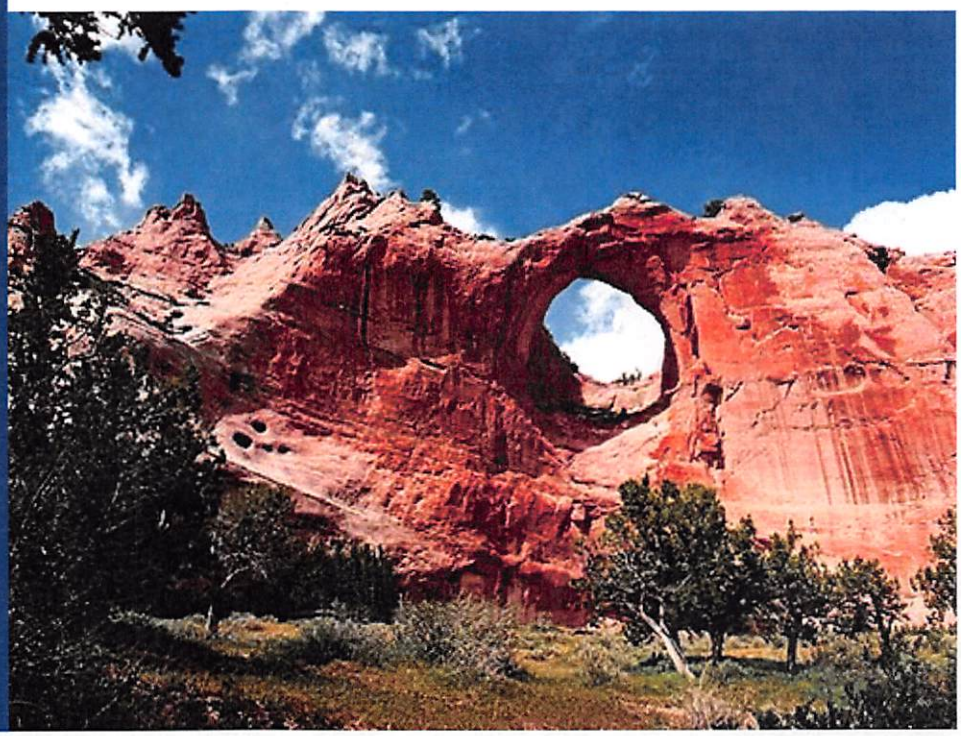
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Performance Audit of the Navajo Head Start



Report No. 21-10
May 2021

Performed by:
MOSS ADAMS LLP

Office of the Auditor General
The Navajo Nation

Helen Brown, CFE, Principal Auditor
Delegated Auditor General

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

TO : Dr. Elvira Bitsoi, Assistant Superintendent
NAVAJO HEAD START

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

DATE : May 4, 2021

SUBJECT : Performance Audit of the Navajo Head Start

The Office of the Auditor General herewith transmits Audit Report No. 21-10, a Performance Audit of the Navajo Head Start. The performance audit was conducted, in conjunction with Moss Adams LLP, to determine the efficiency and effectiveness of the Navajo Head Start in meeting its program objectives and performance measures in providing educational services, utilizing resources including grant funds, and complying with applicable policies and procedures. The audit focused on the time period between October 1, 2017 and September 30, 2019.

The auditors reported twenty (20) findings in the following areas:

1. Program Planning
2. Enrollment
3. Attendance
4. Mental Health and Disability
5. Health and Nutrition
6. Quality of Educational Service
7. Performance Monitoring and Oversight
8. Organizational Stability
9. Policies and Procedures
10. Recordkeeping
11. Information Technology Infrastructure
12. Employee Certifications
13. Expenditure Monitoring
14. Facilities
15. Vehicle Safety
16. Property Management
17. Hiring
18. Grant Reporting
19. Contracts
20. Invoice Payments

Detailed explanation of the findings can be found in the body of this report. The report provides recommendations to correct the reported findings.

If you have any questions about this report, please contact our office at extension 6303. Thank you for your assistance in completing this audit.

xc: Patricia Gonnie, Acting Superintendent of Schools
DEPARTMENT OF DINE EDUCATION
Priscilla B. Manuelito, President
NAVAJO NATION BOARD OF EDUCATION
Paulson Chaco, Chief of Staff
OFFICE OF PRESIDENT/VICE-PRESIDENT
Daniel E. Tso, Chairperson
HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE
Chrono

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I. EXECUTIVE SUMMARY

SCOPE AND METHODOLOGY

In 1964, the Navajo Head Start Program (NHS, the Program) was established within the Department of Dine Education in the Executive Branch of government. The purpose of NHS is to promote school readiness of low-income children by enhancing their cognitive, social, and emotional development. The Program serves over 1,400 children across five districts and has an annual budget of approximately $25 million, funded primarily through the federal dollars from the Office of Head Start (OHS). OHS has defined performance standards for all Head Start Programs that receive grant funding.

The Navajo Nation Office of the Auditor General (OAG) contracted with Moss Adams LLP to conduct a performance audit of the Program, with a focus on the time period between October 1, 2017 and September 30, 2019. The performance audit was designed to address the efficiency and effectiveness of NHS with the goal of implementing improvements in:

- Meeting Program objectives and performance measures
- Effectively complying with performance standards, grant funding terms, and contractual deliverables
- Providing quality educational services to Navajo children
- Providing safe, suitable facilities for children and staff
- Systems to fully account for and manage property and equipment
- Expending Program funds consistent with NHS purpose, goals, and objectives
- Ensuring personnel management complies with applicable policies and procedures

In order to address these elements of Program operations, we developed three main objective questions:

1. *Is the Program meeting its objectives and performance measures?*
2. *How efficient and effective are NHS operations to enable achievement of performance measures?*
3. *How effectively does NHS work with other Navajo Nation departments to process items that are required for achievement of performance measures?*

The performance audit was conducted between November 2019 and March 2020. The project consisted of four major phases: 1) project initiation and management, 2) fact finding that included interviews, a parent/guardian survey, and detailed testing, 3) performance assessment, and 4) reporting.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDINGS AND RECOMMENDATIONS		
	OBJECTIVE 1	
1.	**Finding**	The Program's five-year Strategic Plan, developed in July 2018, is comprised of tasks broken out by education, administration, finance, community partnerships, and transportation. While these tasks support Program succession, they are not written in a way that allows for achievement to be measured. Goals should be clear, concise, and measurable. In addition, the Program's Annual School Year Plan, which is specific to service delivery, indicates the source of the goals as "grant application," as opposed to the Program's Strategic Plan. Ideally, these two planning documents should complement one another, especially since both address five-year increments.
	Recommendations	A. Revise the Program's Strategic Plan to provide clear goals, objectives, and performance measures, and tie annual work plans to these goals. B. Evaluate Program performance on a regular basis compared to the defined goals, objectives, and performance measures. C. Develop a clear correlation between the Program's Annual School Year Plan and the Program's Strategic Plan.
2.	**Finding**	The Program has historically struggled to meet funded enrollment levels, but it achieved 100% enrollment in the fourth quarter of Fiscal Year 2019.
	Recommendation	Continue efforts to ensure enrollment levels remain above 97% of funded enrollment, as required by the OHS grant agreement; and consider opportunities to better leverage the waiting lists to fill classrooms.
3.	**Finding**	The Program provided detailed attendance reports, by month, for each center; however, this information was not being consolidated, reported, or monitored on a quarterly or annual basis. In addition, we found that the Program does not use attendance as a key performance metric despite the OHS performance standard.
	Recommendation	Begin tracking attendance by District on a quarterly basis. In accordance with OHS performance standards, staff should assess barriers to Program attendance and work with families to improve attendance rates.
4.	**Finding**	The Program was not able to secure special education services for 10% of its enrolled children, as required in the OHS grant.
	Recommendations	A. Revise MOUs with contracted Local Education Agencies (LEAs) to streamline service delivery by establishing service level expectations and defining roles and responsibilities for Program and LEA staff. B. Build partnerships with Mental Health and Disability Service Providers to ensure services are available to qualified children.

FINDINGS AND RECOMMENDATIONS		
5.	**Finding**	Although some health screening and nutrition performance data is available, the Program did not have complete information to determine if it was able to achieve OHS performance standards.
	Recommendation	Define performance measures for health and nutrition performance standards and begin regular reporting to monitor compliance.
6.	**Finding**	Most (89%) of Program parent/guardians are satisfied or extremely satisfied with the Program; however, there are inconsistencies in the level of educational services provided by centers.
	Recommendation	Expand the number of School Readiness Coaches to increase capacity for greater center support that encourages consistency and accountability.
7.	**Finding**	Performance reporting often reflects Program activities, but it does not consistently address progress toward achieving OHS performance standards or other set performance measures.
	Recommendation	Revise program performance reporting to consistently include targeted and actual performance for key elements of the OHS performance standards, budget-to-actual information, major activities completed, and upcoming activities.
OBJECTIVE 2		
8.	**Finding**	NHS has limited organizational stability, as evidenced by leadership changes, elevated turnover levels, and high vacancy rates.
	Recommendations	A. Improve stability through strategies to increase employee engagement and institute formal onboarding processes, which will increase the ability to be an employer of choice on the Nation. B. Take steps to reduce vacancy rates by accelerating the hiring process and expanding recruitment activities.
9.	**Finding**	The Program utilizes a combination of Program-specific and Navajo Nation policies and procedures. Many of the Program-specific policies and procedures were in draft format or were older than five years. Based on our review of the policies provided in Table 8, we found policy gaps related to classroom operations, recordkeeping, and other key areas.
	Recommendation	Continue developing policies and procedures to support employee accountability and operational continuity for the Program.
10.	**Finding**	NHS struggles with effective recordkeeping, including production and organization of pertinent documents.
	Recommendation	Develop and implement a records management process and document it in a policy that includes guidance related to records creation, filing, naming conventions, retention schedules, and regular monitoring to ensure compliance.

FINDINGS AND RECOMMENDATIONS		
11.	**Finding**	The Program has not invested in sufficient IT personnel, systems, or hardware, which inhibits operational communications, safety, efficiency, and effectiveness.
	Recommendation	Invest in strategic IT resources to increase utilization of system functionalities and maintain updated software and hardware to protect sensitive information.
12.	**Finding**	Although the Program was able to locate most employee certificates, records were maintained in disparate systems.
	Recommendation	Develop a centralized system for entering and tracking employee certification requirements in Child Plus.
13.	**Finding**	The Program does not regularly monitor expenditures in relation to the budget or contract agreements.
	Recommendations	A. Modify budgeting practices to include individual center budgets that roll up into the larger Program budget. B. Adopt monthly budget-to-actual reporting and implement quarterly management meetings to discuss deviations from planned expenditures. C. Implement a process to ensure that all expenditures are tracked to the related contract agreements.
14.	**Finding**	The Program lacks signed facility agreements for most of its centers and does not monitor or enforce facility inspections.
	Recommendations	A. Establish consistent facility agreements with each center lessor, using the agreement to clarify roles and responsibilities to ensure safety of the premises. B. Complete a prioritized listing of renovations and consider building new facilities using grant funds to ensure centers are safe for children. C. Develop a system to monitor facility inspections and conduct quarterly checks to hold center staff accountable for completing the inspection and reporting results in a timely manner.
15.	**Finding**	Historically, vehicle inspections were not always completed prior to the start of the school year; however, the Program improved the timeliness of inspections significantly for school year 2019–2020.
	Recommendation	Continue developing systems to proactively schedule and ensure the completion of vehicle inspections.
16.	**Finding**	The Program lacks an accurate, complete supplies and materials inventory listing and does not have a system in place to track or manage property including vehicles and smaller assets.
	Recommendation	Implement an inventory and asset management system or process to incorporate controls over inventory and assets. Develop reports to assist with monitoring at the center level and help anticipate needed supplies and materials.

FINDINGS AND RECOMMENDATIONS		
OBJECTIVE 3		
17.	**Finding**	In order to hire employees, the Program follows Program-specific and Navajo Nation, Department of Personnel Management (DPM) policies and procedures, which result in a very lengthy hiring process and delays in filling critical positions. In a sample of NHS new hires tested, it took an average of 176 days to hire employees and several were hired prior to obtaining DPM approval. Upon further evaluation of the causes of these delays, we identified opportunities for improvement by the Program and DPM, which could significantly improve the timeliness of the process.
	Recommendation	Identify efficiencies in the hiring process and work with DPM to clarify whether approval needs to occur prior to an employee starting work.
18.	**Finding**	Grant performance reports are submitted timely but are limited to enrollment numbers, which do not provide a complete picture of performance. Two of the three Federal financial reports (FFRs) reviewed were submitted late or were not date stamped to allow for verification of compliance with reporting deadlines.
	Recommendations	A. Using a planning and performance measure framework, develop more comprehensive performance reports to adequately communicate with OHS. B. Work with the OOC to ensure FFRs are completed in a timely manner.
19.	**Finding**	In reviewing a sample of the Program's contract files, we found no instances of noncompliance with Procurement Rules and Regulations. All the files were located, and approvals were documented on the contract cover sheet. However; we found that the Nation's approval process requires the interaction of several different departments and for the seven contracts we reviewed, it took an average of 129 days to secure, which negatively impacts overall operations.
	Recommendation	Assign a Program employee the role of contract liaison to track the progress of contracts in the approval process and work with other departments to expedite the process.
20.	**Finding**	Program payments are often delayed, which can have a negative impact on Program operations and performance.
	Recommendations	A. Develop Program-specific policies and procedures that define the proper management of invoices. B. Proactively work with the OOC to ensure payments are submitted in a timely manner.

II. INTRODUCTION

BACKGROUND

In 1964, the Navajo Head Start Program (NHS, the Program) was established within the Department of Dine Education in the Executive Branch of government. The Health, Education and Human Services Committee (HEHSC) of the Navajo Nation Council and the Navajo Board of Education (NBOE) provides oversight for the Program. The purpose of NHS is to promote school readiness of low-income children by enhancing their cognitive, social, and emotional development. The Program provides comprehensive and quality early childhood development services to tribal members. Its mission statement states, "within four sacred mountains, we will work together, plan, teach our Dine language and traditional teachings to instill the child's self-identity and kinship as lifelong learners." Program services include preschool education, early childhood development, family support, health screening, dental care, mental health, nutritional services, and assistance in accessing medical services. The Program is delivered in 80 centers grouped into five districts for children aged three to five, and five centers for pregnant women and children under age three. In 2019, there were a total of 240 employees, 63 of which serve administrative functions. The Program serves over 1,400 children and has an annual budget of approximately $25 million, funded primarily through the federal dollars from the OHS. OHS has defined performance standards for all Head Start Programs that receive grant funding. The OAG requested a performance audit to examine the efficiency and effectiveness of the Program, focusing on key areas provided.

SCOPE AND METHODOLOGY

Performance Audit Definition

Performance audits conducted in accordance with generally accepted government auditing standards (GAGAS) assess whether a government agency is achieving optimal economy, efficiency, and effectiveness in its utilization of available resources. Performance audits provide conclusions based on an evaluation of the organization's current state using sufficient, appropriate evidence and a comparison of the current state against commonly understood criteria and industry best practices. Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve performance and operations, reduce costs, facilitate decision-making, and support public accountability.

Unlike a financial audit, a finding within a performance audit does not necessarily indicate a significant failure of the organization. Rather, findings are intended to identify opportunities for improvement as the organization strives to achieve optimal effectiveness.

