Pursuant to discussions with the Office of the President and Vice President of the Navajo Nation and the Board of Commissioners (BOC) of the NHA, the Office of the Auditor General of the Navajo Nation scheduled a forensic examination of the non-program funds of the NHA. This forensic examination was conducted to determine whether the NHA's policies, procedures, and processes were followed in regards to the expenditure of non-program funds for the period from January 1, 2014 to December 31, 2016.

KPMG completed the forensic examination, and Report No. 19-03 was transmitted by the Office of the Auditor General to the Navajo Nation Office of the President and Vice President in November 2018. The forensic examination report provided several recommendations for improvements in certain areas and identified potential next steps for NHA to pursue to more fully understand the underlying culture of the organization, its use of non-program funds, and the patterns of questionable activity noted in the report.

In response to the forensic examination performed by KPMG, NHA prepared a corrective action plan to address the recommendation areas. The corrective action plan was provided to the Office of the Auditor General of the Navajo Nation on June 14, 2019. On June 29, 2019, the Budget and Finance Committee (BFC) of the Navajo Nation Council approved via resolution BFJN-10-19 both the forensic examination and the corrective action plan. The resolution included a directive to the Office of the Auditor General of the Navajo Nation to conduct a follow-up review twelve months after the approval of the resolution to verify the actions taken by NHA, to issue a written follow-up review report indicating NHA's progress on implementing the corrective action plan, and to make recommendations to the Resources and Development Committee (RDC) and BFC.

Based on the initial corrective action plan approval timeline, NHA had twelve months to implement the corrective measures within the plan, with June 30, 2020 identified as the required implementation date. Because of the COVID-19 pandemic, NHA was granted an additional six months to address the plan recommendations, extending the plan implementation period to eighteen months from July 1, 2019 to December 31, 2020.

HeinfeldMeech was awarded a proposal issued by the Office of the Auditor General of the Navajo Nation to conduct the follow-up review and issue a written follow-up review report.

## Objective and Scope

The objective of the follow-up review is to determine the status of the corrective action plan implementation based on an 18-month review period of July 1, 2019 to December 31, 2020. The review included inquiries to the responsible parties identified in the corrective action plan and to other identified NHA personnel, when applicable. Additionally, NHA provided documentation and samples of transactions which were reviewed.

## Summary

As outlined in *Exhibit A – Overall Review Results* of this report, of the 53 corrective measures identified in the corrective action plan, NHA implemented 43 (81%), with the remaining 10 (19%) not implemented.

## Conclusion

Although NHA did not implement all corrective measures, a substantial portion of the corrective measures established to address the issues noted in the forensic examination were implemented. Therefore, HeinfeldMeech finds that sanctions are not warranted. Nonetheless, to ensure all recommendations from the forensic examination are fully addressed, we recommend another follow-up review is conducted in six months to verify the remaining corrective measures are fully implemented. Ultimately, the full implementation of all recommendations will provide greater assurance to all NHA stakeholders that NHA and its board have made improvements based on their corrective action plan to improve accountability of its use of resources and to better meet the housing needs of the Navajo Nation.



## Exhibit A - Overall Review Results

Forensic Examination Recommendation	Recommendation descriptions	Total of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Recommendation Was Addressed	Review Details
1	<p>Additional test work regarding the accounting system used by the NHA. Navigator, should be considered in order to determine if:</p> <p>a. Navigator is a sufficient system with appropriate capabilities to meet the needs of NHA.</p> <p>b. NHA personnel are adequately and appropriately utilizing the full functionality of the Navigator system.</p>	10	9	1	Yes	Attachment A
2	The NHA should consider instituting policies regarding detailed minutes during BOC meetings that document the full discussion that leads to a BOC resolution's approval, including any dissenting opinions, questions, or discussions evidencing disagreements prior to ultimate approval.	11	9	2	Yes	Attachment B
3	The NHA should consider taking steps to create a more open, collaborative working environment such that, at least within a department, staff members understand their roles and open lines of communication exist.	11	10	1	Yes	Attachment C
4	<p>NHA should consider conducting an independent review of NHA's policies and procedures to ensure they include all necessary and appropriate requirements, including:</p> <p>a. Adding a procurement policy for amending contracts that are greater than \$1,000,000.</p> <p>b. Requiring the Procurement department's involvement in the use of Non-Program funds.</p> <p>c. Standardizing the procurement and accounting policies, processes, and procedures for both Program and Non-Program funds.</p> <p>d. Implementing a review procedure for the creation of new vendors in the accounting system.</p> <p>e. Instituting a lobbying policy and procedures</p> <p>f. Implementing an independent review policy for purchase card expense.</p>	10	8	2	Yes	Attachment D
5	NHA should consider implementing ongoing independent review of the actions of the NHA's BOC and executives. This includes addressing the circular authorization between the BOC's and CEO's compensation and travel.	5	3	2	Yes	Attachment E
6	The Nation and NHA's BOC should consider conducting additional investigative steps, including additional interviews and analysis, to more fully understand the underlying culture of NHA, its use of funds, and the patterns of questionable activity noted in this report.	6	4	2	Yes	Attachment F
<b>Total</b>		<b>53</b>	<b>43</b>	<b>10</b>		

**Corrective Measure Evaluation Criteria**

**Implemented:** NHA provided sufficient and appropriate evidence to support all elements of the implementation of the corrective measure.

**Not implemented:** NHA did not provide support for substantial implementation of the corrective measure or no support was provided.