Performance Audit Objectives

The OAG contracted with Moss Adams LLP to conduct a performance audit of the Program, with a focus on the time period between October 1, 2017 and September 30, 2019. The performance audit was designed to address the efficiency and effectiveness of NHS with the goal of implementing improvements in:

- Meeting Program objectives and performance measures

- Effectively complying with performance standards, grant funding terms, and contractual deliverables
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- Providing safe, suitable facilities for children and staff
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In order to address these elements of Program operations, we developed three main objective questions:

1. *Is the Program meeting its objectives and performance measures?*
2. *How efficient and effective are NHS operations to enable achievement of performance measures?*
3. *How effectively does NHS work with other Navajo Nation departments to process items that are required for achievement of performance measures?*

Audit Methodology

The performance audit was conducted between November 2019 and March 2020. Analysis was informed by interviews, document review, a parent/guardian survey, and testing for specific samples of transactions. The project consisted of four major phases:

1. **Project Initiation and Management:** This phase concentrated on comprehensive project planning and management, including identifying interview participants, document review, communicating results, and regular reporting on project status. We also held an entrance conference on November 15, 2019, with the OAG and Program leadership to discuss the project scope, approach, timing, and responsibilities.
2. **Fact Finding:** This phase included interviews, conducting a parent/guardian survey, document review, and testing. We worked with the OAG and Program leadership to obtain the most currently available information and insights.
    - ***Interviews and Focus Groups:*** To gain insight from Program personnel, a cross section of approximately 17 employees within a variety of functional areas and management levels were invited to participate in individual or small group interviews. We also conducted interviews with members of the Parent Policy Committee, NBOE, and the Delegated Superintendent of the Department of Dine Education.
    - ***Document Review:*** We reviewed multiple documents, including but not limited to:
        - Organizational charts
        - Organizational planning documents
        - Programmatic policies and procedures, training materials, and framework documents
        - Relevant Navajo Nation policies and procedures
        - OHS performance measures and funding letters
        - Community Assessments and Self Assessments
    - ***Testing:*** Based on our understanding of the Program, we assessed related risks and developed the detailed audit procedures presented below.

- *Employee certifications*: We received a listing of all employees that worked at the Program during the audit period (265 employees) and selected a random sample of 29 employees. Using job descriptions and OHS performance standards, we identified certification requirements and verified whether or not the Program was able to locate copies of each employee's certifications, including their location (Child Plus or employee file).
- *Facility inspections*: We received a listing of all Program facilities that are currently operational and selected a random sample of 23 facilities (out of 73 total facilities) to determine whether or not the facility had an up-to-date facility usage agreement and determine if facility inspections were occurring, as expected.
- *Facility work orders*: We received a listing of all facility work orders that took place during the audit period and selected a random sample of 31 work orders (out of 2,557). For each work order, we evaluated the request date, completion date, and whether or not the work order required the purchase of a part in order to be completed.
- *Vehicle inspections*: We received the Program's fixed asset listing and isolated the vehicles. Using this list, we selected a random sample of 24 vehicles (out of 92) and requested their annual inspections for 2017, 2018, and 2019 in order to determine if inspections were completed and whether they occurred prior to the start of each school year.
- *Employee hiring*: In order to evaluate employee hiring practices, we requested a list of all employees hired during the audit period and selected a random sample of 26 employees (out of 127). For each employee, we identified when each component of the selection process was completed to assess compliance with Navajo Nation Personnel Policies and evaluate the overall timeliness of hiring practices. Specifically, we requested and assessed documents and timelines related to the following:
    - Job Vacancy Posting
    - Employee Application
    - Background Investigation
    - Personnel Action Form
    - Employee Acceptance
    - Employee Start Date
- *Grant reporting*: To evaluate whether the Program was meeting grant reporting requirements, we selected three Quarterly Financial Reports and three-Monthly Program Performance Reports that are required to be submitted to ensure grant compliance. All reports were from the audit period. We requested the reports to evaluate whether they were prepared and submitted by the required due dates set by the granting authorities.
- *Contract compliance*: To evaluate compliance with the Navajo Nation's Procurement Rules and Regulations, we selected a judgmental sample of seven contracts from the Program's contract listing. Contracts were selected based on risk as identified during interviews.
- *Program Disbursements*: In order to assess the timeliness of Program vendor payments, we obtained general ledger (G/L) detail reports from the audit period and compiled the reports into a comprehensive disbursement listing. Using this listing, we randomly selected 32 payments (out of 9,228) to review for timelines from invoice date to payment date.

- ***Parent/Guardian Satisfaction Survey:*** Program leadership, in conjunction with the OAG, developed a short parent/guardian satisfaction survey that was conducted via the online

- survey platform Qualtrics. To distribute the survey, the OAG developed a letter that NHS staff provided to parent/guardians when dropping off or picking up students at centers that invited them to participate in the survey. There was no contact listing for parents/guardians to utilize; therefore, this approach was used. We received 192 responses to the survey, which was open from January 29, 2020 to February 14, 2020. Full survey results are included in Appendix A.
- ***Best practice research:*** Based on the opportunities for improvement identified, we conducted research to identify best practice opportunities in areas where findings were identified.

3. **Performance Assessment:** Using the information gathered, we evaluated the importance, impact, and scope of our findings in order to develop recommendations designed specifically to address the audit objectives.
4. **Reporting:** This phase concluded the project by reviewing draft findings and recommendations with the OAG and Program leadership to validate facts and confirm the practicality of recommendations.

GAGAS COMPLIANCE

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Moss Adams LLP

Moss Adams, LLP
Seattle, WA

III. FINDINGS AND RECOMMENDATIONS

OBJECTIVE 1

Is the Program meeting its objectives and Performance measures?

Program Planning

1.	Finding	**The Program's five-year Strategic Plan, developed in July 2018, is comprised of tasks broken out by education, administration, finance, community partnerships, and transportation. While these tasks support Program succession, they are not written in a way that allows for achievement to be measured. Goals should be clear, concise, and measurable.** **In addition, the Program's Annual School Year Plan, which is specific to service delivery, indicates the source of the goals as "grant application," as opposed to the Programs Strategic Plan. Ideally, these two planning documents should complement one another, especially since both address five-year increments.**
	Recommendations	**A. Revise the Program's Strategic Plan to provide clear goals, objectives, and performance measures, and tie annual work plans to these goals.** **B. Evaluate Program performance on a regular basis compared to the defined goals, objectives, and performance measures.** **C. Develop a clear correlation between the Program's Annual School Year Plan and the Program's Strategic Plan.**

Criteria

Effective planning supports overall program management by establishing short- and long-term goals that support optimal Program outcomes. OHS Performance Standards are defined and distributed for all grant-funded Head Start Programs, which also increases the need for thoughtful, strategic planning to support grant compliance and achievement of key performance indicators.

Condition

NHS developed a five-year Strategic Plan in July 2018. Program employees reported that the plan helped establish a connection between the work NHS does and improved employee morale, given the new sense of direction afforded to employees through the plan. The Program's Strategic Plan consists of tasks broken out by education, administration, finance, community partnerships, and transportation. Tasks include items such as the following:

- Curriculum alignment with teacher
- Building partnerships with school districts/grant schools
- Housing programs within schools

- Fatherhood initiative
- New buses
- Better facilities, parking lots, and centers
- Teacher housing

Although these tasks are components of goals, they are not sufficiently specific to determine the intended outcome. Similarly, as it is currently structured, the Strategic Plan does not define clear, measurable, outcome-based goals, and objectives. Finally, we found that the same tasks fall into multiple categories, which could contribute to confusion and a lack of accountability over ownership of the task.

The Program also breaks its Strategic Plan into smaller periods of time to facilitate more specific planning. In October 2018, NHS published a 2018–2020 Strategic Plan that provided greater detail and assignment of tasks through action plans. For example:

- The Director of Administrative Services was tasked with strengthening overall human resources systems; exploring and identifying opportunities to secure Program space through collaboration, expansion, and leasing; and providing safe transportation services for children served, among other items.
- The Director of Education Services was tasked with enhancing the teaching and learning environment, strengthening the overall ERSEA system, and developing stronger partnerships in the community to achieve higher enrollment for disability services, in addition to other tasks.

While these tasks support Program succession, they are not written in a way that defines how employees are to approach the goal or how it will be measured.

Finally, the Program develops an Annual School Year Plan each year, which is specific to service delivery. The source of the goals included in this plan are listed as the Grant Application, not the Program's Strategic Plan. Ideally, these two planning documents should complement one another, especially since both address five-year increments. The Annual School Year Plan includes some administrative functions, but focuses on service delivery in classrooms. This document includes more actionable, time bound, and measurable tasks that tie to objectives, although there are still opportunities to enhance this document by making tasks more specific and directly tied to goals. For example, some of the action steps include "help to ensure Child Plus is kept current and accurate" and "assist in the meetings with Centers and ascertain center operations are in place."

Effect

The Program does not have a means of truly measuring and effectively communicating the progress towards goals. The Program is unable to respond to the high level of scrutiny and reputation concerns that come from the community with communication that could come from having specific, actionable, and measurable goals.

Cause

The Program has experienced significant turnover in key leadership roles over the past several years, which results in inconsistent communication and planning activities. Due to public scrutiny of the Program, reporting requests may have been inconsistent over time as new issues were brought to the

attention of oversight bodies. Child Plus is also a relatively new system that was implemented in 2018, so employees are still not fully aware of the full functionality of the system.

Recommendation

A Strategic Plan can serve as a tool to establish and communicate leadership's expectations and priorities, bringing staff into the direction of the Program. To clarify direction and progress in serving the diverse and dynamic needs of families across the Navajo Nation, the Program should revise its Strategic Plan. The revised Strategic Plan should align with the Program's Grant Application goals and include clear, well-defined goals, objectives, and performance measures. Institutionalizing a core set of performance measures in a multi-year Strategic Plan helps focus employee attention and Program reporting.

Goals should be specific, actionable, and measurable in order to monitor progress toward the Program's achievement. Using one of the Director of Administrative Service's goals as an example, a potential goal could read, "to strengthen overall human resources systems, reduce staff vacancies by 20%, establish a substitute pool of five employees for each center position, and complete an employee certification inventory to ensure information is up-to-date and recorded in Child Plus." This provides the Director of Administrative Services with clear tasks and achievable metrics that all support the overarching goal of strengthening human resource systems.

Annual School Year Plans should tie to the Strategic Plan and define specific activities that are planned in pursuit of broader goals. These activities should correlate to key performance indicators that demonstrate purpose, impact, and progress towards achievement of goals.

Program Performance Analysis

As an OHS grantee, NHS is responsible for ensuring compliance with the Head Start Act and OHS performance standards in delivering the services to Navajo children and their families. These performance standards serve as the basis for the following NHS performance analysis results.

Enrollment

2.	Finding	**The Program has historically struggled to meet funded enrollment levels, but it achieved 100% enrollment in the fourth quarter of Fiscal Year 2019.**
	Recommendation	**Continue efforts to ensure enrollment levels remain above 97% of funded enrollment, as required by the OHS grant agreement; and consider opportunities to better leverage the waiting lists to fill classrooms.**

Criteria

The OHS performance standards require a program to maintain funded enrollment levels and fill vacancies within 30 days. According to funding letters from the Administration of Children and Families (ACF), which operates OHS, the Navajo Nation's funded enrollment levels were as follows during the audit period:

TABLE 1 FUNDED ENROLLMENT LEVELS

TIME PERIOD	HEAD START FUNDED ENROLLMENT	EARLY HEAD START FUNDED ENROLLMENT
3/1/2017-2/28/2018	2,068 students	37 students
3/1/2018-2/28/2019	1,396 students	37 students
3/1/2019-2/28/2020	1,389 students	37 students

The OHS requires NHS to maintain at least 97% of funded enrollment in order to maintain funding.

Condition

NHS has experienced chronic under-enrollment for several years. In October 2017, OHS informed NHS that it would reduce federal funding for the Program by over $7 million due to under-enrollment. This reduction resulted in the Navajo Nation awarding $6.3 million in Unreserved, Undesignated Fund Balance UUFB dollars to continue Program operations while NHS appealed OHS's decision. In September 2018, NHS testified at an OHS hearing, which resulted in a small reduction of federal funding. OHS awarded $19.7 million to support funded enrollment for 1,426 Head Start and Early Head Start (EHS) children.

Throughout the audit period, the Program struggled to achieve enrollment at 97% of funded levels. The table below demonstrates enrollment targets and actual enrollment for each quarter of the audit period. Because the school year only operates nine months of the year, figures are presented for Q1 through Q3. Until Q3 of 2019, the Program struggled to maintain enrollment at both NHS and EHS centers.

TABLE 2 FUNDED VERSUS ACTUAL ENROLLMENT

		ENROLLMENT TARGET	ACTUAL ENROLLMENT	ENROLLMENT PERCENTAGE
2018 Q1	NHS	2,068	1,304	63%
	EHS	37	26	70%
2018 Q2	NHS	2068	1,463	71%
	EHS	37	18	49%
2018 Q3	NHS	1396	1,462	105%
	EHS	37	22	59%
2019 Q1	NHS	1396	1279	92%
	EHS	37	24	65%
2019 Q2	NHS	1396	1,277	91%
	EHS	37	30	81%

		ENROLLMENT TARGET	ACTUAL ENROLLMENT	ENROLLMENT PERCENTAGE
2019 Q3	NHS	1389	1389	100%
	EHS	37	37	100%

The Program also maintains waitlists for children to participate in the Program. Throughout the audit period, there were between 175 and 178 children on the waitlist for both EHS and NHS programming. Despite enrollment issues, the waitlist levels remained stagnant for each District, with the highest level of demand for additional centers in the Window Rock District. The EHS waitlist only existed for the Window Rock and Chinle Districts where the Program currently operates.

TABLE 3 WAITLIST COUNTS BY DISTRICT

		SHIPROCK	CROWNPOINT	WINDOW ROCK	CHINLE	TUBA CITY	TOTAL
2018 Q1	NHS	23	9	55	54	18	159
	EHS	-	-	17	2	-	19
2018 Q2	NHS	23	9	55	54	18	159
	EHS	-	-	17	2	-	19
2018 Q3	NHS	23	9	55	53	18	158
	EHS	-	-	17	2	-	19
2019 Q1	NHS	23	9	55	53	18	158
	EHS	-	-	16	1	-	17
2019 Q2	NHS	23	9	55	53	18	158
	EHS	-	-	16	1	-	17
2019 Q3	NHS	23	9	55	53	18	158
	EHS	-	-	16	1	-	17

Although there were children on the waitlist for both NHS and EHS, the Program still struggled to maintain enrollment levels.

Effect

Eligible children are not being served by the Program due to lower funded enrollment levels. Some centers are not operating at full capacity, and there are a number of children who remain on the waitlist and are not able to be served by the Program.

Cause

The geographic location of centers, in relation to students who are eligible to participate in the Program, may present hurdles to maintaining funded levels of enrollment. Students who are on the waitlist may not be able to attend a center with an opening due to the distance between their home and the center with an opening. The Program's reputation in some communities can also prevent families from participating.

Recommendation

Continue efforts to maintain funded enrollment levels at 97% and higher by conducting community outreach and improving systems in place at the Program. The Program should also consider how to best leverage its waitlist; although there are approximately 160 students on the waitlist, there were many openings at centers. By developing a more robust waitlist management process, the Program would be able to identify where there are concentrated needs for elevated levels of service within a particular District to best serve the Navajo Nation. The Program should conduct this analysis on an annual basis to define where services are most in demand in an attempt to serve the greatest number of children possible.

Attendance

3.	Finding	**The Program provided detailed attendance reports, by month, for each center; however, this information was not being consolidated, reported, or monitored on a quarterly or annual basis. In addition, we found that the Program does not use attendance as a key performance metric despite the OHS performance standard.**
	Recommendation	**Begin tracking attendance by District on a quarterly basis. In accordance with OHS performance standards, staff should assess barriers to Program attendance and work with families to improve attendance rates.**

Criteria

According to the OHS performance standards, Program attendance should be maintained at 85% or higher. If attendance drops below this level, the Program must analyze the cause behind elevated levels of absenteeism. Additionally, the Program must establish a process to contact parents when children are absent to ensure that they are safe from harm. If a student's attendance suffers, the Program must conduct analysis of what puts the child at risk of missing 10% of days a year to find strategies that will alleviate the issue.

Condition

The Program was not able to provide compiled quarterly or annual attendance data despite several requests. We received detailed attendance reports, by month, for each center, indicating that this information is collected; however, the Program does not use attendance as a key performance metric despite the OHS performance standard, and this information is not being consolidated, reported, and monitored on a regular basis. Through interviews and the parent/guardian survey, it was clear that many causes could be attributed to a lack of attendance; however, the Program is not actively working to accumulate these potential causes and help address them. Based on the fact that the monthly reports were in PDF format and not consolidated into a single report that allowed for data

manipulation without significant time being spent to export, manipulate, and combine, we were unable to assess attendance by month or by District, or perform other types of detailed data analysis for cause and effect assessments.