## Attachment A - Review Results - Recommendation 1

Recommendation 1 of the corrective action plan required NHA to perform the following:

*Additional testwork regarding the accounting system used by the NHA, should be considered in order to determine if:*

- a) *Navigator is a sufficient system with appropriate capabilities to meet the needs of NHA.*
- b) *NHA personnel are adequately and appropriately utilizing the full functionality of the Navigator system.*

Ten corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
1	Procure an independent consultant to evaluate NHA's current Navigator system.	Implemented

NHA issued RFP #461 on July 12, 2019 with a due date to receive prospective proposals on July 25, 2019. NHA received three responses and subsequently awarded the highest scoring proposal.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
2	NHA will exercise due diligence to ensure the firm has familiarity with similar systems of Native American Housing Authorities.	Implemented

NHA contacted the Navajo Nation Gaming Enterprise which worked with the awarded vendor in the past to complete a reference questionnaire. Additionally, NHA purchasing personnel conducted interviews with prospective vendors, including questions regarding knowledge of NHA and of the Navigator (NAV) system.



REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
3	Execute professional service agreement with independent consultant in accordance with procurement policies and procedures.	<b>Implemented</b>

A contract was executed between NHA and the awarded vendor in September 2019 with an initial contract term through December 31, 2019. A contract extension was subsequently executed through January 31, 2020.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
4	The firm shall evaluate the entire Navigator system to identify: <ul style="list-style-type: none"> <li>- System strengths</li> <li>- System weaknesses</li> <li>- System capability, compatibility, &amp; scalability in accordance with applicable policies and procedures including but not limited to non-program funds, program funds, etc.</li> <li>- Degree of system functionality in current state</li> <li>- Compare system with existing policies and procedures.</li> <li>- Costs vs. benefits</li> <li>- Comparison with similar systems on the market</li> </ul>	<b>Implemented</b>

NHA included the items above in Section III Scope of Work within RFP #461. The awarded vendor evaluated the items outlined in the corrective measure as evidenced by the issued deliverable.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
5	The firm will provide a formal report of the system evaluation with findings and recommendations to NHA management.	<b>Implemented</b>

A final report was issued to NHA by the awarded vendor on January 30, 2020. The report included conclusions and recommendations as outlined in the corrective action plan.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
6	Based on the report, NHA Management will make a determination if Navigator is a sufficient system to meet NHA's needs. If deemed inadequate, NHA will evaluate the other recommended systems.	<b>Implemented</b>

The formal system evaluation report included options for NHA to re-implement the Navigator system or to replace the Navigator system. The report further indicates that “We don’t believe NHA will gain sufficient benefit from replacing NAV to justify the extra cost” and “... NHA will be best served by making the investment in a re-implementing and upgrading NAV 2017”. Based on discussion with NHA personnel and review of Resolution NHA-4997-2020, “NHA’s Senior Management discussed the report and decided to continue using Navigator as NHA’s financial management system. In doing so, incorporating other applications of Navigator”.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
7	NHA Management shall present the firm's evaluation with Management's determinations to the NHA Board of Commissioners (BOC) and obtain NHA BOC approval.	<b>Implemented</b>

The formal system evaluation report and Management’s determinations were presented to the NHA BOC on October 31, 2020 as evidenced by Resolution NHA-4997-2020.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
8	NHA will implement the approved system training program for management and personnel; including a training schedule that mandates periodic training.	<b>Not Implemented</b>

A Navigator training schedule was developed by NHA on December 23, 2020 including dates, start and end times, topics and trainers. The training schedule was emailed to all NHA employees on December 28, 2020. Although the trainings were approved and scheduled, the actual delivery of the trainings did not begin until January 15, 2021, which is outside of the 18-month corrective action plan implementation period. Attendance is tracked by Information Technology personnel at NHA. Currently, there is no mandate to attend the trainings, as some resources provided are specific based on employee duties. There are no restrictions on who can attend; only that they can demonstrate the training content aligns to their job duties. NHA plans to incorporate the training program into events, meetings, and new employee orientations moving forward to streamline the process.



REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
9	NHA will develop subject matter experts on the system based on cross-training and skills development to help with on-going training and to ensure full system functionality.	<b>Implemented</b>

NHA identified subject matter experts by system module. Based on discussion with NHA personnel, conversations began regarding the identification of subject matter experts in June of 2020 and the final document was created in August 2020. The individuals identified are responsible for developing and delivering system training content.

REVIEW RESULTS - RECOMMENDATION 1		
Corrective Measure	Corrective measure description	Status
10	NHA will develop a system manual that incorporates fiscal policies and procedures to serve as a training tool and as a resource.	<b>Implemented</b>

Based on discussion with NHA personnel, system training manual materials are primarily from when the system was originally installed. NHA worked with an outside firm to develop additional system material, including instructional videos. In addition, internal departments such as the Financial Services Branch provided training content and resources as well.

## Attachment B - Review Results – Recommendation 2

Recommendation 2 of the corrective action plan required NHA to perform the following:

*The NHA should consider instituting policies regarding detailed minutes during BOC meetings that document the full discussion that leads to a BOC resolution's approval, including any dissenting opinions, questions, or discussions evidencing disagreements prior to ultimate approval.*

Eleven corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
1	NHA will review the current By-laws of the NHA BOC and identify how the NHA BOC is conducting business, actions, and activities.	<b>Implemented</b>

NHA BOC By-laws were reviewed and changes were made to the By-laws. See corrective measure 2 for specific information.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
2	NHA will amend the NHA BOC By-laws to reflect recommendations presented in the forensic examination report to ensure the NHA BOC By-laws comply with applicable Navajo Nation (NN) laws.	<b>Implemented</b>

The NHA BOC By-laws were amended as follows:

- Use of NHA’s program or non-program income must be in accordance with a budget approved by the BOC; be concurred by the BOC; and be in accordance with procurement policy.
- Two items were added to the Order of Agenda:
  - Receive updates on status of directives
  - Review and approve directives
- Allow for a member of the BOC to participate in a work session or special assignment by telephone when necessary and includes an expanded discussion on virtual meetings.
- Language added regarding liability, indemnification and insurance.



REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
3	The amendments to the NHA BOC By-laws will be formally approved by the NHA BOC.	<b>Implemented</b>

The BOC amended and revised the By-laws of the NHA via Resolution NHA-4986-2020 on October 31, 2020.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
4	NHA shall inform the NN Resources and Development Committee of the amendments of the NHA BOC By-laws once adopted by the NHA BOC.	<b>Implemented</b>

BOC Resolution NHA-4986-2020 was emailed to a legislative advisor for the RDC on November 4, 2020. The receipt of this information was confirmed with the legislative advisor for the RDC.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
5	NHA will develop a BOC meeting policy to ensure meetings are recorded, transcribed, tracked, and adequately stored in accordance with the amended NHA BOC By-laws. The policy will require detailed minutes, identifying actions taken, and generation of BOC resolution(s).	<b>Implemented</b>



NHA developed a BOC meeting policy document addressing the items identified in the corrective measure. The policy requires the detailed minutes to include:

- Date, time, and place of the meeting
- Kind of meeting (i.e. regular or special)
- A list of the presiding officers, directors, staff, and other attendees
- Presence of a quorum
- Whether all the members were in attendance for more than 75% of the meeting, or missed a portion of the meeting
- A separate paragraph for each subject matter showing all successful main motions, secondary motions, notices of motions, and all points of order and appeals
- Hour of adjournment
- Whether minutes of previous meetings were read and approved
- Exact statement of motions passed (the names of the participants in the discussion shall not be recorded)
- Major arguments for and against a motion (again the names of the speakers shall not be identified)
- Exact action taken by the Board with a brief explanation of the rationale for its decision (such information is typically contained in a resolution, and may or may not be further expanded during a meeting)
- When there is extensive deliberation, the major arguments
- Whether any directives were considered and approved

The policy also includes information on approvals and corrections.

Additionally, in accordance with the corrective measure, the meeting policy indicates that “Meetings shall also be recorded. A list of all the meetings and the concomitant recordings shall be tracked by the Administrative Assistant and stored on an external hard drive, and the IT Department shall make provision for their backup”.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
6	The BOC meeting policy will be formally approved by the NHA BOC.	<b>Implemented</b>

The BOC approved the meeting policy of the NHA via Resolution NHA-4985-2020 on September 25, 2020.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
7	NHA shall inform the NN Resources and Development Committee of the NHA BOC meeting policy.	<b>Implemented</b>

BOC Resolution NHA-4985-2020 was emailed to a legislative advisor for the RDC on October 30, 2020. The receipt of this information was confirmed with the legislative advisor for the RDC.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
8	The implementation of the NHA BOC meeting policy will be subject to periodic review by an Independent Auditor.	<b>Not Implemented</b>

NHA issued RFP #508 due February 16, 2021. The scope of work included a review of the NHA BOC meeting policy from the period of September 26, 2020 to December 31, 2020. The RFP outlined a deadline for the completed deliverable of March 31, 2021.

NHA held 24 meetings from July 1, 2019, to December 31, 2020, two of these meetings occurring after the minutes policy was approved by the BOC on September 25, 2020. During our review of minutes for adherence to the updated policy we noted the following:

- For two meeting minutes reviewed post policy implementation, the minutes did not specify if any points of order or appeals were noted or if there was any extensive deliberation. Due to the length of some of the meetings, this was likely to have occurred.
- For two meeting minutes reviewed post policy implementation, the minutes did not include mention of arguments for or against a decision. Due to the length of some of the meetings, this was likely to have occurred.
- For two meeting minutes reviewed post policy implementation, no extensive deliberation was noted. It is recommended the minutes state “No deliberations” if that is the case.



REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
9	NHA BOC will be provided training on the BOC meeting policy, the amended NHA BOC By-laws, NHA's Code of Ethics and Conduct, and Roberts Rules of Order to ensure all meetings are properly conducted and documented.	<b>Not Implemented</b>

Affidavits were provided for members of the BOC as evidence of receipt of relevant materials and trainings in the areas of meeting policy, amended NHA BOC by-laws, and Roberts Rules of Order. An affidavit was not received for one member of the BOC that training was received on Roberts Rules of Order.

Training information was provided to the BOC members on the meeting policy, BOC by-laws and Roberts Rules of Order in January 2021 and as a result, affidavits received were signed and dated after December 31, 2020, which is outside the 18-month corrective action plan implementation period.

Two members of the BOC attended the annual meeting in July 2019 where information on NHA's Code of Ethics and Conduct was presented. This was verified based on review of the sign in documentation provided from the annual meeting. One BOC member has not received training on the Code of Ethics and Conduct.

REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
10	A Legal Advisor will be present at all meetings during regular, special, and executive session's to ensure NHA BOC and NHA Management abide by NHA BOC By-laws and applicable policies.	<b>Implemented</b>

A legal advisor was present at all BOC meetings held during the review period. For one meeting, this was not evidenced based on a meeting sign in sheet, but attendance was verified within the written minutes.



REVIEW RESULTS - RECOMMENDATION 2		
Corrective Measure	Corrective measure description	Status
11	NHA will utilize social media and document management software titled "on board" to ensure all meetings are properly recorded, stored, and tracked.	Implemented

In accordance with corrective measure 5, NHA established a minutes meeting policy to address the recording, transcribing, tracking, and storing of minutes in accordance with the NHA BOC By-laws. The minutes policy indicates “Meetings shall also be recorded. A list of all the meetings and the concomitant recordings shall be tracked by the Administrative Assistant and stored on an external hard drive, and the IT Department shall make provision for their backup”.

To implement the BOC meeting policy, rather than utilizing On Board or social media, NHA recorded BOC meetings on a digital recorder and uploaded the recordings to the Executive Administrator’s computer. An external hard drive, maintained by the Executive Administrator is utilized to back up the meeting recordings. Additionally, the minutes are transcribed by the Executive Administrator and maintained in the Executive Office.