Effect

The Program is not able to assess whether or not it is meeting 85% attendance rates, and therefore is not working with families to identify strategies that would increase Program attendance. Children are not adequately supported in their learning if they are not able to attend school.

Cause

The Program has not included attendance as a key performance metric that they monitor and report. Attendance issues may stem from both family and Program limitations, such as inadequate transportation and facility safety. In interviews, staff reported that attendance often suffered due to facility closures, vacancies in center staff positions, and transportation disruptions. Several comments in the parent/guardian survey discussed how inconvenient bus routes hindered the ability of children to attend the Program given family obligations and potentially the lack of a vehicle.

Recommendation

The Program should begin tracking attendance by District on a quarterly basis. Using this information, School Readiness Coaches would be able to provide targeted support to centers with attendance issues. Together, School Readiness Coaches and center staff should work with parents to identify barriers to attendance. Using this information, the group should develop possible solutions to ensure children are able to attend the Program regularly, in order to best support their learning.

Mental Health and Disability

4.	**Finding**	**The Program was not able to secure special education services for 10% of its enrolled children, as required in the OHS grant.**
	Recommendations	**A. Revise MOUs with contracted Local Education Agencies (LEAs) to streamline service delivery by establishing service level expectations and defining roles and responsibilities for Program and LEA staff.** **B. Build partnerships with Mental Health and Disability Service Providers to ensure services are available to qualified children.**

Criteria

OHS performance standards require 10% of children in the Program receive special education services, in accordance with the Head Start Act. Based on initial child screening conducted by the Program, the Program sends referrals of children who may qualify for special education services to local agencies responsible for implementing the Individual Disability Education Act (IDEA). The LEA completes a formal evaluation to assess service eligibility. If a child is eligible for services, the Program and LEA must provide individualized services and support to meet the child's needs. NHS coordinates disability services through partnerships with local Districts and LEAs; there were 19 referrals in school year 2017–2018 and 18 in school year 2018–2019.

Condition

According to the community assessments completed by the Program in 2017 and 2018, the Program was not able to meet mental health and disability performance measures. Performance measures extend beyond what the Program can directly control by requiring cooperation with LEAs to ensure eligible children are receiving the appropriate services within 60 days of the NHS referral.

TABLE 4 STUDENTS RECEIVING SPECIAL EDUCATION SERVICES

SCHOOL YEAR	ENROLLMENT (ACTUAL)	STUDENTS RECEIVING SPECIAL EDUCATION SERVICES	
		#	%
2017-2018	1462	64	4.4%
2018-2019	1389	51	3.7%

In Q3 of school year 2017–2018, the Program applied for a waiver to meet the 10% disability requirements included in the OHS grant. OHS granted this waiver for one year in Q1 of school year 2018-2019.

Effect

The Program is not complying with grant terms and conditions and, therefore, is subject to the Designated Renewal system, in which it would have to compete with other agencies for funding. Children with disabilities may not be receiving support in a timely manner, which can further hinder and delay learning capabilities.

Cause

The 2019 Self-Assessment identified that NHS employees are not referring children to LEAs within 45 days because the LEA referral process is not documented and, therefore, staff is reluctant to complete the task.

There are a number of extenuating factors that contribute to the Program's challenges in meeting the 10% disability requirement, including:

- There is a lack of cooperation from LEAs in completing formal evaluations within 60 days, as required by IDEA and Section 504 of the Rehabilitation Act of 1973.
- Despite attempts to conduct targeted enrollment for children with disabilities, families appear to know where and how to access services already and may have found a different service provider.
- Families may lack access to transportation needed to secure regular education, health, and LEA services.
- Despite issuing Request for Proposals (RFPs) for Mental Health and Special Education Consultants, the Program has not received responses to these RFPs in order to provide specialized services, indicating that there is a shortage of service providers available to work on Navajo Nation (the Nation). Service providers are scarce, in particular for handling behavioral problems.

- As the Program struggles with employee vacancies, employees over mental health and disability services were also overseeing other services offered to children enrolled in NHS and EHS, which may have resulted in delays or gaps in tracking LEA referrals.

Recommendation

Revise MOUs with LEAs to streamline service delivery, including better defined service expectations and accountability measures. Because achievement of this performance standard requirement is contingent upon strong partnerships with LEAs, the Program's Mental Health and Disability Liaisons should work to improve the relationship with LEAs. The MOU should define the expectations of both Program staff and LEA staff to include who is responsible for completing what, what information must be shared between the parties, and what timelines must be met to comply with federal law.

Document the LEA referral process and develop service level agreements, as well as define roles and responsibilities for the Program and the LEAs. Program staff should receive training on the LEA referral process and be supported through written guidance on how to process referrals with complete information.

The Program should continue to seek appropriate service providers to adequately support students that qualify for additional services and support. Because service providers are limited, the Program should also build strong relationships with these organizations to provide improved service continuity for enrolled children.

Health and Nutrition

5.	**Finding**	**Although some health screening and nutrition performance data is available, the Program did not have complete information to determine if it was able to achieve OHS performance standards.**
	Recommendation	**Define performance measures for health and nutrition performance standards and begin regular reporting to monitor compliance.**

Criteria

According to OHS performance standards, Programs must conduct health and wellness screenings for each child as follows in the table below.

TABLE 5 HEALTH AND WELLNESS SCREENING REQUIREMENTS

SCREENING	DEADLINE FOR COMPLETION
Assessment of child access to health care and health insurance coverage	30 days after enrollment
Determinations from health care and oral health care providers on whether the child is up-to-date with age appropriate preventive and primary care	90 days after enrollment
Evidence-based vision and hearing screenings	45 days after enrollment
Social-emotional health screenings	45 days after enrollment

If an enrolled child lacks any of these services, the Program should facilitate the process of ensuring the child receives the appropriate care and access to care.

Additionally, the Program must design and implement nutrition services that are culturally and developmentally appropriate to meet the nutritional and dietary restrictions of each child. The EHS Program must follow appropriate bottle-feeding schedules and hold the child during feeding. NHS must serve appropriate meals and snacks that conform to USDA requirements. For example, programs that operate in the morning must serve breakfast and programs that operate for six or more hours a day must provide half to two-thirds of a child's nutrition needs.

Condition

According to the 2018 Annual Report, NHS completed the 45-day health screenings (vision, hearing, social-emotional health) within the allocated timeframe 96% of the time. Similarly, the health care and oral health exams were completed within 90 days for 85% of newly enrolled children. The 2019 self-assessment reported that 98% of social and emotional health screening were completed within 45 days, but other screenings, such as vision and hearing screenings, were incomplete and not documented in the Child Plus system.

For Head Start centers, NHS provides two meals a day that meet USDA requirements. Staff report that procurement of food can present challenges, especially since some centers have reportedly been broken into and food stolen at the center. When this happens, the center has to close until food can be procured again. NHS receives supplemental funding from the Child and Adult Care Food Program (CACFP), which covers approximately 80% of its food costs. In 2019, the Program spent approximately 60% of its budgeted funding for CACFP ($575,923 of $960,000).

Although some information was available, the Program had incomplete performance information available to address whether they were meeting all grant requirements for health and nutrition during the audit period.

Effect

The Program cannot determine if it is complying with OHS performance standards, which could result in the Program being subject to the Designated Renewal System. Under this system, the Program would have to compete with other agencies for funding.

Cause

Not all information is reliably logged into Child Plus by Program staff; therefore, reporting is not always provided accurately or timely. The Program has not established institutionalized performance measures to monitor progress on OHS performance standards.

Recommendation

The Program should comprehensively review the OHS performance standards to identify performance measures that should be routinely monitored to demonstrate compliance with requirements. For example, potential performance measures for the health and nutrition requirements could include:

- Percent of health care access screenings within 45 days
- Percent of children with access to healthcare within 90 days

- Percent of health screenings complete within 90 days
- Percent of vision and hearing screenings within 45 days
- Percent of food budget expended

This information should be incorporated into quarterly performance reporting.

Additionally, the Program should continue exploring the functionality of Child Plus to conduct simplified reporting on performance for each grant area. Responsible staff should be trained on how to enter information into the system to support timely and accurate reporting.

Quality of Educational Service

6.	**Finding**	**Most (89%) of Program parent/guardians are satisfied or extremely satisfied with the Program; however, there are inconsistencies in the level of educational services provided by centers.**
	Recommendation	**Expand the number of School Readiness Coaches to increase capacity for greater center support that encourages consistency and accountability.**

Criteria

OHS performance standards dictate how many classroom hours must be offered by EHS and the Program:

- EHS centers must provide 1,380 annual hours of planned classroom operations.
- Head Start centers must provide at least 160 days of planned classroom operations if the center operates five days per week or 128 days of operations if it operates four days per week. Centers must operate for a minimum of 3.5 hours a day.

In addition, the EHS and NHS programs must deliver developmentally, culturally, and linguistically appropriate learning experiences in literacy, math, social and emotional functioning, science, physical skills, and creative arts. Parents and family members should be availed of opportunities to be involved in education services. To ensure that center staff deliver high-quality education services, EHS and NHS programs must also establish and implement a systematic approach to staff training and professional development by requiring center staff to complete at least 15 hours of professional development per year.

Condition

NHS measures the quality of its educational services through child assessments and annual performance evaluations of its field staff in May. Quality of services is also linked to professional development opportunities for teachers and paraprofessionals. Currently, the first Friday of every month is dedicated to Professional Development.

The Program's 2018 Self-Assessment noted several opportunities for improvement that impact the quality of education services provided, including:

- Better leverage professional development days by using training plans developed and scheduled to promote consistency across centers
- Every classroom uses curriculum components of daily resources, including teaching guides
- Daily classroom schedules are consistently followed
- Lesson plans are always posted and have all applicable parent signatures
- Embed Dine curriculum and situational language resources into lesson planning

Similarly, the Program's 2019 Self-Assessment noted additional opportunities for improvement to provide high-quality educational service, including:

- Ensuring centers have up-to-date resource plans and policies
- Identifying more training and technological support

In order to assess stakeholders' perspectives related to how well the Program provides quality educational services to students, we conducted a parent/guardian survey. Our results showed 89% of parents and guardians were at least satisfied with the Program's ability to meet their child's developmental needs, 89% were satisfied with the Program's ability to prepare their child for kindergarten, and 90% were satisfied with the Navajo culture/language curriculum provided to the child. Overall, 89% of parents and guardians were satisfied with the Program. Comments suggests that opportunities for improvement included improved communication, parent involvement in the classroom, more Navajo language, and addressing logistical challenges such as bus routes and facility safety. Full survey results are included in Appendix A.

Effect

Centers operate inconsistently from one another and the quality of educational services is highly dependent on the three employees that work at each center; therefore, parent experiences can be highly variable depending on their geographic location. This impacts recruitment of students and educators in addition to family perceptions of the Program and ultimately results in children receiving different levels of educational services.

Cause

Although central administration implements curriculum and sets expectations for center staff, it is evident that there are inconsistent applications of these plans across centers. The Program currently employs one School Readiness Coach for each District, who is supported with liaisons for ERSEA, Disability and Mental Health, and Health and Nutrition. However, there are too few employees to effectively oversee the centers and support greater consistency when one School Readiness Coach is responsible for an average of 15–17 centers.

Additionally, the quality of educational services is often interrupted by closures due to safety concerns or staffing issues, which hampers the ability of children to participate in planned learning activities.

Recommendation

Hire enough School Readiness Coaches to effectively oversee each center; each Coach should have no more than 10–12 centers to oversee and should spend considerable time in each location to better support center staff in providing quality educational services.

Develop robust meeting and communication practices between School Readiness Coaches and center staff to help improve overall Program performance for the individual center. These meetings can and should be seen as an opportunity to learn about how other centers operate, share best practices, and work together to identify solutions to issues that may impede educational services. Additionally, by increasing the capacity of each School Readiness Coach, they are better able to monitor a group of centers to ensure plans are implemented according to plan and center employees are held accountable.

Performance Monitoring and Oversight

7.	**Finding**	**Performance reporting often reflects Program activities, but it does not consistently address progress toward achieving OHS performance standards or other set performance measures.**
	Recommendation	**Revise program performance reporting to consistently include targeted and actual performance for key elements of the OHS performance standards, budget-to-actual information, major activities completed, and upcoming activities.**

Criteria

In order to monitor objective performance, the Program should develop meaningful performance metrics that are measurable. Oversight bodies should use quarterly performance reports to support the Program and secure additional resources as needed.

Condition

The Program reports to a variety of different oversight bodies, including the parent policy council, the Navajo Board of Education (NBOE), and the Health, Education, and Human Services Committee (HEHSC) of the Navajo Nation Council. The reporting schedule for each oversight body varies:

- **Parent Policy Council and Committees:** The Parent Policy Council was established in accordance with OHS performance standards. NHS maintains a Parent Policy Council responsible for the direction of the overall agency, with distinct Parent Policy Committees at each center. Members of these bodies are parents of currently enrolled children. NHS administration reports to the Council on a monthly basis. These reports cover ten areas: Enrollment, Recruitment, Selection; Education—Curriculum and Instruction; Health and Nutrition; Mental Health and Disabilities; Facilities; Human Resources; Budget and Finance; Community Partnerships; Transportation; Program Governance.
- **NBOE:** NHS resides within the Dine Department of Education; therefore, the Navajo Board of Education has oversight of the Program. NHS administration prepares a quarterly report on Program performance and presents this information to the NBOE. Over the course of the audit period, the content of information shared in the quarterly reports has varied in both content and format. Although this may be in response to information requests from the NBOE, it can also pose challenges in effectively evaluating performance and Program trends.
- **HEHSC:** The Navajo Nation Council HEHSC has oversight of the Dine Department of Education, and therefore NHS. While the Program does not regularly report to HEHSC, it does respond to requests for information and presentations.

In 2018, the Program included budget-to-actual information on personnel and operating costs in its quarterly reports; however, quarterly reports in 2019 did not include this information.

Effect

The lack of performance measurement and reporting results in three major challenges:

- **Informed Decision-Making:** Without clear goals and related Key Performance Indicators (KPIs), it is challenging for oversight bodies to objectively understand how effectively the Program is delivering intended services. Without this information, decisions are often based on more subjective measures like stories, experiences, and political pressure.
- **Accountability and Organizational Learning:** Without clear reporting structures and processes, it can be challenging to cultivate accountability or identify areas for organizational learning and improvement.
- **External Communication:** Without effective communication, external data reporting is often limited or inconsistent. External data can help the Program better show its value to the community. Each year the Program must actively request data from every center, as opposed to being forced to rely on stories and experiences when data is unavailable.

Cause

Community Assessments report that the Program often struggles to ensure employees submit required reports in a timely manner, which results in ineffective and untimely data collection. Additionally, the Program has not developed Strategic Plan goals and regular performance reports that tie to overarching goals and grant requirements.

Recommendation

The Program should establish a performance reporting framework that can be used to organize, visualize, and share information related to the work the Program is doing to achieve goals. The framework should include KPIs that provide meaningful, balanced information about service delivery and internal operations to guide management decisions, promote transparency and accountability, complement stories and experiences with data, and steer the future direction of the Program to implement improvements. The performance framework should provide a clear method to organize the data.

Where there are gaps in data collection, KPIs should be established using a collaborative, facilitated process to ensure that measures are meaningful, appropriate, and align with outcome-based strategic plan goals. Each performance measure should have a clearly documented description (what it is), objective (what it is striving to measure), definition (how it is gathered or calculated), and reporting frequency (quarterly or annually). While KPIs should primarily focus on measuring output (the result of a Program activity) or outcomes (the impact of a Program activity), some workload measures may also be useful to include.

In addition to developing these KPIs, the Program should also define how it will share this information with internal and external stakeholders. For example, the Program could incorporate data reporting into staff meetings to reflect goals, activities, and explore potential opportunities for collaboration across centers or liaisons. By helping to establish consistent processes to collect, analyze, and communicate data, a performance reporting framework can help the Program present a coherent picture of organizational performance and foster a culture of data-informed decision-making.