The following was noted during our review:

- There was an issue with the power cable to the external hard drive located in the Executive Administrator’s office.
- The IT Department is not involved in the process for ensuring minutes information is backed up, as indicated in policy. Although NHA utilized two forms of backup including the storage of original data on a computer and a backup of that data on an external hard drive, the data should be backed up off site as well.
- Based on a sample of recorded meetings maintained by the Executive Administrator, the December 19, 2019 board minutes recording did not contain sound.

## Attachment C - Review Results – Recommendation 3

Recommendation 3 of the corrective action plan required NHA to perform the following:

*The NHA should consider taking steps to create a more open, collaborative working environment such that, at least within a department, staff members understand their roles and open lines of communication exist.*

Eleven corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
1	NHA Management will hold meetings with the NHA BOC regarding the forensic examination and recommendations.	<b>Implemented</b>

During our review of board meeting minutes and our review of the implementation of other measures in the corrective action plan, the forensic examination and recommendations were discussed on a regular basis. The CEO prepared regular communications to the BOC regarding these items as well.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
2	NHA will establish a policy committee to: <ul style="list-style-type: none"> <li>- Evaluate the NHA Procurement, Program and Non-Program, P-Card, and Reserve Account policies and identify policy changes needed based on the forensic audit report.</li> <li>- Develop a Whistleblower policy to facilitate a mechanism for staff, board members and the public to report questionable activities without fear of retaliation.</li> </ul>	<b>Implemented</b>



The Chief Administrative Officer (CAO) of NHA prepared an NHA Policy Committee Matrix identifying individuals to serve on the following committees:

- Procurement Policy Committee
- Program and Non-Program Income Policy Committee
- Purchase Card Policy Committee
- Reserve Account Policies Committee
- Whistleblower Policy Committee

The document indicates a start date of June 21, 2019 for the committees. See corrective measure 3 for final result of committee efforts.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
3	NHA will obtain NHA BOC approval of amended policies and the Whistleblower policy.	<b>Implemented</b>

The NHA BOC approved the amended and newly created policies as follows:

- Procurement policy – Resolution NHA-4918-2019 – December 19, 2019
- Program/Non-Program policy – Resolution NHA-4927-2019 – August 24, 2019
- Purchasing Card policy – Resolution NHA-4916-2019 – July 22, 2019
- Reserve Account policy – Resolution NHA-5007-2020 – December 19, 2020
- Whistleblower policy – Resolution NHA-4917-2019 – January 25, 2020

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
4	NHA will place NHA policies on the NHA's internal website.	<b>Implemented</b>

NHA has an internal website that can be accessed by any computer connected to NHA’s secure private network. As evidenced by a document including instructions and screen shots, as well as through the performance of a walk-through of the internal website with NHA personnel, it was determined that policies and training materials are included.



REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
5	NHA will re-evaluate its strategic plan to identify a new vision, goals, objectives, and a total quality management model.	<b>Implemented</b>

The NHA leadership team utilized a strategic planning facilitator who began working with the organization to re-evaluate its strategic plan in June 2020. An executive summary prepared by the external facilitator dated July 6, 2020 included discussion information on:

- Core values, guiding principles, mission and vision
- Strength, Weakness, Opportunity and Threat (SWOT) analysis
- Key Priority Areas
- SMART goals and action items
- Balanced Scorecard and Lean Six Sigma

Through the results of this process, NHA identified a new Vision – Leaders in Housing Our Nation Through Community Partnerships. Additionally, NHA identified new guiding principles, strategies, balanced scorecard, and tools for monitoring and evaluating the strategic plan.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
6	NHA will obtain formal approval of its strategic plan by the NHA BOC.	<b>Not Implemented</b>

Based on review of the timeline established within the executive summary prepared by the external facilitator, the final strategic plan was to be approved by the BOC on September 17, 2020. Subsequent to obtaining this approval, the strategic plan was to be disseminated to the organization on October 1, 2020.

The strategic plan was not approved by the BOC until February 20, 2021 as evidenced by Resolution NHA-5015-2021. Although the corrective measure was ultimately implemented, it occurred outside the required 18-month implementation period. Further, at the time of our review, the resolution provided was not yet signed by members of the BOC.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
7	<p>NHA will provide an orientation to NHA Staff and NHA BOC at the NHA Company-wide Meeting in order to enforce and continue transparency:</p> <ul style="list-style-type: none"> <li>- Adhere to all established NHA policies and procedures.</li> <li>- Adhere to the NHA Code of Ethics and Conduct Policy.</li> <li>- Ramification for noncompliance, the NHA Human Resources Personnel Policies and Procedures Manual Tables of Penalties will be applied.</li> </ul>	<b>Implemented</b>

The NHA Annual Meeting was held on July 22-25, 2019. The law firm of Quarles and Brady presented during the general session on *Code of Ethics & Harassment*. Attendance was tracked digitally and over 280 individuals were identified as having attended this general session.

Training dates, agendas and attendance information was provided for trainings provided at various locations throughout the Navajo Nation from September 26, 2019 to October 20, 2020. Agenda topics included a KPMG CAP overview, Vendor SOP, PI/NPI policy, Payroll policy, Table of Penalties, Purchasing card policy, Whistleblower policy, Procurement policy, travel policy and the Code of Ethics.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
8	NHA BOC, NHA Management, and NHA Staff will certify and acknowledge an affidavit regarding the policy requirements and penalties.	<b>Implemented</b>



To determine the implementation status, signed affidavits were requested for all BOC members and a sample was selected of members of management and staff for the policies identified in the corrective measure. The following results were noted:

- For one BOC member, an affidavit or log was not provided as evidence of attendance at a Code of Ethics training.
- For one BOC member, an affidavit was provided as evidence of attendance at a Code of Ethics training, however the BOC member name cannot be located on the attendance log for this training.
- One affidavit for a BOC member for the Code of Ethics training was signed after December 31, 2020.
- For one BOC member, an affidavit or log was not provided as evidence of attendance at a Table of Penalties training.
- Two affidavits for BOC members for the Table of Penalties training were signed after December 31, 2020. One BOC member name cannot be located on the attendance log for this training.
- For two of nine employee Code of Ethics and one of nine Table of Penalties training affidavits reviewed, the affidavits were signed by the employee, but were not signed by Human Resources Department.