Overall, Program performance reporting should encompass the OHS performance standards, budget-to-actuals, and narrative to help explain upcoming events or obstacles to achieving performance. Currently, quarterly reports contain some, but not all, of this information. In order to strengthen performance monitoring, the Program should incorporate the following:

- **Grant performance standard compliance:** Performance reports should reflect KPIs as defined by the OHS performance standards, such as:
  - Enrollment of NHS and EHS
  - Attendance rates
  - Referrals to mental health providers
  - Referrals to LEA for Disability/Special Education
  - Percentage of enrolled students in IDEA (Individuals with Disabilities Education Act)
  - Percentage of enrolled students with up-to-date medical care
  - Percentage of enrolled students with health insurance
  - Percentage of enrolled students with up-to-date oral health care

  Each of these areas should include the performance target and actual performance. If there are areas where performance is lower than anticipated, the performance report should explain the reason for underperformance (e.g., staff vacancies, facility closures, lack of appropriate specialists). In the upcoming activities section, the Program should define plans to address the root cause of underperformance.
- **Grant financial reporting:** Because spending is related to the ability of the Program to meet performance requirements, budget-to-actual reporting should be reincorporated into regular performance reports. Not only does this contribute to enhanced understanding of the Program's performance issues, it also demonstrates that the Program is conducting regular budget monitoring. If possible, the Program should also report the dates the Federal Financial Reports were submitted for the previous quarter's grant-funded expenditures, since timeliness of these reports have been a concern that could result in reduced funding.
- **Major activities completed:** The Program should continue to report on major activities undertaken, ongoing, and completed. In order to celebrate successes and communicate Program activities, NHS should report on major activities that were completed during the last quarter. Examples of significant activities include replacement of fleet, center renovations, negotiations of facility agreements, completion of annual assessments such as the self-assessment and community assessment, strategic planning meetings, and trainings that serve many NHS employees.
- **Upcoming activities:** The Program should also include upcoming activities on performance reports to demonstrate how activities are being designed and implemented to improve Program performance. This also demonstrates adequate planning and intervention activities. Anticipated future needs should be included in this area.

Performance reporting should include fairly consistent information in order to enable oversight bodies to have access to proper information to conduct their work. By providing consistent information, oversight bodies are able to identify trends over time and may be able to provide additional support or resources to the Program in order to pursue improved performance.

OBJECTIVE 2

How efficient and effective are NHS operations to enable achievement of performance measures?

Organizational Stability

8.	Finding	**NHS has limited organizational stability, as evidenced by leadership changes, elevated turnover levels, and high vacancy rates.**
	Recommendations	**A. Improve stability through strategies to increase employee engagement and institute formal onboarding processes, which will increase its ability to be an employer of choice on the Nation.** **B. Take steps to reduce vacancy rates by accelerating the hiring process and expanding recruitment activities.**

Criteria

Stable staffing is required to manage a Program efficiently and effectively. Leadership sets employee and performance expectations, communication standards, and is responsible for establishing effective operational systems. The OHS Performance Standards stipulate that grantees must implement a management system that ensures Program, fiscal, and HR management structures that provide effective management and oversight of Program areas and fiduciary responsibilities. Performance standards require the Program to practice operational continuity in order to provide continuity of care for children.

Condition

NHS has experienced significant employee turnover, both in central office and field centers. Vacancies pose several challenges to supporting effective performance. Central office staff fill critical positions related to administration and operations of the Program. Central Office staff establish and provide this structure to the Program to support center operations and liaise with other Navajo Nation departments to complete work.

Key leadership staff, such as the Assistant Superintendent, Administrative Service Officer, and Director of Financial Services, have been with the Program for between 4 and 20 months as of March 2020. Turnover in these roles has created instabilities and confusion within and outside the Program regarding who is responsible. Furthermore, most of these employees are new to the Nation and do not have a good understanding of its policies and procedures, which creates challenges around task completion and contributes to the sense of each task being treated as a fire drill. Staff in administration report that there is generally a lack of understanding about where tasks start and end, suggesting that roles and responsibilities have not been well-defined in job descriptions, management, and day-to-day activities.

TABLE 6 PROGRAM TURNOVER

POSITION TYPE	EMPLOYEES TURNED OVER	TURNOVER RATE
Central Administration	24	Unknown

POSITION TYPE	EMPLOYEES TURNED OVER	TURNOVER RATE
Field Staff	39	Unknown
Teacher	15	Unknown
Paraprofessional	15	Unknown
Bus Driver	12	Unknown
Other	17	Unknown

During the audit period, there were 63 employees that turned over, with high concentrations of turnover in central administration. Of the overall budgeted positions of 289, this would contribute to an average turnover rate of 14% per year. However, we were unable to calculate the turnover rate for each category of staff because budgeted staffing levels were not available in the documents received for this audit.

Staff report that Program leadership are still learning the requirements of the Program and working to establish systems that support data collection and monitoring for grant-defined content areas. This was confirmed by our on-site visit, as staff worked with us to identify requested information within their systems such as FMIS and Child Plus. For example, when asked when and how performance reporting is provided to OHS, administrative staff were unsure and looked through the OHS enterprise system. However, only one metric, enrollment, was regularly reported to OHS.

When centers have vacancies, service delivery can be negatively impacted. If a teacher or paraprofessional position is vacant, the staff-to-student ratio established in the OHS performance standards cannot be met. As a result, NHS staff report that a liaison for ERSEA, mental health and disability, or health and nutrition will often take over that position until it can be filled by a qualified candidate. This takes the liaison away from their role that advances other OHS performance standards. This issue is further exacerbated by the long timeframes to hire employees (see Finding #17) and lack of qualified candidates. However, if the vacant position is a bus driver, some students may not have access to alternative transportation to ensure they are able to attend the Program. This also has a negative impact on OHS performance standards, including continuity of care for children.

In interviews, staff reported that orientation to the Program was not available; as a result, they had to figure out their own job descriptions, duties, and areas of responsibility. This poses a significant challenge as administrators are not familiar with OHS performance standards or reporting mechanisms. For example, health and nutrition was recently moved under Support Services and is overseen by an Administrative Services Officer (ASO). When the ASO came onboard, they realized that the Program was not compliant with health screenings, but it was too late in the year to rectify the situation. This could have been remedied with improved employee continuity through policy and procedure documentation and proper recordkeeping; however, the responsible employee would have been better supported with a formal orientation program. According to the OHS performance standards, programs must provide an orientation that focuses on the goals and underlying philosophy of the Program and how they are implemented to all new staff, consultants, and volunteers. The 2018 Program Self-Assessment reported that elevated staff turnover contributed to difficulty in effectively orienting staff.

Employee Vacancies

Further exacerbating elevated levels of turnover in critical positions is the high level of vacancies at the Program. Throughout the audit period, vacancy rates were approximately 35%. The table below reflects vacancy information that was able to be located in some quarterly performance reports.

TABLE 7 PROGRAM VACANCY RATES

DATE	VACANT POSITIONS	TOTAL POSITIONS	PERCENT OF POSITIONS VACANT
August 2018	106	296	35.8%
March 2019	119	337	35.3%
September 2019	112	307	38.7%

The Program hosted several recruiting events, including regular bi-monthly interview schedules to fill positions. Despite these efforts, high vacancy rates continue to present challenges in effective operations of the Program.

Effect

The Program operates with minimal staff, and existing staff have high workloads due to high levels of vacancies. Employees do not have a comprehensive understanding of the Program or their role, which contributes to a lack of accountability and confusion. Ultimately, this negatively impacts the ability of the Program to serve eligible Navajo children and conduct consistent, high-quality early education services.

Cause

The Program operates in a highly politicized environment, resulting in high levels of turnover among leadership. The Program also struggles to recruit employees into positions due to job requirements such as minimum qualifications and background checks. Program staff report confusion over roles and responsibilities, as they have shifted with new leadership and not been institutionalized through job description updates, performance appraisal process, and policies and procedures.

Recommendation

In order to promote employee continuity as required by the OHS performance standards, Program leadership should implement practices that improve employee engagement to reduce turnover and become an employer of choice in the Nation. Potential activities include:

- **Annual employee engagement surveys:** The Program should implement annual employee engagement surveys to understand its strengths and challenges. The survey responses should be collected by a third party to ensure confidentiality; responses should be reported back to the Program management in aggregate, perhaps divided by each District and Central Office Staff to identify trends related to geographic locations. Managers should share results with staff in order to celebrate strengths and develop strategies that will address weaknesses.
- **Exit Interviews:** The Program should conduct exit interviews with an independent third party that asks a combination of standard and open-ended questions. This allows the Program to gather parallel data and track trends while also enabling departing employees to explain their rationale

for leaving employment with the Program, such as issues with the Program and information about competing organizations.

This information should in turn be used to identify issues and changes to existing practices to better support and engage employees, thereby improving retention.

A formal onboarding process should be developed to support new employees that are hired by the Program. Many studies have shown that a well-designed onboarding process can have huge benefits, including increased employee retention, productivity, morale, confidence, job satisfaction, and achievement for the organization.[1] In accordance with OHS requirements, the Program should create a systematic onboarding process for all new employees to prepare them for success in their role. This work should be led by the ASO or HR Manager with strong participation and support from functional directors and managers. According to best practices, onboarding programs include the following components[2]:

- **Socialization:** This should include clear communication prior to start date; explanation of position; training or shadowing; introduction to expectations and evaluation criteria; and discussion of the Program's history, culture, language, structure, mission, vision and values, politics, and people.
- **Support programs:** A "buddy" program pairs new hires with veteran employees for a specified period of time ranging between a few weeks to the first year of employment. Buddies can make new hires feel welcome, answer questions, and help the new employee fit in.
- **Checklist:** Information that is specific to the particular position and unit should be guided by supervisors and managers using a comprehensive checklist. The checklist helps ensure that supervisors and managers effectively and efficiently welcome new employees and cover all relevant policy and procedures.
- **Review of policies:** The checklist should include a review and discussion of relevant policies and guidelines.
- **Safety:** Employees should be given the resources they need to feel physically and emotionally safe.
- **Communication processes:** This may include both informal (email or meetings) and formal (reporting, intranet, newsletters) communication processes.

Employee onboarding supports strong employee engagement, trust with peers and supervisors, open communication, and support in adapting to a new work environment. Overall, onboarding provides an opportunity to perpetuate cultural transformation.

Finally, the Program should continue efforts to reduce its vacancy rates. Given the high vacancy rates at the Program throughout the audit period, the Program should work with the Department of Personnel Management (DPM) to increase recruiting and potentially seek exceptions to certain restrictive policies. For example, the hiring process takes a long time, which may cause some applicants to seek other employment. The Program could also consider expanding recruiting practices to include other early education industry associations and college programs.

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[1] Creating an Effective New Employee Orientation Program https://www.researchgate.net/publication/228196502_Creating_an_Effective_New_Employee_Orientation_Program

[2] Employee onboarding: identification of best practices in ACRL libraries https://unlcms.unl.edu/university-libraries/libraries/jgraybill3/docs/8_Publications.pdf

Policies and Procedures

9.	Finding	**The Program utilizes a combination of Program-specific and Navajo Nation policies and procedures. Many of the Program-specific policies and procedures were in draft format or were older than five years. Based on our review of the policies provided in Table 8, we found policy gaps related to classroom operations, recordkeeping and other key areas.**
	Recommendation	**Continue developing policies and procedures to support employee accountability and operational continuity for the Program.**

Criteria

Policies and procedures are a best practice to help employees understand expectations and perform processes consistently across locations and time. Additionally, policies and procedures are important to operational continuity when employees filling critical positions leave the organization.

Condition

The Program relies on a combination of Program-specific and Navajo Nation policies in order to complete work. The table below lists the policies that we received from the Program, including the date of the most recent update.

TABLE 8 POLICY INVENTORY

PROGRAM AREA	POLICY TITLE	LAST UPDATE
Facilities	Head Start Physical Environment and Facilities	4/1/2016
Facilities	Head Start Equipment, Toys, Materials, and Furniture	4/1/2016
Facilities	Emergency Closures	4/1/2016
Facilities	Facility Licensing Requirements	4/1/2016
Disabilities	Recruitment of Children with Disabilities	2017–18
Disabilities	Application and Child Plus	2017–18
Disabilities	Selection	2017–18
Disabilities	Health Status Sources	2017–18
Disabilities	Disabilities Services	2017–18
Disabilities	Comprehensive Screens	2017–18
Disabilities	Screenings-Developmental, Sensory, and Behavioral	2017–18
Disabilities	Administering BRIGANCE Developmental Screens	2017–18

PROGRAM AREA	POLICY TITLE	LAST UPDATE
Disabilities	Mandated Screens	2017–18
Disabilities	Re-Screens	2017–18
Disabilities	Referrals	2017–18
Disabilities	Evaluations	2017–18
Disabilities	Developing Individual Education Program (IEP) and Individual Service Plans (IFSP)	2017–18
Disabilities	Follow-Up	2017–18
Disabilities	Transition Conference	2017–18
Disabilities	Identification of Nutritional Needs	2017–18
Disabilities	Special Needs and Nutrition Services	2017–18
Disabilities	Community Partnerships	2017–18
Disabilities	Physical Environmental and Facilities	2017–18
Disabilities	Equipment, Toys, Materials, and Furniture	2017–18
Disabilities	Transportation Services	2017–18
Disabilities	Services to Pregnant Women	2017–18
Disabilities	Suspected Child Abuse and Neglect (SCAN)	2017–18
ERSEA	Community Assessment	Draft
ERSEA	Eligibility	Draft
ERSEA	Homelessness	Draft
ERSEA	Head Start and Early Head Start Recruitment	Draft
ERSEA	Selection Process	Draft
ERSEA	Enrollment/Re-enrollment	Draft
ERSEA	Attendance	Draft
ERSEA	Policy on Fees	Draft
ERSEA	Monitoring	Draft
ERSEA	Family Assessment	Draft

PROGRAM AREA	POLICY TITLE	LAST UPDATE
ERSEA	Family Partnership Building and Goal Setting	Draft
IT	Compliance Mandates and Applicable Directives	9/25/2014
IT	Data Classification	9/25/2014
IT	Management Security	9/25/2014
IT	Operational Security	9/25/2014
IT	Technical security	9/25/2014
IT	Acceptable Use	9/25/2014
Transportation	Provision of Transportation for Children	Draft
Transportation	Child Restraint Systems	Draft
Transportation	Maintenance of Vehicles	Draft
Transportation	Inspection of New Vehicles at Time of Delivery	Draft
Transportation	Operation of Vehicles	Draft
Transportation	School Bus Driver Qualifications	Draft
Transportation	School Bus Monitor	Draft
Transportation	School Bus Routes	Draft
Transportation	Safety Education	Draft
Transportation	Children with Special Needs	Draft
Transportation	Coordinating Transportation	Draft

Many of the policies provided by the Program were five or more years old, and several were in draft format. In interviews, new employees expressed frustration with the lack of clear policies and procedures, which hindered their ability to understand their roles and how to fulfill job duties. The 2018 Self-Assessment reported that the Program spent considerable time updating internal policies and procedures. To be effective, policies and procedures should be finalized and easily available for staff to access.

Given recent efforts to implement comprehensive policies and procedures, there could be additional Program policies that were just not provided at the time of this internal audit. Policy gaps noted in the table above include:

- Classroom operations
- Curriculum application

- Navajo language immersion
- Meal preparation
- Program-specific financial operations (to complement Navajo Nation policies)
- Program-specific human resource operations (to complement Navajo Nation policies)
- Facility equipment allocation and tracking
- Facility work orders and repairs
- Vehicle annual safety inspections
- Records management

As the Program continues policy development tasks, these are all elements for consideration.

Effect

New employees are not aware of expectations and lack guidance on how to do their jobs, which presents challenges related to employee accountability and ability to successfully complete their responsibilities. Classrooms and Districts operate inconsistently from one another because activities are based on person-to-person expectations and communication rather than documented guidelines that apply to each location.

Cause

The Program has struggled with significant levels of staff turnover over recent years; therefore, policies and procedures that were developed may have been misplaced. New leadership manages high workloads and, therefore, has not solidified policies and procedures in order to document them.

Recommendation

Given the high levels of turnover at the Program, management should emphasize the need for well-documented policies and procedures to support operational continuity. Well-developed policies and procedures will reduce the Program's operating risk and increase employee accountability. Given the Program's limited resources and staff capacity, policy and procedure documentation should be prioritized for functions that are:

- Highly specialized subject areas
- Regulatory or compliance-related
- Impacted by high turnover

Once policies and procedures are created, they should be available in a centralized location that is convenient for central office and field staff to access. Employees should also receive training on policy updates to support good communication and clear expectations. Well-documented and consistently applied procedures help smooth employee transitions and promote employee accountability.

Recordkeeping

10.	Finding	**NHS struggles with effective recordkeeping, including production and organization of pertinent documents.**
	Recommendation	**Develop and implement a records management process and document it in a policy that includes guidance related to records creation, filing, naming conventions, retention schedules, and regular monitoring to ensure compliance.**

Criteria

Programs need to establish strong recordkeeping practices to ensure information is easily accessible and available over time. Ideally, records will be kept electronically, where feasible, to support automated processes and clear file structures without requiring additional physical space.

Condition

The Program struggles significantly with proper record keeping and does not maintain a document management or file system to effectively track records related to personnel, property, facilities, vehicles, grants, and other key areas and overall performance.

It took significant time and effort for the Program to produce documents that were requested to complete this audit. Examples of requested documents included consistent performance reports that addressed the key elements of OHS performance standards, budget-to-actual information, facility agreements, facility inspections, vehicle inspections, and others. The location of available information was sometimes inconsistent, such as the records of employee certifications were not always filed in Child Plus despite a module dedicated specifically for this purpose. Additionally, we often received different versions of the same document that had edits and revisions. Program leadership was largely unavailable and not supportive of these efforts; instead, putting the bulk of the work on an administrative assistant that had experience with the Program. Without leadership pushing the need to produce these documents, the Program struggled to deliver key documents on time in order to allow for the performance audit to be performed.

Throughout our review of documents provided by the Program, we identified several occasions where summary reports were delayed because the individual reports that inform the summary report were not completed on time. For example, the 2018 Self-Assessment report to the Parent Policy Council and Navajo Board of Education was not presented because field staff did not produce documents by the deadline. This suggests that recordkeeping and reporting challenges exist both at central office and out in Districts and centers.

Effect

Over time, poor recordkeeping can result in systemic issues, including:

- Excessive amounts of time spent searching for information which ultimately may not be found
- Valuable office space used to store paperwork
- Files misplaced, buried, and lost

- Revisions and edits made by different people lost, missed, and overwritten, which can result in discrepancies in information
- Erosion of communication between employees as the ability to find and share information becomes unnecessarily challenging
- Support lost and not available to support compliance with OHS requirements, grant compliance requirements, and policies and procedures

If the Program faces legal action or future audits, disorganized recordkeeping will make it challenging to produce records in a timely fashion, which may have greater consequences for the Program.

Cause

The Program operates with high vacancy rates and turnover. When employee workloads are elevated, it's often challenging to prioritize records organization and entry into systems that would support appropriate recordkeeping. Additionally, the Program has experienced significant turnover, so documents related to the prior administration may have been lost due to historical poor recordkeeping practices.

Additionally, the Program is highly reliant on paper-based processes and recordkeeping. Where possible, some aspects of the Program have attempted to leverage available system to automate processes and recordkeeping, such as with facility work orders. However, most processes remain manual (i.e., on paper).

Recommendation

The Program should develop a robust records management process and develop a comprehensive policy that is regularly monitored to ensure the policy is being followed. The records management policy should address compliant retention of information, establish secure processes for file management, and be communicated to all employees through guidance and training. Components of this policy include:

- **Records Creation:** Records are created all the time over the normal course of business and should include complete, accurate, reliable, and authentic information and be appropriately labeled to facilitate record keeping. The organizational elements of records also support consistent information and tracking over time. Where possible, the Program should establish templates for reports and key records to ensure they include complete information to support compliance and operations.
- **Filing Plan:** Filing plans outline different types of files, how they are identified, how they should be stored, and how they should be indexed for retrieval at a later date. These plans establish naming conventions for appropriate organization of records and information to support effective access and retrieval.
- **Records Storage:** Employees should file and store records in accordance with the Program's filing plan. Overall, records should be stored in practical arrangements that ensure security over sensitive information, for both paper and electronic files. While some files are not able to be transitioned to an electronic system due to the cooperation required from other Navajo Nation departments, the Program should explore current systems to identify how these systems can be better leveraged. For example, facility agreements and regular inspections could be stored and recorded in Child Plus, which can in turn produce a report that management can use to ensure inspections occur on a regular basis.

- **Records Retention Schedule:** This ensures that records are kept only as long as required and obsolete records are disposed of in a systematic and controlled manner. Retention periods are established for groups of records based on legal, regulatory, and operational requirements. Records groups should be identified by conducting a records inventory, which provides a complete listing of the locations and contents of the Program's existing and required records.
- **Defined Roles and Responsibilities:** Roles and responsibilities include entry of information into systems and management of original copies, access to information, and compliance with the records management policy requirements.

The Program should include a review of the records management policy to continuously improve the records management process.

Information Technology (IT) Infrastructure

11.		
	Finding	**The Program has not invested in sufficient IT personnel, systems, or hardware, which inhibits operational communications, safety, efficiency, and effectiveness.**
	Recommendation	**Invest in strategic IT resources to increase utilization of system functionalities and maintain updated software and hardware to protect sensitive information.**

Criteria

Programs must operate with safe, accessible IT infrastructure to support the secure transmission of student data and facilitate communication across the Program.

Condition

The Program operated between 70–88 centers that served NHS and EHS children over the course of the audit period. These centers are spread throughout the Nation in hopes of ensuring equitable access to qualified children regardless of geographic location wherever possible. Many areas across the Nation's land are extremely rural and lack infrastructure including electricity and communications technology such as cell phone towers or internet accessibility. In the 2019 Program Self-Assessment for School Year 2018–2019, 27 out of 40 visited centers did not have reliable internet due to poor infrastructure at the centers' locations. Reliable access to internet and phone communications is vital to enable proper communications and reporting. Staff reported that internet accessibility issues hindered staff efforts to track and report information such as performance metrics, referrals, and timesheets.

According to the 2019 Community Assessment, all NHS classrooms were issued a cell phone and internet device as of August 2019 to support efficient and effective communication between centers and administration. The Program was also in the process of upgrading several hardware and software components used in the center classrooms, reporting that most computers in centers were purchased 10 years prior, which suggests that they may not be operating as securely and efficiently as possible. Two of the Program's primary systems, Child Plus (information management software) and Teaching Strategies Gold Assessment (records anecdotal observations, portfolio, and assessments) were implemented during the 2018 school year. However, Program staff is largely

learning how to operate these systems and explore their functionality which was apparent during on-site audit testing. For example, when we sat with Program staff to review employee certifications, we found certification information in two separate locations (Child Plus and the paper employee file), rather than within the specific location within Child Plus where these could be consistently maintained and tracked electronically.

NHS has historically under-invested in IT infrastructure. Currently the Program employs four IT-related employees (one network specialist and three technicians to troubleshoot issues). Despite these resources, the Program lacks an IT Manager to oversee the short- and long-term strategy to ensure IT needs are adequately addressed through strategic investment in hardware and software. The absence of an IT Manager poses additional barriers in elevating the importance and potential value to properly implemented and supported systems. For example, the Third Quarterly Report for 2019 noted issues related to the Program's email server which resulted in breach of communication between center and field staff. In order to address the issue, Program staff resorted to using Gmail accounts, which do not have Personal Protected Information (PPI) requirements for security. An IT Manager likely would have been able to quickly address this issue thereby keeping lines of communication open and student information safe.

Effect

Center staff and liaisons are not able to complete reports in a timely manner due to communication issues. The Program's PPI is at risk of being exposed due to a lack of investment in IT resources. Program resources are spent inefficiently as paper-based processes prevail and reporting is overly time-consuming.

Cause

Due to other demands on the Program, NHS has not typically used available funding to invest in IT. The Program does not have an IT Manager that provides strategic support of IT infrastructure, including system selection, functionality, and implementation as well as recurring updates and hardware replacements.

Recommendation

The Program should begin investing in IT resources to improve IT infrastructure, accessibility, reliability, security, recordkeeping, and process efficiency. Ultimately, strategically leveraged systems can improve communication, support employee accountability, promote security, and increase program efficiencies and record-keeping. The Program should request and fill an IT Manager position to provide strategic oversight of IT resources and partner with managers to explore system functionality to increase operating efficiency and recordkeeping.

NHS operates limited functionality on most systems and is heavily reliant on manual, paper-based processes. Use of systems to promote automation and effective recordkeeping provides several efficiency and organization opportunities. For example, Child Plus should be used to maintain all employee certifications in a specific area within the electronic employee file. By maintaining these records in one central location within the system, the Program is able to more easily ensure employee certification compliance, in particular for certifications that expire such as First Aid and CPR certificates. By recording this information in the system, the Program could produce a report on a quarterly or biannual basis to determine what employee certifications are due. This provides just one

example where system utilization could be used to create efficiencies and support compliance with OHS Performance Standards. Additional examples could include center agreements and inspections, bus inspections, and grant reporting.

The Program should also establish a replacement schedule for IT assets including hardware and software to ensure funds are earmarked to keep systems up to date. Given that Child Plus includes PPI for both employees and students, it's imperative that the Program maintains the proper updates to support information security. Updates to hardware are equally important to support security and employee efficiency. Typically, laptops have a useful life of three-to-five years and should be replaced after that time period.

Employee Certifications

12.	**Finding**	**Although the Program was able to locate most employee certificates, records were maintained in disparate systems.**
	Recommendation	**Develop a centralized system for entering and tracking employee certification requirements in Child Plus.**

Criteria

OHS Performance Standards require programs to ensure that staff is properly certified in order to complete their work in a safe and effective manner. The requirements for each position included in the performance standards are as follows:

- Assistant Superintendent, operating as the Program Director, must have a Baccalaureate degree
- Director of Financial Services, operating as the Fiscal Officer, must have a CPA or BA in accounting, business, financial management, or related field
- Early Head Start Teacher much have at least a Child Development Associate or comparable credential
- Head Start Teacher must have an Associate of Arts or a Bachelor of Arts
- Paraprofessionals, acting as Head Start Assistant Teachers, must have at least a Child Development Association credential, be enrolled in a program that will lead to an Associate of Arts or Bachelor of Arts degree, or be enrolled in a Child Development Associate credential program that is completed within two years of hire
- Bus Drivers must have a valid Commercial Driver's License

Program staff must also have training on health, safety, and child-care requirements, including First Aid and CPR. In addition to these certification requirements, Navajo Nation job descriptions also included additional certification requirements for Program staff.

- **Food Handlers Permit:** Head Start Teachers, Paraprofessionals, and Bus drivers must have a current food handler permit
- **Pediatric CPR:** Early Head Start Teachers must have current First Aid and CPR certifications
- **School Bus Endorsement:** Bus Drivers must have school bus endorsements on their CDL.

Condition

In order to assess employee certifications, we reviewed job descriptions to identify certification requirements for positions at the Program. Using this information, we isolated staff who were employed during the audit period and randomly selected a sample of 29 employees. For each employee, we identified applicable certification requirements and verified whether their certificates were either logged into Child Plus, the employee's file, or missing. The following positions were included in our sample:

- Early Head Start Teacher
- Head Start Bus Driver
- Head Start Classroom Teacher
- Head Start Paraprofessional
- Head Start Readiness Coach
- Head Start Teacher

We organized certifications into five categories: First Aid, CPR, Food Handlers Permit, Commercial Driver's License (CDL) with School Bus Endorsement, and Special Certifications such as Child Development Associate. Copies of employee certifications were located both in Child Plus and the employee file. Overall, 62.5% of all employee certifications were located in Child Plus and 33.69% were located in employee files. Four of the certifications included in our sample (3.6%) could not be located. The table below summarizes the results of our analysis.

TABLE 9 EMPLOYEE CERTIFICATIONS LOCATED

CERTIFICATION TYPE	CHILD PLUS		FILE		MISSING		TOTAL
	#	%	#	%	#	%	#
First Aid	22	75.9	6	20.7	1	3.4	29
CPR	19	70.4	7	25.9	1	3.7	27
Food Handlers Permit	18	66.7	8	29.6	1	3.7	27
CDL	9	75	3	25	0	0	12
Special Certifications	2	11.8	14	82.4	1	5.9	17
Total	**70**	**62.5**	**38**	**33.9**	**4**	**3.6**	**112**

Although the Program was able to locate most of the certificates, a small portion of employee certifications were still missing. Additionally, certification data was recorded in separate areas; therefore, the Program lacks an up-to-date methodology for monitoring employee certification requirements. For example, First Aid and CPR certifications typically expire after two years. The Program should ensure that there is a system in place to determine which employee certifications are nearing expiration. Although Child Plus has this functionality, approximately one-third of certifications were not logged in the system.

Effect

Without appropriate certifications, Program staff may not provide the level or quality of services as required by OHS performance standards. Additionally, the health and safety of children who are enrolled in the Program may be at risk if employees are not properly certified in First Aid, CPR, or food handling.

Cause

Current certifications are not comprehensively tracked and maintained due to information storage practices. When information is stored in multiple areas, such as Child Plus and employee files, it is more likely that information may go missing and will require additional effort to ensure certifications that expire are up to date in every system. Additionally, the Program operates with high vacancy rates; therefore, staff have an incentive to get employees working as soon as possible, even if certificates have not yet been documented.

Recommendation

Develop a centralized system for entering and tracking employee certification requirements in Child Plus. When a new employee is hired, the HR team should ensure that the new hire's certifications are received by the Program in advance of their start date. Certifications should be entered into Child Plus and a hard copy retained in the employee's files. To support monitoring of certifications that expire, the Program should either include a certification check in the employee performance appraisal process or develop reports in Child Plus that indicate when certifications are due to expire. Proper monitoring protects the health and safety of children enrolled in the Program.

Expenditure Monitoring

13.	**Finding**	**The Program does not regularly monitor expenditures in relation to the budget or contract agreements.**
	Recommendations	**A. Modify budgeting practices to include individual center budgets that roll up into the larger Program budget.** **B. Adopt monthly budget-to-actual reporting and implement quarterly management meetings to discuss deviations from planned expenditures.** **C. Implement a process to ensure that all expenditures are tracked to the related contract agreements.**

Criteria

Programs should have expenditure monitoring practices in place to ensure budget and contractual compliance. The results of budget monitoring should result in effective utilization, including spending levels in accordance with budgeted amounts. Contracts act as legal agreements that the Program is required to monitor and ensure compliance with.

Condition

Currently, the Program budgets are at the central level only and does not implement per-District or per-center budgeting, which can pose challenges in ensuring centers are adequately equipped and supported to deliver services equitably across the nation. Additional information on inequitable property management is included in Finding #16. Without budget monitoring at the center, District, and central level, it's difficult to track areas that are struggling due to lack of funding or that are not adequately using available funding due to vacancies, facility closures, or other extenuating factors. Additionally, each center has unique agreements depending on how the Program was able to secure the location. For example, some centers require rent payments while most are provided by the local Chapter houses, but are not supported by Chapter maintenance or Navajo Nation maintenance.

Staff also report that the Program struggles to effectively monitor expenditures in relation to budget and contract spend. In 2018, budget-to-actual information was included on each quarterly performance report. However, this information was not available or presented in the 2019 data. The Navajo Nation Office of the Controller (OOC) processes payments on NHS's behalf; therefore, Program staff may not see original invoices that are delivered directly to the OOC. The OOC reports that Program staff have access to view financial information within FMIS, but due to turnover, staff are not familiar with the system or how to extract reports from it. The Program does not maintain ghost files for its expenditures; therefore, staff is operating without full knowledge of the budget available to them. This poses significant challenges in effectively monitoring the Program to ensure resources are appropriately spent within budget.