To achieve the desired objectives, NHA should continue to ensure all employees are trained and that evidence of such is maintained.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
9	NHA will provide a training on the revised and new policies to NHA BOC, NHA Management, and NHA Staff; including a training schedule that mandates periodic training.	<b>Implemented</b>

Numerous training sessions on a variety of policy topics were conducted as evidenced throughout the review of the implementation of various measures throughout the corrective action plan. The Human Resources Department is responsible for tracking training attendance and obtaining signed affidavits as evidence. Per discussion with NHA personnel, training will continue to be required annually as updates occur.



REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
10	NHA will develop a platform i.e. survey for NHA Staff to provide constructive feedback and recommendations bi-annually on ways to improve NHA processes and services.	<b>Implemented</b>

The Government & Public Relations Department at NHA distributed via email a link to an organization wide survey to NHA staff on September 6, 2019 and July 1, 2020. The email communications indicated that the data will be analyzed by the management team and will be an effective tool in their decision making. Further, when the second survey link was distributed, the email indicated the survey would be compared to the previous survey sent in September 2019. The results of both surveys were provided for review.

An NHA memorandum dated December 11, 2019 indicated that the results of the first survey were provided to the Interim Chief Executive Officer (ICEO) and Human Resources Department in hard copy. Additionally, an email dated October 21, 2019 indicates that the data survey information was one of several documents made available on a google drive to several individuals at NHA, including the ICEO.

No evidence was provided by NHA that the survey data from the second survey was provided to or evaluated by the management team or that the data provided in the two surveys were compared.

REVIEW RESULTS - RECOMMENDATION 3		
Corrective Measure	Corrective measure description	Status
11	<p>NHA will utilize electronic and face-to-face communication methods to foster open and transparent communication between NHA Staff, Management, BOC, and NHA Oversight such as:</p> <ul style="list-style-type: none"> <li>- Electronic: Emails, optimize Microsoft outlook, GotoMeetings, Skype for business, Sharepoint, NHA monthly internal newsletter, social media i.e. NHA Workplace Facebook/YouTube.</li> <li>- Face-to-Face: Bi-annual NHA organizational wide meeting, monthly Supervisor Meetings, weekly core manager meetings (CEO, CFO, CAO, COO, and Division Directors), and monthly staff meetings.</li> <li>- Website links and social media will be provided to NN Resources and Development Committee.</li> </ul>	Implemented

Documentation of print communications, meetings, and electronic communications were provided by NHA and reviewed as evidence of ongoing communication efforts.

NHA provided a letter dated October 10, 2019 to the RDC members to share with the RDC all social media links and internet resources that are used to communicate both internally and externally pertinent information regarding programs and services.

In this communication, NHA indicated “we have been utilizing the You Tube platform to live stream our monthly BOC regular called meetings”. Links to access the live stream and archived meetings were provided.

From the beginning of the review period through February 22, 2020, BOC meetings were posted to either the NHA website or the NHA You Tube channel. After February 22, 2020, this no longer occurred due to COVID-19 restrictions preventing in-person meetings, and therefore, only teleconferences were held.

The BOC by-laws indicate that “The Board shall record minutes of the meeting and make the minutes available to the public, upon request, no later than five working days after the minutes are approved...”. To adhere to this, the Executive Administrator transcribes and maintains written meeting minutes in the NHA Central Office as outlined in the BOC By-laws, to be provided to the public upon request.

Although the BOC by-laws do not require meeting minutes to be posted to social media or NHA’s website, to enhance transparency, written minutes could have been posted in place of live streaming meetings to keep the BOC and public informed. At the time of the review, only meeting agendas were posted to the NHA website. Subsequent to communication with NHA in March 2021, written BOC minutes were made available for review on the website.



## Attachment D - Review Results – Recommendation 4

Recommendation 4 of the corrective action plan required NHA to perform the following:

*NHA should consider conducting an independent review of NHA's policies and procedures to ensure they include all necessary and appropriate requirements, including:*

- a. Adding a procurement policy for amending contracts that are greater than \$1,000,000.*
- b. Requiring the Procurement department's involvement in the use of Non-Program funds.*
- c. Standardizing the procurement and accounting policies, processes, and procedures for both Program and Non-Program funds.*
- d. Implementing a review procedure for the creation of new vendors in the accounting system.*
- e. Instituting a lobbying policy and procedures.*
- f. Implementing an independent review policy for purchase card expense.*

Ten corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
1	NHA will establish a policy committee comprising of NHA and Navajo Nation staff to evaluate the NHA policies such as the Procurement, Program and Non-Program Income, Purchase card and Reserve Account policies and identify policy changes needed based on the forensic audit report.	<b>Implemented</b>

The Chief Administrative Officer (CAO) of NHA prepared an NHA Policy Committee Matrix identifying individuals to serve on the following committees:

- Procurement Policy Committee
- Program and Non-Program Income Policy Committee
- Purchase Card Policy Committee
- Reserve Account Policies Committee
- Whistleblower Policy Committee

The document indicates a start date of June 21, 2019 for the committees to commence work.

The committee matrix notes TBD under Navajo Nation Committee Members in each policy area. The CAO and Compliance Manager confirmed that no Navajo Nation staff participated on the policy committees. The CAO indicated that there was uncertainty as to who at the Navajo Nation should be involved. Email correspondence from NHA to the Auditor General of the Navajo Nation was provided on this matter, however there were no follow-up inquiries by NHA to identify Navajo Nation participants as outlined in this corrective measure.



REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
2	<p>NHA will revise the policies to include recommendations from the forensic examination for the following:</p> <p>Procurement: The policy will be amended to address contracts that have been originally awarded over the \$1,000,000 threshold and if the contract modification is received that exceeds 15% of the original contract award, it will require a review and approval by the NHA BOC through a BOC Resolution.</p> <p>Program and Non-Program Income:                      - Amend the policy to identify that the Program funds are restricted funds and thereby subject to federal regulations for review and approval.                      - Amend the policy to identify that the Non-Program funds will be treated as if they were restricted funds and approval of all expenditures will comply with NHA Policies and Procedures.</p> <p>Purchase Card (P-card): Revise the P-card review and authorization provision in which P-card holder expenditures are evaluated by a 3<sup>rd</sup> party to ensure expenses are properly supported and approved.</p>	Implemented

NHA revised their procurement policies effective December 19, 2019 to include the language identified in the corrective measure. NHA personnel asserted that no procurement contracts executed after the policy was implemented met the criteria to sample during the review.

NHA revised their program and non-program income policies effective August 24, 2019. The program income policy states program income “shall be treated as restricted funds for any housing or housing related activity(ies) as approved by the NHA BOC as part of the fiscal year budgeting process and included in the subsequent Indian Housing Plan”. It does not explicitly state that the funds are thereby subject to federal regulations for review and approval, however that can be inferred.

The non-program income policy remained unchanged, still indicating that “Any non-program income generated by the NHA operations and identified according to the methodology described herein shall be treated as unrestricted funds”.

Although the corrective action plan indicates the policy was to be amended, NHA indicated that internally, the corrective action implemented focused on the treatment of funds as restricted, or utilizing the funds for housing related activities such as program income and Indian Housing Block Grant Funds. NHA personnel confirmed this understanding during discussions. For example, the use of non-program funds for per diem excesses now require board approval. An example of this was noted during the October 3, 2019 BOC meeting, when the BOC approved the usage of non-program funds to pay for amounts above the General Services Administration (GSA) rate for lodging. NHA should reevaluate if this treatment needs to be formalized in this policy, to ensure non-program funds are utilized appropriately and consistently.

The following documents were revised with respect to program and nonprogram income:

- Section III.H of the equity reserve policy references the updated procurement policy. Further, section IV.C. of the policy states “Align the use of its Non-program Income similar to the requirements of Program Income as defined in 24 CFR Part 1000.62 for housing-related activities for purposes of directly affecting tangible housing and housing-related activities for the benefit of Navajo communities and the Navajo people”.
- Section 9 – Use of Program and Nonprogram Income of the revised BOC by-laws indicate “use of the NHA’s program or nonprogram income must be in accordance with a budget approved by the BOC; be concurred by the BOC; and be in accordance with the procurement policy. In addition to the aforementioned, staff requests to use such funds must first be forwarded to the CEO who shall then forward the request to the appropriate NHA department or program where a thorough and proper review will be conducted to determine whether the request is consistent with the NHA’s applicable policies, values, and mission”.

NHA revised their purchasing card policy effective July 22, 2019. The purchasing card policy states “The Division Liaison shall conduct the third party review of P-card purchases made by assigned cardholders”. Three of 10 purchasing card transactions reviewed were reviewed by a third party per policy, however the review was not completed timely.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
3	NHA will standardize the policies to be applicable for all funding sources i.e. Indian Housing Block Grant funds, Program Income, Non-Program Income, Navajo Nation, etc.	<b>Implemented</b>

NHA’s revised procurement policy effective December 19, 2019 indicates “This policy shall apply to all procurement activities of the NHA for all funding sources including Indian Housing Block Grant (“IHBG”), program income, non-program income, and Navajo Nation”.

See also narrative related to Corrective Measure 2.



REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
4	NHA will develop a Whistleblower policy to facilitate a mechanism for staff, board members, and the public to report questionable activities without fear of retaliation.	<b>Implemented</b>

NHA developed a whistleblower policy.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
5	NHA will develop a Lobbying Policy and procedures.	<b>Implemented</b>

NHA developed a lobbying and advocacy policy.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
6	NHA will obtain BOC approval of amended policies, the Whistleblower policy and Lobby Policy.	<b>Implemented</b>

The NHA BOC approved the amended and newly created policies as follows:

- Procurement policy – Resolution NHA-4918-2019 – December 19, 2019
- Program/Non-Program policy – Resolution NHA-4927-2019 – August 24, 2019
- Purchasing Card policy – Resolution NHA-4916-2019 – July 22, 2019
- Reserve Account policy – Resolution NHA-5007-2020 – December 19, 2020
- Whistleblower policy – Resolution NHA-4917-2019 – January 25, 2020
- Lobbying & Advocacy policy – Resolution NHA-4981-2020 – August 28, 2020



REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
7	NHA will generate a standard operating procedure (SOP) for creating new vendors which will include adding, deleting, or updating vendor information. The process will include a review and approval of new vendors to avoid duplicated vendors.	<b>Not Implemented</b>

The Financial Services Branch established a Vendor Setup – Standard Operating Procedure (Procedure No. AP07012) effective August 1, 2019. The SOP only addresses receiving a Form W-9 to either set up a new vendor if not in NAV, or updating an existing vendor’s information. In order to mitigate risks regarding the setup of improper vendors, unauthorized changes being made to vendor data, or the duplication of vendors, the following should be addressed within the SOP:

- Creation of a standard conventions on naming and format.
- Verification of vendor requests of changes to information (phone preferred to verify legitimacy).
- Secondary review of new vendors by a second employee.
- Secondary review of changes to existing vendor information (addresses, electronic payment information).

Additionally, the SOP does not include a process for reviewing the vendor database to deactivate, archive, or delete vendors.

NHA did work with an outside firm to restrict system access to creating new vendors through the use of a new permission table. NHA should consider incorporating into the SOP the periodic review of system permissions as well.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
8	NHA will provide training on the revised and new policies as well as, the new Vendor SOP. NHA BOC, NHA Management, and NHA Staff will be informed of the ramification for noncompliance in which the NHA Human Resources (HR) Personnel Policies and Procedures Manual Tables of Penalties will be applied.	<b>Implemented</b>

Training dates, agendas and attendance information was provided for trainings provided at various locations throughout the Navajo Nation from November 19, 2019 to November 17, 2020. Agenda topics included a KPMG CAP overview, Vendor SOP, PI/NPI policy, Payroll policy, Table of Penalties, Purchasing card policy, and the Code of Ethics.

REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
9	NHA Staff, NHA BOC, and NHA Management will certify and acknowledge in an affidavit regarding the Procurement, Program and Non-Program Income, Purchase, and Reserve Account policy requirements and related penalties for non-compliance as described in the HR Personnel Policy.	<b>Implemented</b>

To determine the implementation status, signed affidavits were requested for all BOC members and a sample was selected of members of management and staff for the four policies identified in the corrective measure. The following results were noted:

- Two of 21 individuals reviewed did not have an affidavit to support attending the procurement policy training. Both individuals are BOC members. Additionally, one affidavit was signed after December 31, 2020.
- One of 21 individuals reviewed did not have an affidavit to support attending the program and non-program income policy training. The individual is a BOC member. Additionally, three affidavits were signed after December 31, 2020.
- One of 21 individuals reviewed did not have an affidavit to support attending the purchasing card policy training. The individual is a BOC member. Additionally, two affidavits were signed after December 31, 2020.
- Four of 21 individuals reviewed did not have an affidavit to support attending the reserve policy training. Two of the individuals are BOC members. Additionally, five affidavits were signed after December 31, 2020.

To achieve the desired objectives, NHA should continue to ensure all employees are trained and that evidence of such is maintained.



REVIEW RESULTS - RECOMMENDATION 4		
Corrective Measure	Corrective measure description	Status
10	NHA Compliance Department shall perform periodic monitoring reviews to ensure compliance with NHA Policies and applicable policy. NHA will respond with appropriate action for instances of non-compliance or other improper activities.	<b>Not Implemented</b>

On June 12, 2020, NHA’s Compliance Department notified the Procurement Department regarding the initiation of a monitoring review of procurement and contract administration. The preliminary results of the monitoring report included 13 findings. The final monitoring review report is expected to be issued in April 2021.

On July 23, 2020, NHA’s Compliance Department notified the Financial Services Branch regarding the initiation of a monitoring review of purchasing card expenditures. The monitoring review report is expected to be issued in April 2021.

During a review of the policy and a sample of 10 purchasing card expenditures initiated after the policy revision, we noted the following:

- A purchasing card statement was not signed by the employee for three purchasing card expenditures reviewed.
- A receipt was not provided for a protective shield purchasing card expenditure in the amount of \$205.19.
- The agenda for the staff meeting related to the one purchasing card expenditure in the amount of \$109.44 was not provided.
- For three purchasing card expenditures, a purchasing card checklist was not fully completed
- One purchasing card expenditure was for one coffee.
- NHA’s purchasing card policy does not outline in detail allowable versus unallowable purchases.

Although monitoring reviews were initiated and executed by the Compliance Department in two policy areas included in recommendation four, the results of the monitoring reviews will be distributed outside the 18-month corrective action plan implementation period. This did not allow NHA to demonstrate the policies are being adhered to and that appropriate actions were taken for instances of noncompliance. Further, purchasing card policy language should be clear and specific as to what purchases are allowable versus unallowable.



## Attachment E - Review Results – Recommendation 5

Recommendation 5 of the corrective action plan required NHA to perform the following:

*NHA should consider implementing ongoing independent review of the actions of the NHA's BOC and executives. This includes addressing the circular authorization between the BOC's and CEO's compensation and travel.*

Five corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 5		
Corrective Measure	Corrective measure description	Status
1	NHA Compliance Department shall, in conjunction with applicable Navajo Nation government offices, perform quarterly monitoring reviews of the NHA BOC and NHA CEO transactions.	<b>Not Implemented</b>

During the 18-month period under review, only one quarterly monitoring review of NHA BOC and NHA CEO transactions was performed by the NHA Compliance Department. NHA was impacted both by a computer virus and the COVID-19 pandemic during this time period.

One quarterly review was performed including transactions from October 1, 2019 to June 30, 2020; a monitoring report was issued by the NHA Compliance Department dated September 30, 2020. An amended monitoring report was issued November 16, 2020. The report identified nine findings and seven concerns.

During our follow-up review, a sample of 15 NHA CEO and BOC payroll transactions were reviewed that occurred between July 1, 2019 and December 31, 2020, after the time period of the Compliance Department review. The following was noted:

- For one payroll transaction reviewed, the CEO reviewed their own timesheet.
- For one payroll transaction reviewed, a BOC timesheet was not reviewed.
- For four payroll transactions reviewed, the timesheets were reviewed/approved before the final time was input.
- For one payroll transaction reviewed, a BOC member was paid \$250 for attending a meeting via teleconference, which is not allowable per BOC by-laws.
- For one payroll transaction review, a BOC member was paid \$250 prior to NHA verifying attendance at the meeting. The transaction was subsequently voided, but this could have been avoided.
- For one payroll transaction reviewed, the BOC member was paid \$250 prior to attending the meeting.

During our follow-up review, a sample of 7 NHA CEO and BOC travel transactions were reviewed that occurred between July 1, 2019 and December 31, 2020, after the time period of the Compliance Department review. The following was noted:

- For two transactions reviewed, no trip report with odometer mileage was completed after the trip.
- For five transactions reviewed, travel authorization forms were not submitted within five working days as required.

Monitoring reviews and accountability for instances of non-compliance should be performed regularly and timely.

REVIEW RESULTS - RECOMMENDATION 5		
Corrective Measure	Corrective measure description	Status
2	For findings identified in the monitoring reports, NHA will generate a corrective actions plan to ensure deficiencies are addressed.	<b>Implemented</b>

A corrective action plan was submitted to the NHA Compliance Department on November 6, 2020. The NHA Compliance Department approved the corrective action plan and indicated that the NHA BOC and CEO must implement the corrective action plan by December 28, 2020.