As demonstrated in the table below, the Program struggles to spend the federal dollars allocated to the Program to effectively support operations and service delivery. In 2018, the Program spent 68% of its available revenues, but in 2019 this low number dropped to an even lower spend amount at 40%. Each spent category, with the exception of contracts in 2018, contributed to underspending. Of considerable note is the personnel shortages; in 2018, the Program spent 79% of its personnel budget, but in 2019 actual personnel spend dropped to 52%. However, the personnel budget increased by approximately $5 million during these two years, which could also contribute to budgetary underspending. Vacancies contribute to overall lower costs both through salary and benefits, but also for other operational expenditures that are not able to occur due to staffing shortages. For example, staff vacancies reduce availability to attend trainings and complete tasks that would require consumption of materials. The following table outlines the budget-to-actual spending in 2018 and 2019.

TABLE 10 BUDGET-TO-ACTUAL ANALYSIS

	2018			2019		
Category	Budgeted	Actual	Percent Spent	Budgeted	Actual	Percent Spent
Personnel	$14,585,123	$11,549,079	79%	$19,448,822	$7,562,391	52%
Travel	$1,133,563	$198,052	17%	$1,068,044	$52,956	53%
Equipment	$437,699	$0	0%	$0	$0	N/A
Supplies	$2,519,757	$655,274	26%	$2,653,596	$199,384	8%

	2018			2019		
Category	Budgeted	Actual	Percent Spent	Budgeted	Actual	Percent Spent
Lease and Rentals	$0	$0	N/A	$498,818	$142,803	33%
Communication / Utilities	$0	$0	N/A	$1,977,634	$548,124	35%
Repair/ Maintenance	$0	$0	N/A	$749,262	$161,512	24%
Contractual Services	$664,409	$1,227,021	185%	$729,216	$12,736	2%
Special Transactions	$0	$0	N/A	$671,001	$238,267	55%
Capital Outlay / Construction	$0	$0	N/A	$3,701,945	$0	0%
Other	$5,340,632	$2,331,849	44%	$129,030	$16,889	13%
Total	**$24,681,183**	**$15,961,275**	**65%**	**$31,627,368**	**$8,935,062**	**28%**

According to the quarterly reports in 2018, budget fluctuations related to lost federal funding and reliance on a $6.3 million appropriation from the Navajo Nation Undesignated Unreserved Fund Balance to fund personnel from March 1, 2018 and June 30, 2018, caused payment delays and other financial issues, which may explain why the actual figures reported were lower than other quarters. Program funding issues were also reported in the 2019 Third Quarterly Report, which indicated that issues occurred in purchasing classroom teaching materials, janitorial supplies, and furniture requests. This issue was exacerbated by the vacancy in Fiscal Operations. During this time, the Program reports that several centers had to close for weeks due to non-payment for propane and electricity. However, the Program did not track these closures or non-payments comprehensively, so we are unable to verify or quantify the impact on the Program's operations and performance.

In the absence of appropriate expenditure monitoring, the Program has also reported struggles in monitoring expenditures spent on contractual obligations. As a result, the OOC has denied payments for certain invoices because the contract does not have any additional funds available. When this occurs, the Program has to find another funding source for the invoice to make the vendor payment. This results in payment delays, which increases tension with qualified vendors that support the Program. According to the 2019 annual report, contractual expenditures were double the budgeted amount ($1,227,020 versus $664,409 budgeted).

Overall, the Program does not use budget monitoring as a strategic management tool to take full advantage of available federal funds.

Effect

Because the Program does not create a budget for each center, centers may be maintained in different conditions from one another and have unequal access to classroom and safety supplies. Without proper monitoring, the Program is more likely to deviate from the budget for certain types of expenditures, in particular contractual agreements. Without knowing how much funding was allocated to a certain contract for goods or service and monitoring the overall spending, the Program could be suddenly cut off from accessing those goods and services because the contract amount has been fulfilled.

Cause

NHS creates budgets for its grant each fiscal year, which runs from March 1 to February 28. The Navajo Nation matches a portion of NHS grant funds and are budgeted on the Nation's fiscal year, which runs from October 1 to September 30. The inconsistent fiscal years between funding sources reportedly impacts the Program's ability to create and monitor budgets. During 2018, federal funding was threatened to decline significantly, resulting in additional reliance on Navajo Nation funding sources.

Additionally, the Administrative Services Officer (ASO) and Director of Financial Services both turned over during the audit period. The Director of Financial Services position was vacant for approximately six months, which presented significant challenges to the Program in effectively monitoring its budget and accessing financial information.

Recommendation

NHS should consider recreating budget practices to include per-center or per-District and central office budgets. In order to ensure each center is properly equipped with learning materials, food, and safety measures, they should be budgeted for and tracked separately. By separating these budgets, the Program can not only support compliance with OHS Performance Standards that costs to develop and administer the Program cannot exceed 15% of total approved Program costs, but the Program can also better support each individual center and District by ensuring each area is adequately funded with appropriate personnel, facilities, vehicles, nutrition, and supplies.

All Finance staff should have access to view and produce and be trained on how to effectively utilize budget-to-actual reports. Ideally, these reports would be produced on a monthly basis and shared with management to identify potential areas of noncompliance and challenges. In order to alleviate contract overspending, the Program should monitor spending on each major contract to ensure funds are available to process invoices, in particular for required items such as propane and food. Budget-to-actuals should also be reincorporated into the quarterly performance reports to the NBOE to keep them aware of expenditures. Delays in invoice processing may result in some delays in reporting accurate information.

Additionally, the Program should implement monthly review of budget-to-actual information to ensure financial and operating plans that were approved in the budget are being implemented and progressing according to plan. This review should incorporate personnel at each center and District. Regular monitoring of budgetary performance provides an early warning of potential problems and gives decision-makers time to consider actions in response to major deviations. The Program should define roles and responsibilities over budget monitoring processes. For example, the Director of

Financial Services could be responsible for producing budget-to-actual reports ten days following monthly close and providing the reports to functional managers for review. Functional managers, such as the Director of Education Services and the Director of Administrative Services, are responsible for identifying variance or potential issues such as accelerated or decelerated spending according to plan. The budget-to-actual report should include sufficient detail to provide managers with the following information:

- Overall budget-to-actual for the Program, including percentage of spend
- Budget-to-actual by individual funding source, including percentage of spend
- New or discontinued funding sources

As the Program implements this new process, it should host quarterly meetings with the Director of Financial Services, Assistant Superintendent, and all applicable functional managers to discuss variances and the impact of budget deviations on Program performance in order to identify strategies to mitigate issues that prevent spending according to plan. Ultimately, Program management should understand the importance of budget-to-actual reporting and how to effectively utilize the information in decision-making.

Program Safety

OHS performance standards requires the Program to establish and enforce a system of health and safety practices to keep children enrolled in the Program safe. There should be a system of management that includes ongoing training, oversight, correction, and continuous improvement to ensure all facilities, equipment and materials, safety training, hygiene practices, and administrative safety procedures are adequate.

Facilities

14.		
	Finding	**The Program lacks signed facility agreements for most of its centers and does not monitor or enforce facility inspections.**
	Recommendations	**A. Establish consistent facility agreements with each center lessor, using the agreement to clarify roles and responsibilities to ensure safety of the premises.** **B. Complete a prioritized listing of renovations and consider building new facilities using grant funds to ensure centers are safe for children.** **C. Develop a system to monitor facility inspections and conduct quarterly checks to hold center staff accountable for completing the inspection and reporting results in a timely manner.**

Criteria

OHS performance standards provide specific requirements related to facility safety and usability. Facilities must meet licensing requirements and be free from pests, pollutants, hazards, and toxins; well-lit, fully equipped with safety supplies; free from firearms; include a kitchen and bathroom that are separate from one another; and have an ongoing system of preventive maintenance. The Program's internal inspection forms require daily, monthly, quarterly, and annual inspections to

ensure facilities meet OHS requirements. Additionally, the funding agreement allows grantees to use grant funds to pay for facilities purchase, construction, and renovation. Programs are required to retain records of leases, construction, purchase, or renovations of facilities funded with OHS funds for three years beyond the Program's vacancy date.

Condition

Facility Agreements

NHS operated between 70–88 centers spread throughout the Navajo Nation reservation to serve NHS and EHS children over the course of the audit period. NHS does not own any of its facilities and secures them through intragovernmental partnership agreements with other Navajo Nation agencies:

- **Chapters:** The Program reports that intragovernmental partnership agreements with Chapters are highly inconsistent and reliant on politics. As a result, NHS develops unique agreements with Chapters, which may or may not cover expenses associated with maintenance and utilities of the facility/space occupied by the Program. NHS does not pay rent for the use of these facilities because the space isn't appraised to offer a fair market value as required by OHS, but the Program does tend to bear the cost of renovations.
- **School Districts:** The Program has agreements in place in which it pays rent and food for children and students unless the school already operates a CACFP grant, in which case the Program does not remit funds to the District because both organizations are drawing on the same funding source.

Different communities have different levels of need, as indicated by the Program waitlist, but are restricted by space; the Program can't find more facilities to open up additional classrooms that would expand service delivery. NHS reports indicate working with Chapters and Districts to execute agreements for facility usage to finalize all agreements by May 2019. However, in February 2020, the Program submitted all of the Intragovernmental Partnership Agreements or Memorandums of Agreement that staff was able to locate; these documents addressed 16 of 80 centers. Other centers are operating without a formal agreement in place.

Facility Safety

According to the 2018 Self-Assessment, over half of the Program's facilities (50 of 96) exceeded the 50-year life expectancy and required constant maintenance repairs, exceeding operating costs and insufficiently addressing issues. As a result, regular facility inspections to identify safety concerns is of the upmost importance. In order to determine if the Program completes regular facility inspections, we selected a random sample of 23 centers and requested monthly, quarterly, and annual inspection records. Of the 23 centers in our sample, the Program could locate some inspection reports for six (26%) of the centers. The inspection reports that were located were incomplete and inconsistent, not all quarterly inspections or monthly inspections were documented, and no annual inspection reports were found. As a result of significant missing information, it is unlikely that inspections are occurring on a regular basis which implies that facilities may not be safe to operate.

Facilities are maintained by 14 Maintenance Technicians employed by the Program who respond to facility work order requests. The Maintenance Technicians are not certified journeymen; therefore, staff reported concerns with making sure work is done safely. For example, some Maintenance Technicians have attempted to work on electrical panels, which is dangerous if they are not certified

electricians. In interviews, staff reported that there are often delays in repairs due to the need to go through the contracting process to secure equipment or parts to fix something.

In order to review how quickly facility work orders were addressed, we requested a listing of all facility work orders entered into Child Plus during the audit period. Of the 2,557 work orders submitted, we selected a random sample of 31 work orders to review. We assessed the date the work order was received and completed, and whether or not there was a purchase order associated with the work order. Of the work orders in our sample, three were missing the date completed in the system and were therefore removed from our analysis.

Overall, the Program responds to facility work orders rather quickly. It takes an average of three days to complete a work order; the fastest work orders were completed on the same day and the slowest work order took 28 days to complete. None of the work orders in our sample had a purchase order associated with its completion; for example, to purchase equipment or tools needed to address the issue. The table below shows the timelines to complete the work orders in our sample.

TABLE 11 WORK ORDER COMPLETION TIMELINES

	WORK ORDERS COMPLETED	
	#	%
Same Day	18	58.1%
Next Day	3	9.7%
Three or more days	7	22.6%

Effect

In the absence of formalized facility usage agreements, the Program operates with elevated risks that facilities may not be safe, or the informal agreement could collapse, resulting in center closures. Roles and responsibilities between the Program and the center owner are not defined; therefore, there is a lack of clarity over who is ultimately responsible for completing maintenance and repairs. The lack of consistent facility inspections further exacerbates health and safety concerns related to facilities. Children attend school in environments that are not reliably safe.

Cause

According to the 2019 Third Quarterly Report, many Chapters do not agree with the terms of the facility usage agreements or intragovernmental partnerships agreements. Although Program staff attempt to attend Chapter meetings to push the agreements forward, performance reports (including quarterly reports, self-assessments, and community assessments) indicate that they are often unable to attend due to other duties. Therefore, elevated vacancy rates again contribute to poor performance relative to facility agreements and inspections. However, some center facilities that the Program currently operates in are very old, which can reduce the perceived importance of a formal agreement. Program staff reported that Chapters are often unresponsive to communications regarding the facility agreements, presenting challenges in making progress on securing formal usage agreements. Although the Program is able to construct and renovate facilities using grant funds, staff report that it has chosen not to do so because the Nation's 164 process provides a prohibitive barrier to conducting this work.

The Program lacks inspection guidance and inspection report storage requirements. For example, there is no documentation defining who is responsible for conducting inspections and how should staff report the results of their inspection reports. Because centers are not budgeted for independently, it is challenging to ensure maintenance and planned repairs occur proactively rather than reactively.

Recommendation

The Program should assess the condition of each center it currently operates and define what should be done with the space. For instance:

- If the condition of the center is good and likely to remain in good condition for five or more years, the Program should work closely with lessors to establish well-defined facility usage agreements that are mutually agreeable. The agreements should define roles and responsibilities, service levels, liability, insurance requirements, the lease term, and other terms and conditions.
- If the condition of the center is good but unlikely to remain in good condition over the next five years or the condition of the facility requires improvements, the Program should work closely with lessors to establish a well-defined facility usage agreement contingent upon improvements to the facility. Because the Program has the option to renovate facilities using grant funds, it may choose to complete renovations that ensure the safety and health of enrolled children. However, in the event that renovations are required to continue providing service at the center, the Program should negotiate a long-term lease in order to recoup its initial investment.
- If the condition of the center is poor, the Program should consider whether continuing to provide services at the location is in the best interests of children enrolled in the Program. If additional facilities are unavailable, the Program should identify costs to renovate the facility (on the condition of a long-term lease or potential purchase) or build a new facility using grant funds.

Based on the results of this analysis, the Program should develop a prioritized listing of renovations and related capital budgets for the next three-to-five years. Additionally, the Program should continue working with Chapters and schools to ensure formal and well-defined agreements are in place, in particular if the location has been assessed as needing a renovation. The Program should not invest funds in a renovation until a long-term lease with the property owner has been formalized.

As facilities are renovated and new facilities are built, it will become even more important to demonstrate appropriate care and keeping of center facilities. The Program should establish a facilities inspection system and correlated policy to define when inspections need to occur, roles and responsibilities, and ensure results are logged and monitored. Because facilities operate in remote areas of the Navajo Nation lands, daily and monthly inspections may need to be completed by center staff. To provide greater visibility, quarterly and annual inspections should be completed by maintenance technicians, who should also take the opportunity to note the overall condition of the facility including identifying potential renovation needs that are on the horizon. All inspection reports should be logged into Child Plus and monitored on a monthly basis by the Support Services Manager to ensure they are being completed.

Vehicle Safety

15.	Finding	**Historically, vehicle inspections were not always completed prior to the start of the school year; however, the Program improved the timeliness of inspections significantly for school year 2019–2020.**
	Recommendation	**Continue developing systems to proactively schedule and ensure the completion of vehicle inspections.**

Criteria

According to OHS performance standards, the Program must ensure vehicles used to provide transportation are in safe operating condition at all times. Therefore, the Program must conduct annual safety inspections of each vehicle, carry out systematic preventive maintenance, and ensure drivers implement daily pre-trip vehicle inspections.

Condition

In order to determine the Program was complying with vehicle safety requirements, we requested the Program's current fixed asset listing and identified its transportation vehicles. From the 92 vehicles on this list, we selected a random sample of 24 vehicles and requested their annual inspection forms for 2017, 2018, and 2019. Six of the vehicles in our sample (25%) did not have inspection records; the Program reports that five of these vehicles were disposed of several years ago by the prior administration. However, the Navajo Nation Property Management Department could not locate records of the disposals and therefore would not take the vehicles off the Program's fixed asset listing.

In reviewing the inspection records for the remaining 18 vehicles, we found that some inspections were not complete before the school year began. However, the Program significantly improved the timeliness of its inspections in 2019; only one vehicle in our sample was inspected after the start of the school year.

TABLE 12 LATE VEHICLE INSPECTIONS

SCHOOL YEAR	LATE VEHICLE INSPECTIONS	
	#	%
2017–2018	5	28%
2018–2019	7	39%
2019–2020	1	6%

In addition to improving its vehicle inspection timeliness, the Program also replaced approximately half of its vehicles in December 2019, further enhancing the safety of transportation.

Effect

Based on the inspection documentation available, the Program would not be able to prove compliance with related OHS performance standards. Without consistent timely vehicle inspections, a

vehicle could encounter a significant issue while transporting children which could present safety risks. Additionally, untimely inspections that identify needed repairs could interrupt center schedules since children often lack another means of transportation.

Cause

The Program experienced turnover in the Support Services Manager position and has low staffing levels to support vehicle inspections.

Recommendation

Continue developing systems to ensure that all vehicles used for transportation of children are inspected prior to the beginning of the school year. The Support Services Manager should schedule these inspections sufficiently in advance to enable qualified individuals to complete the inspections. These inspections can help identify potential issues that need to be addressed prior to the start of school in order to ensure they are safe and available for student transportation. The start of school typically occurs around mid-August; therefore, the Program should attempt to complete all inspections in July. This allows enough time for inspections and identified repairs to be completed.

Property Management

16.	**Finding**	**The Program lacks an accurate, complete supplies and materials inventory listing and does not have a system in place to track or manage property including vehicles and smaller assets.**
	Recommendation	**Implement an inventory and asset management system or process to incorporate controls over inventory and assets. Develop reports to assist with monitoring at the center level and help anticipate needed supplies and materials.**

Criteria

Inventory and Small Assets: Best practices require that an effective inventory management system be in place to ensure reasonable pricing is obtained, inventory items are safeguarded, and employees have access to needed supplies and materials. Items under $5,000, such as supplies and materials, should be tracked and logged by Program management to ensure cost-effective utilization of Navajo Nation resources.

Fixed Assets/Property: Fixed assets (i.e., property) represents a significant investment for the Nation. Therefore, managers and other decision-makers need to know how much property there is and where it is located in order to make effective budgeting, operating, and financial decisions to operate cost-effectively. The Navajo Nation Property Management Department manages property tagging and recording for financial statement purposes; Navajo Nation departments and programs are expected to follow policies and procedures to ensure all items valued over $5,000 are tagged and logged.

Condition

Inventory and Small Assets: The Program has physical inventory listings for four regions across the Nation to track items such as computers, printers, chairs, and other office equipment (i.e., items

under the $5,000 defined threshold). However, the most recent acquisition date listed on these inventory listings was 2013, indicating that they contain outdated information.

In interviews, staff stated that the Program lacks an inventory management system that would effectively track goods/supplies requested and received across centers. Currently, orders are placed using paper processes; therefore, there is no center-level tracking of requested or received items. Because centers also are not independently budgeted, there is no supply budget for each individual center, presenting the risk that some centers may receive a higher volume of requested goods than others. For example, a center may request 16 boxes of crayons, but the Property Supervisor only gives them five boxes in order to save some crayons for other centers because there may not be enough boxes of crayons on hand. However, the delivery of five boxes of crayons being delivered to a center is not recorded anywhere. Without an inventory management system, the Program is not able to anticipate how much classroom supplies will be needed, or monitor how much supplies each individual center goes through to identify trends. Some parent/guardian survey respondents indicated that centers lacked cleaning supplies and therefore parents were asked to bring in products to keep classrooms clean.

Fixed Assets/Property: The Program lacks a comprehensive fixed asset/property listing that identifies all fixed assets assigned to the Program, their location, and key asset information. The Fixed Asset Listing maintained by the Navajo Nation Property Management Department contains outdated information, as demonstrated in Finding #15. The listing included several vehicles that are no longer in the Program's possession but are still included on the listing because disposition paperwork for the vehicles is not able to be located.

Overall: Although the Program has property and materials-related policies and procedures, there is still confusion regarding the roles and responsibilities of Property Supervisors, Managers, and Employees. The Program reduced its Property Supervisors from five to two in 2015; therefore, each Property Supervisor has a significant number of centers to manage. Staff reported concerns that equipment and supplies are misappropriated at certain centers, but the Program lacks clarity on who should hold center staff accountable for missing items. Overall, staff appear to be unfamiliar with the Navajo Nation Property Management Department's Property and Equipment Policy.

Effect

Without reliable information, the Program cannot know the full extent of the quantity, location, condition and value of assets it owners, safeguard assets from physical deterioration, theft, loss, or mismanagement, prevent unnecessary storage and maintenance costs or purchases of assets already owned, or determine the full extent of the use of these assets. Without effective property management controls in place, the Program has an elevated risk of theft and misuse of resources. Inventory shortages undermine service delivery while excess inventory results in higher costs.

Cause

There currently is no inventory management system or process in place to track, assess, or control supplies and materials used by NHS. NHS does not budget by center.

The Program reports challenges in working with the Navajo Nation Property Management Department to get assets tagged. Several Program Managers at the Program reported requesting property tagging from the Property Management Department on multiple occasions to no avail. The

Program does not maintain an independent inventory to track items locations, condition, and asset numbers.

Recommendation

Modern inventory management systems have several functions that may also benefit the Program. For example, the system can track which goods are sent to each center to help anticipate needs for future orders and potentially identify abnormalities. Because centers operate remotely, monitoring of their property requests and receipts can help support accountability in effective use of classroom and operating supplies.

Inventory and Small Assets: The Program should implement an inventory management system to track items that the Program orders, assign an asset number, define the item's location and/or if the item is checked out to an employee, and record the item's cost. All current inventory items should be entered into the system following a comprehensive physical inventory of all Program items. Going forward, all new purchases should be entered into the system as well. On an annual basis, the Program's Support Services Manager should conduct a physical inventory of all property using the inventory management system.

As this system is rolled out to staff, the Program should update its Property and Materials Policy and ensure staff receive the proper training on their roles and responsibilities relative to property management.

Fixed Assets/Property: To support proper property management, the Program must maintain detailed records of produced or acquired property. Detailed asset records are necessary to provide for the physical accountability of property and the efficiency and effectiveness of operations. As such, the Program should consider implementing a fixed asset inventory management system to monitor inventory independently from the Navajo Nation Property Management Department. The Navajo Nation Property Management Department would still be responsible for tagging assets, in compliance with the overall Navajo Nation process; however, the Program should retain records on the items purchased and possessed by the Program. The Program should ensure that all assets that meet the threshold are tagged, and any that are not tagged should be reported to the Navajo Nation Property Management Department.

OBJECTIVE 3

How effectively does NHS work with other Navajo Nation departments to process items that are required for achievement of performance measures?

Hiring

17.	Finding	**In order to hire employees, the Program follows Program-specific and Navajo Nation, Department of Personnel Management (DPM) policies and procedures, which result in a very lengthy hiring process and delays in filling critical positions. In a sample of NHS new hires tested, it took an average of 176 days to hire employees and several were hired prior to obtaining DPM approval. Upon further evaluation of the causes of these delays, we identified opportunities for improvement by the Program and DPM, which could significantly improve the timeliness of the process.**
	Recommendation	**Identify efficiencies in the hiring process and work with DPM to clarify whether approval needs to occur prior to an employee starting work.**

Criteria

The OHS performance standards require Program staff to have complete background checks, including federal and tribal checks, within 90 days of hire, during which time the employee may not have unsupervised access to children. Additionally, the Program must establish sound personnel practices such as conducting interviews and verifying references.

In addition to these requirements, the DPM has established recruitment and selection policies and procedures. According to DPM policy, job vacancies must be advertised for at least ten days. Employee applications must be complete in order to be considered for selection, including signatures and all required information.

During the audit period, there were two different hiring processes in place that guided responsibilities and requirements. Specifically, DPM conducted a pilot project that allowed approved Programs to conduct their own qualification assessment for applicants; however, this privilege was revoked on December 1, 2018. As of that date, DPM must conduct all applicant qualification assessments internally and send the qualified applicants to the Department or Program Manager in priority order (e.g., enrolled Navajos with re-employment preference, enrolled Navajo veterans, other enrolled Navajo applicants, non-Navajo spouses of enrolled Navajos, and then non-Navajos). Program managers conduct interviews to further screen candidates and ultimately select the highest qualified applicant to fill the position. The Program also ensures background investigations are completed and signed off by the Superintendent of the Department of Education. Following selection, the new employee completes a personnel action form (PAF), which is signed by the Program and forwarded to DPM for final approval.

Condition

During interviews, staff reported that hiring processes are very lengthy, resulting in delays in filling critical positions. In order to validate this concern and verify compliance with OHS and DPM policies, we selected a random sample of 26 employees who were hired during the audit period and found the following:

- Two of the employees selected were volunteers, both of which had background checks completed prior to starting work with the Program, and were otherwise removed from our analysis.

- One employee file could not be located by the Program staff.
- The Program completed federal and tribal background checks for all employees in our sample prior to their start date.
- Overall, it took an average of 176 days, nearly six months, to hire employees at the Program, with a range of 46 to 805 days from application date to hire date for the employees included in our sample.
- The largest delay in the process appears to be between the employee's application and completion of the qualification assessment. On average, this took approximately 60 days. However, when the Program conducted the qualification assessment it took nearly twice as long to complete as when DPM conducted the qualification assessment, an average of 76.5 versus 39.6 days, respectively. This demonstrates that delays in this area were due to Program staff not completing the assessments in a timely manner, although DPM assessments still present a delay in excess of a month.

Additional delays were also noted on the Program side; it took an average of 19 days for the Program to sign the new employee's PAF securing their employment. Then, it took an average of 7.5 days for the Program to send the PAF over to DPM for their approval, which took an average of 21 days. The average, minimum, and maximum delays are noted in the table below.

TABLE 13 ANALYSIS OF DAYS TO HIRE EMPLOYEES

	AVERAGE (DAYS)	MINIMUM (DAYS)	MAXIMUM (DAYS)
Employee application to start date	176	46	805
Employee application to qualification assessment	59	3	155
Employee offer date to Program approval	19	0	117
Program approval to DPM delivery	7.5	0	32
Program approval to DPM approval	21	2	52

This data suggests that there are opportunities for the Program to increase the speed of the employee hiring process.

In addition, we identified 15 employees in our sample (65%) started employment with the Program prior to DPM approving their PAF. The Program reports that this is common practice and has not presented an issue with DPM. However, this practice could be problematic since staff reported instances of being told to start work by the Assistant Superintendent prior to DPM approval of their employment. When employees started work, they were not paid and therefore were required to accept compensatory time in exchange for the first few days or weeks that they worked with the Program.

Effect

Employees who otherwise may have wanted to work with the Program may move on to different employment opportunities, which further exacerbates the Program's high vacancy rates. Employees start working under false pretenses and may encounter personal financial struggles from a delayed first paycheck.

Cause

Additional approvals of applicants can be time consuming. The Program struggles with an average vacancy rate of 35%; therefore, it needs positions to be filled constantly and in a timely manner. The low staffing levels that currently exist at the Program also contributed to delays in the hiring processes, since staff were not able to process applicants or approvals quickly.

Recommendation

The Program contributed to some delays in hiring practices and therefore should establish a framework for expected turnaround times between each phase of the hiring process. This helps set deadlines for the work to be completed on their side, which can in turn expedite the hiring process. For example, internal Program approvals should be completed within five days and the PAF immediately sent to DPM for approval. Although the Program is no longer able to complete qualification assessment, it can expedite the department employment approval of the new employee's PAF and ensure PAFs are sent to DPM in a timely manner. Based on the data included in our sample, that would result in a 21-day reduction in the overall hiring process.

The Program should clarify whether PAFs must be approved by DPM prior to the employee starting work. Given the critical nature of the work and reported difficulties to recruit qualified applicants across all geographic regions of the Nation, the Program may seek an exception to this policy, which should be documented in a memo.

The Program should also work with DPM to identify additional efficiencies in the hiring process, such as hiring similar positions and batches. For example, instead of hiring one Head Start Teacher at a time, the Program could hire several teachers from the same recruitment. Reducing the time required for hiring processes will help keep interested applicants and reduce high vacancy rates.

Grant Reporting

18.	**Finding**	**Grant performance reports are submitted timely but are limited to enrollment numbers, which do not provide a complete picture of performance.** **Two of the three Federal financial reports (FFRs) reviewed were submitted late or were not date stamped to allow for verification of compliance with reporting deadlines.**
	Recommendations	**A. Using a planning and performance measure framework, develop more comprehensive performance reports to adequately communicate with OHS.** **B. Work with the Office of the Controller (OOC) to ensure FFRs are completed in a timely manner.**

Criteria

As its primary funding source for key activities, the Program must have proper grant monitoring and reporting protocols to ensure funding terms and contractual deliverables are met. The OHS grant

requires monthly performance reporting, which is due seven days after the end of the reporting period, and quarterly financial reporting, which is due 30 days at the end of the reporting period.

Condition

The Program is funded primarily by the OHS grant. The Navajo Nation divides grant reporting duties between grantees and the OOC: Grantees complete performance reporting and the OOC completes FFRs. In order to verify compliance with grant reporting requirements, we randomly selected three reporting periods (those dated 2/7/18, 10/5/18, and 8/7/19) throughout the audit period and requested the performance and financial reports submitted for that period.

According to the Program staff, documented performance reports to OHS are limited to enrollment numbers while other aspects of performance are discussed over the phone with the funding agency, and these discussions are not formally documented. For each of the three reporting periods in our sample, the limited performance reports were submitted to OHS in a timely manner. However, enrollment numbers alone do not indicate whether or not the Program is complying with other grant requirements. For example, the Program has not been able to meet the 10% disabilities requirements, but regular updates on this performance measure are not included in performance reports.

Of the three FFRs included in our sample, two were missing dates and therefore we were unable to determine whether or not they were submitted timely. The FFR that did include a date was submitted 25 days after the deadline.

Effect

The Program does not provide complete performance information to OHS on key measures of performance standard requirements. Although there is a term-limited waiver to the disability requirement, this standard has not been met in several years and therefore should be incorporated into performance reporting to increase transparency with the funding agency.

Additionally, FFRs were submitted late to the funding agencies, which may result in penalties including competition for funding and potentially revocation of funds given that compliance requirements are not being met.

Cause

The Program struggles to effectively compile and consistently report on all aspects of its performance due to staffing levels, report delays, and leadership instability.

The Program reports that the OOC is understaffed. Given the large volume of federally funded programs at the Nation, the OOC is responsible for completing a significant amount of regular FFRs to maintain compliance with each agreement.

Recommendation

Work with OHS to develop more robust performance reports that include a more comprehensive picture of overall performance. This information should be documented so that there are no surprises to the funding agency and the Program maintains accurate and complete records of communications with OHS. The performance report should include key areas within each of the Program's services including enrollment, attendance, mental health and disability, health and nutrition, and quality of

educational services. As the Program develops a strategic plan and annual KPIs, it should consider how to incorporate some of those performance reporting elements into OHS communications.

The Program should also work with the OOC to ensure FFRs are submitted in a timely manner, potentially by setting reminders and following up with OOC staff.

Contracts

19.		
	Finding	**In reviewing a sample of the Program's contract files, we found no instances of noncompliance with Procurement Rules and Regulations. All the files were located, and approvals were documented on the contract cover sheet. However; we found that the Nation's approval process requires the interaction of several different departments and for the seven contracts we reviewed, it took an average of 129 days to secure, which negatively impacts overall operations.**
	Recommendation	**Assign a Program employee the role of contract liaison to track the progress of contracts in the approval process and work with other departments to expedite the process.**

Criteria

Navajo Nation Procurement Rules and Regulations outline specific requirements and procedures to ensure controlled and effective procurement processes. Regulations are defined for goods and services that fall either above or below $50,000 in value.

According to the Procurement Rules and Regulations, the purchase of goods requires:

- The Program to complete the purchase requisition (PR) form, which must be approved by the Department Head
- The Navajo Nation Property Management Department sign the PR to signify that it does not have stock to satisfy the procurement
- The Program submit the PR to the OCC to verify allowable costs, fund availability, and encumber funds
- The Program issue an invitation to bid once the PR is approved by the OCC
- The Program and the Purchasing Services Department evaluate the bids and award the contract to a bidder
- Approvals for the contract include the OOC and the Office of the Attorney General (OAG)

The purchase of services requires:

- The Program develop a Request for Proposal (RFP) or Request for Statement of Qualification (RSQ) that includes clear descriptions and requirements
- The Program evaluate bids and notifies the winner
    - All awards are contingent upon the execution of a written contract with the Program and awardee that complies with Navajo Nation laws
- The Business Regulatory Department approve a written contract

- The written contract be submitted to the OCC for verification of allowable costs, funds availability, and fund encumbrance
- Contracts be approved by the OOC, OAG, and the Office of the President and Vice President, with all contracts being signed by the Navajo Nation President

Condition

In order to evaluate compliance with Navajo Nation Procurement Rules and Regulations, we judgmentally selected seven contracts on the contract listing provided by the Program. This selection was based on risks identified by the Program, specifically mentions of contract delays that negatively impacted performance in some capacity. For example, contracted goods and services included propane, pest control, grease trap/septic cleaning, internet service, and food service.