REVIEW RESULTS - RECOMMENDATION 5		
Corrective Measure	Corrective measure description	Status
3	If violation are identified, NHA will apply the Tables of Penalties noted in NHA's HR Personnel Policies and Procedures.	<b>Not Implemented</b>

The application of penalties are contingent upon the outcome of a corrective action plan review, which has not yet taken place. This corrective action plan review was conducted by the NHA Compliance Department from February 25, 2021 through March 5, 2021, which an expected report issuance timeline of April 2021.



REVIEW RESULTS - RECOMMENDATION 5		
Corrective Measure	Corrective measure description	Status
4	<p>To ensure that adequate segregation of duties is achieved regarding CEO and BOC financial transactions, the following will be performed:</p> <ul style="list-style-type: none"> <li>- NHA will revise the NHA Travel policy to identify that the CFO will review and approve the BOC travel and travel expenses. The CEO travel authorization will continue to be reviewed and approved by the NHA BOC.</li> <li>- NHA will revise the NHA Payroll policy to include that the NHA CFO shall review and approve the NHA BOC timesheets.</li> <li>- NHA Accounting Department will reconcile the CEO and BOC travel and payroll activities on a monthly basis to ensure compliance with applicable policies.</li> </ul>	<b>Implemented</b>

The travel policy was revised as outlined in the corrective action plan. NHA did not revise the payroll policy to include that the NHA CFO shall review and approve the NHA BOC timesheets, however the payroll SOP was updated to require this procedure be performed. The Financial Services Branch has implemented processes to review payroll and travel transactions.

REVIEW RESULTS - RECOMMENDATION 5		
Corrective Measure	Corrective measure description	Status
5	<p>NHA will provide training to the NHA BOC and NHA Staff regarding the amended NHA Travel and NHA Payroll policies and amended processes in approving NHA BOC timesheets and travel related expenses.</p>	<b>Implemented</b>

Training dates, agendas and attendance information was provided for trainings provided at various locations throughout the Navajo Nation from November 12, 2019 to November 17, 2020. The travel policy or payroll policy were listed as a topic on each agenda.



## Attachment F - Review Results – Recommendation 6

Recommendation 6 of the corrective action plan required NHA to perform the following:

*The Nation and NHA's BOC should consider conducting additional investigative steps, including additional interviews and analysis, to more fully understand the underlying culture of NHA, its use of funds, and the patterns of questionable activity noted in this report.*

Six corrective measures were identified to address the issue.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
1	NHA Management and NHA BOC, in consultation with Navajo Nation government, will assess the risks posed by the findings/recommendations noted in the forensic examination and identify issues regarding further investigation.	<b>Implemented</b>

Based on discussions with BOC members, a scope of work was developed to have a firm further investigate. A scope of services list containing fourteen items was provided for review.

NHA Directive FY2018-04 indicates “Directive issued by the BOC to the NHA CEO to spend from the Common Account the total cost for the WipFli audit not to exceed \$150,000 to include the issues discussed in Executive Session at the October 20, 2018 BOC meeting in Fort Defiance, Arizona”.

Based on inquiries made and review of documentation provided, the Navajo Nation government was not consulted with respect to the assessment of risks and scope development. This appeared to be a conscious decision by the NHA BOC members to ensure the WipFLI review would be tailored to NHA by identifying critical items that focused on creating positive change throughout the organization.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
2	As warranted, NHA will hire an independent audit firm or investigative firm to perform additional forensic reviews or other investigations to address the specific issues noted as high risk.	<b>Implemented</b>

NHA hired WipFli to perform an Agreed Upon Procedures (AUP) engagement to review the predetermined scope of work. WipFli issued a report to the NHA BOC on June 4, 2019. The AUP report was then issued to NHA per Resolution NHA-4982-2020 on August 28, 2020.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
3	Based on the outcome of these additional forensic reviews/investigations, NHA will establish a corrective action plan to address the findings/recommendations or refer applicable matters to other agencies for further action.	<b>Implemented</b>

NHA developed a corrective action plan in response to the WipFli Independent Accountant's Report on Applying Agreed-Upon Procedures issued June 4, 2019.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
4	NHA shall present these reports and corresponding corrective action plan to the BOC and NN Resources and Development Committee.	<b>Implemented</b>

The WipFli corrective action plan was accepted and approved by the NHA BOC per Resolution NHA-4998-2020 on October 31, 2020. The report itself was issued directly to the BOC. See Corrective Measure 2.



The AUP report and corrective action plan were required to be presented to the Navajo Nation RDC. Based on discussions with NHA personnel, due to the pandemic, rather than present the reports in person, the reports were to be provided via email. Evidence was provided that the WipFli corrective action plan was emailed to the legislative advisor for the RDC on December 10, 2020. No evidence was available that the WipFli report itself was provided to the legislative advisor to the RDC prior to December 31, 2020.

To ensure the RDC received the information as outlined in the corrective action plan, the items were submitted via email to the Navajo Nation by NHA on March 11, 2021. The receipt of this information was confirmed with the legislative advisor for the RDC.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
5	NHA shall require a follow-up review to ensure the corrective action plans have been implemented and concerns addressed by NHA.	<b>Not Implemented</b>

NHA issued RFP #508 due February 16, 2021. The scope of work included a corrective action plan follow-up review from the period of November 1, 2020 to December 31, 2020. The RFP outlined a deadline for the completed deliverable of March 31, 2021.

REVIEW RESULTS - RECOMMENDATION 6		
Corrective Measure	Corrective measure description	Status
6	If violations are identified, NHA will apply the Tables of Penalties noted in NHA's HR Personnel Policies and Procedures.	<b>Not Implemented</b>

The application of penalties are contingent upon the outcome of a corrective action plan review, which has not yet taken place. See Corrective Measure 5.