In reviewing the Program's contract files, we found no instances of noncompliance with Procurement Rules and Regulations. All the compliance-related files were located, and approvals were documented on the contract cover sheet.

Program staff reported challenges in securing contracted goods and services in a timely manner during interviews. Staff report that this has a significant negative effect on overall performance, as goods are needed to continue operations. In our testing, we noted the dates of key activities throughout the contracting process in order to evaluate the timeliness of the contracting process. On average, it took 128.6 days, or about four and a half months, to secure an executed contract with the vendor, from the date an invitation to bid was issued until the executed contract was finalized. Much of this delay can be attributed to the approval processes of the Navajo Nation; it took an average of 92.3 days to receive contract approvals from all approval entities. The quickest approvals were completed in 46 days, the lengthiest took 137 days.

Effect

Delayed contracting processes hinder the ability of the Program to provide services to enrolled children. Centers are not able to operate without items such as internet, propane, and food service. Program staff report that contracting delays can result in centers being closed due to no propane or inadequate levels of food available in classrooms. Centers cannot operate without these key items that are vital to the safety and well-being of enrolled children, in addition to being OHS performance standard requirements.

Cause

The Navajo Nation Procurement Rules and Regulations require various levels of approvals to ensure goods and services are procured as cost-effectively as possible and operates using a paper-based process. However, the approving agencies are required to approve purchases for departments, which can result in delays in securing approvals and physically sending the paper contract cover sheet to the next agency for approval. The reliance on paper-based processes contributes to delays as approvals cannot happen concurrently and there are delays in mail service.

Recommendation

In order to promote timely contracting practices, the Program should meet regularly with those responsible for approving contracts. Additionally, the Program should work with the Procurement

Division to identify additional causes of delays in the invitation to bid and RFP processes to identify opportunities to expedite the process.

To promote success in processing contracts timely, the Program should also consider assigning an individual within the Program to serve as a liaison that is responsible for tracking the progress of contracts in the approval process and routinely performing follow-ups to speed up the approval process.

Invoice Payments

20.	Finding	**Program payments are often delayed, which can have a negative impact on Program operations and performance.**
	Recommendations	**A. Develop Program-specific policies and procedures that define the proper management of invoices.** **B. Proactively work with the OOC to ensure payments are submitted in a timely manner.**

Criteria

Payments should be issued in a timely fashion to avoid late penalties and keep services operational. Most vendors have defined payment terms identified in their invoices.

Condition

Program staff expressed concerns over the timeliness of payments to invoices during interviews. Due to delays, staff reported center closures due to electricity shut-offs and instances of receiving calls from vendors that had not received payment for services rendered. The OOC manages invoices and payments on behalf of the Program. Most invoices are sent directly to the OOC.

In order to identify delays in invoice payment, we used detailed GL reports to develop a population of disbursements and selected a random sample of 32 payments to review. Overall, we found that it took an average of 45 days to pay invoices from the date the invoice was issued to the date payment was made. However, there was one payment in this sample that took 250 days to complete; without this outlier, the average number of days to make a payment dropped to 32.

Effect

If payments are not continuously made in a timely manner, the Program's overall operations can be disrupted. Over the course of the audit period, several centers had to close in response to electricity shut offs that occurred due to late payments. Additionally, when vendors apply a late penalty, the Program cannot use federal dollars to pay the late payment fee. Instead, the Program uses cash match funding from the Navajo Nation, which is an overall limited amount of its funding that would be better leveraged for more productive purposes.

Cause

Although most invoices are sent to the OOC, some invoices are sent directly to the Program. Some performance reports noted that staff were not aware what to do with the invoices while the Director of

Administrative Services and Director of Financial Services positions were vacant during 2019. This likely contributed to delayed payments for critical functions.

Additionally, Program staff report that the OOC experienced significant turnover and was largely understaffed during the audit period, which also contributed to payment delays.

Recommendation

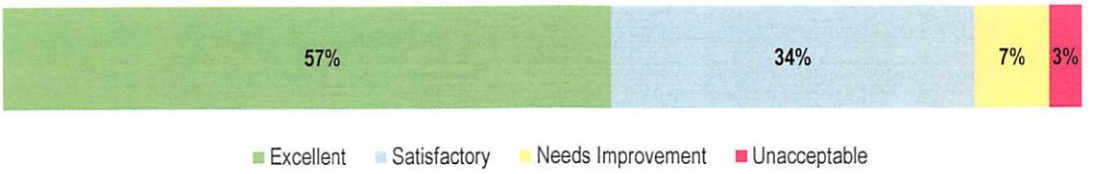
Develop Program-specific policies on how to manage invoices appropriately to ensure all staff is aware of how to handle them. Staff should receive training on this guidance, and management should hold staff accountable to ensure invoices are appropriately routed in a timely manner. This will help reduce delays in payments when invoices are received directly at the Program's facilities. Delays on behalf of center staff will contribute to additional unnecessary payment delays.

The Program should also work with the OOC to ensure payments are completed in a timely manner. Consider scheduling a meeting with the OOC to discuss ways to improve the overall process and determine what the Program can do to help support the timely payment of invoices. Assess whether regular meetings (perhaps quarterly) with the OOC should be established to discuss and address delays encountered. Taking this proactive approach promotes collaboration between the Program and departments, which can lead to more open communication to address problems in a timely manner.

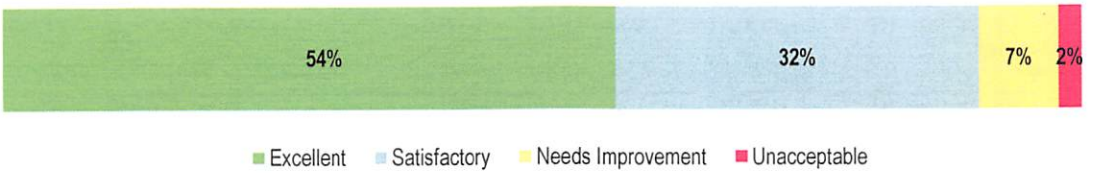
APPENDIX A: PARENT/GUARDIAN SURVEY RESPONSES

As part of our engagement, we conducted an online questionnaire via the survey platform Qualtrics. Parents and guardians of children in the EHS and NHS were invited to participate through a letter that was provided by each center. We received responses from 192 individuals. The survey was open from January 29, 2020 to February 14, 2020. The results are presented below.

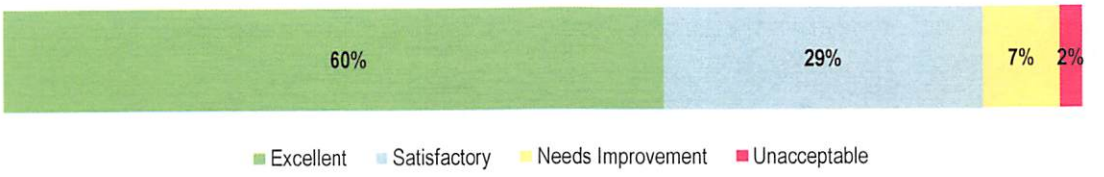
HOW WELL DOES HEAD START MEET YOUR CHILD'S DEVELOPMENT NEEDS?



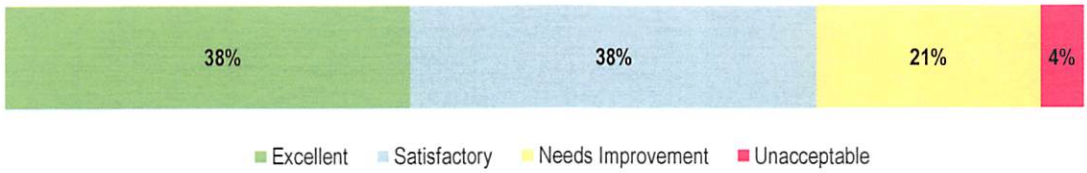
HOW WOULD YOU DESCRIBE THE COMMUNICATION BETWEEN STAFF AND PARENTS?



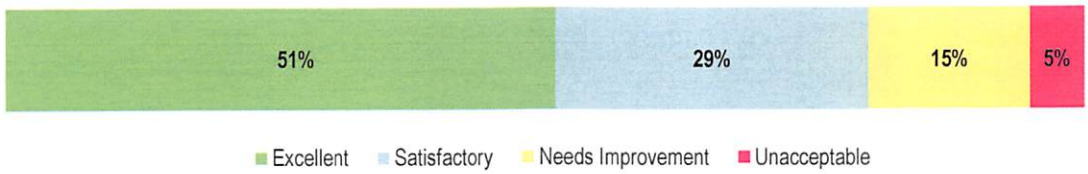
HOW DO YOU RATE HEAD START IN PREPARING YOUR CHILD FOR KINDERGARTEN?



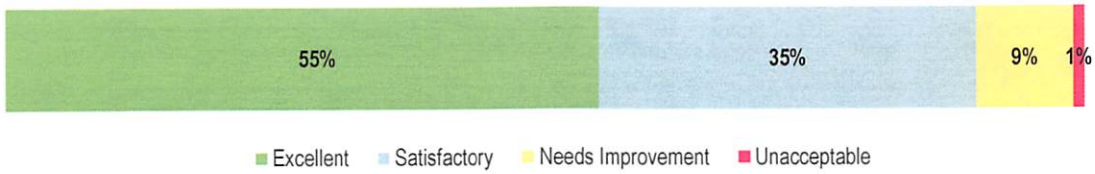
HOW WELL DO PARENT MEETINGS MEET YOUR NEEDS AND INTERESTS?



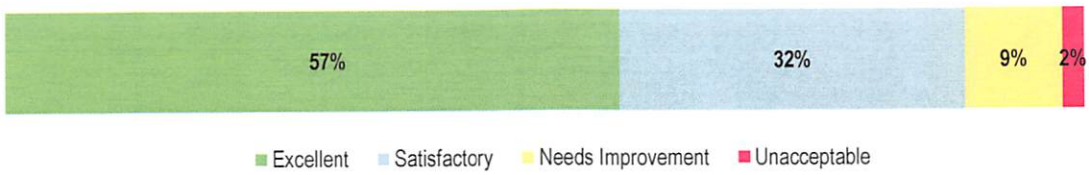
HOW DO YOU RATE THE SAFETY ENVIRONMENT (FACILITY, SCHOOL BUS, PLAYGROUND) FOR YOUR CHILD?



HOW DO YOU RATE THE NAVAJO CULTURE/LANGUAGE CURRICULUM FOR YOUR CHILD?



WHAT IS YOUR LEVEL OF SATISFACTION WITH THE HEAD START PROGRAM IN GENERAL?



CLIENT RESPONSE

NAVAJO HEAD START

Department of Diné Education

JONATHAN NEZ, *President*
MYRON LIZER, *Vice President*

DR. ELVIRA BITSOI
Assistant Superintendent of Head Start

MEMORANDUM

TO: Helen Brown, Auditor General (D)
Navajo Nation Office of the Auditor General

FROM: _____
Dr. Elvira Bitsoi, Assistant Superintendent
Navajo Head Start

DATE: March 25, 2021

SUBJECT: NHS Response to final Performance Audit Report by Moss Adams

Navajo Head Start would like to thank the Navajo Nation Office of the Auditor General for their generous assistance in conducting a Performance Audit on our program. On March 16, 2021 NHS was asked to provide a response to the final Performance Audit report by Moss Adams. NHS does not concur with the Findings # 1, 3, 5, 9, 11, 14, and 17 as all these findings state inaccurate information.

The program's responses are listed below according to the Finding #:

- *NHS Response to Finding # 1*
  - School Year Plans were submitted to Moss Adams via electronic dropbox by Content Area yet Moss Adams only references one plan. Several School Year Plans were uploaded which have outcome indicators and ties to the strategic plan as well as all other program goals that NHS is responsible for.
- *NHS Response to Finding #3*
  - NHS Director of Educational Services was not available to conduct interviews for information on programs under her supervision, including ERSEA. Attendance reports are kept on a regular basis and if Moss Adams needed the Word format of documents to manipulate the data the program should have been made aware of it.
- *NHS Response to Finding #5:*
  - New Health and Nutrition policies and procedures is in process of being updated and current. OHS performance standards are closely followed and implemented. A tracking system of the 45- and 90-day health screenings will be developed before new school year. NHS was compliant with OHS standards for 45- and 90-day Health Screening for School Years 2017-2018 and 2018-2019.
- *NHS Response to Finding #9*

- The Education Policies & Procedures were submitted via electronic dropbox and it is unclear whether or not Moss Adams received the upload. It is a concern for the program that receipt messages were not sent to the program for each document submitted to Moss Adams for verification.

- *NHS Response to Finding #11*
  - The current Network Specialist is working with Information Technology Technicians to research, assess and implement plans to update and improve our technology infrastructure. The current system was set in place by contractors over 5 years ago and it will entail extensive work. A budget will be set in place to begin plans by/before May 2020, therefore NHS has invested in the Information Technology infrastructure.
- *NHS Response to Finding #14:*
  - The inspections reports will be updated a new system will be implemented to ensure facilities are inspected with reports submitted timely. NHS works closely with OEH to ensure other findings are addressed. A list will be provided however the funds will not be available immediately as all plans for 1303 (major renovations and new) require OHS approval and is a lengthy process. NHS continues to complete minor renovations on a yearly basis. Some chapters to assist with costs on facility maintenance but facility inspections are conducted prior to the operation of each classroom and after a citation has been corrected. NHS acquires Sanitation Permits to operate in each Chapter facility and continues that collaboration with the Office of Environmental Health. Both parties are to work together to resolve any issue and since the facility is the sole responsibility of the Chapter it is for the Chapter to ultimately resolve. Therefore, NHS does monitor and enforce facility inspections.
  - Facility usage agreements have undergone several revisions in the template and with the limited number of staff it was difficult to have all facility usage agreements in place with Chapters in a timely manner. NHS works with Chapters who are also separate entities and exercise their own powers. There is a spirit of collaboration but it is up to the Chapters to provide signed agreements, supporting resolutions and all other documentation to operate a NHS center in their community.
- *NHS Response to Finding #17:*
  - It does not take an average of 176 days to hire nor does NHS often lack Navajo Nation Department of Personnel Management (DPM) approval prior to the employee starting work—Which sample is Moss Adam's referencing. The files they reviewed were done with NHS assessing the individuals. Are they looking at the advertisement stage? Can Moss Adams clarify this finding? This makes it appear as if NHS is not abiding by certain hiring practices when the program must get multiple approvals from several Navajo Nation offices before an individual is hired—there are valid checks and balances in place.
  - Currently, the NHS hiring schedule is as follows:
    - 10 days - advertise vacant position through DPM
    - 10 days - to get applicants to NHS from DPM
    - 15 days - to get applicants in for interview and respond back to DPM who was selected, if anyone

- 1 - 5 days - to get approval in-house on applicant selected from Directors and Assistant Superintendent, sometimes longer
- 10 days - for applicant to respond to selection letter and get background check done (sometimes this takes longer, usually because applicant still working and does not get to NHS to do background or to the Tribe)
- 5 to 10 days - for DPM to approve PAF on new hire (can take longer at times)

In conclusion, NHS has always been an evolving organization and will continue to grow. Issues suggested in the final report were present when the current NHS administration started and has been rebuilding. NHS is concerned that Moss Adams is not knowledgeable enough in Head Start operations and Navajo Nation processes to accurately make determinations suggested in the final report. Many negative statements were made about the program and we suggest another meeting with Moss Adams.

Thank you for your time and understanding. Should you have any further questions or concerns please do not hesitate to contact me at (928) 551-1961 or via email: ejbitsoi@navajo-nsn.gov.