



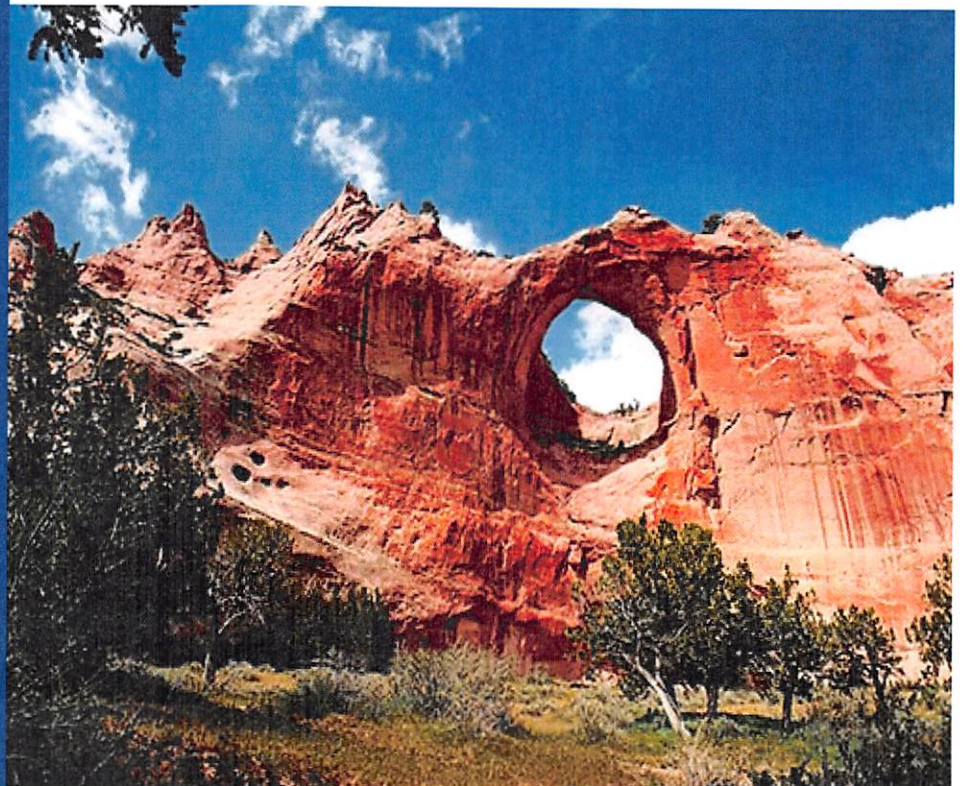
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A 3rd Follow-Up Review of the Navajo Department of Workforce Development (NDWD) Corrective Action Plan Implementation


**Report No. 22-03
December 2021**

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



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

TO : Roberta Roberts, Department Manager III
NAVAJO DEPARTMENT OF WORKFORCE DEVELOPMENT

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

DATE : December 31, 2021

SUBJECT : Audit Report No. 22-03, a 3rd Follow-up Review of the Navajo Department of Workforce Development Corrective Action Plan Implementation

BACKGROUND

The Office of the Auditor General conducted an audit of the Navajo Department of Workforce Development (NDWD) and the audit report was issued September 2008. The NDWD developed a corrective action plan (CAP) and the Budget and Finance Committee approved the audit report and CAP per resolution no. BFCF-03-09 on February 17, 2009.

In December 2013, the Office of the Auditor General performed a follow-up review and found that NDWD had yet to fully implement its corrective action plan. Consequently, the Budget and Finance Committee approved sanctions to be imposed on NDWD. A 2nd follow-up review was conducted in October 2016 and the review revealed the NDWD had implemented 50% of its corrective action plan so the audit findings remained unresolved.

OBJECTIVE AND SCOPE

The objective of this 3rd follow-up review is to determine the status of the corrective action plan implementation based on a six-month review period of January 1, 2021 to June 30, 2021. Heinfeld Meech & Co., was engaged to perform the follow-up review of the NDWD corrective action plan implementation. The review was commenced based on representation by NDWD's current management that the CAP was fully implemented.

SUMMARY

Of 36 corrective measures, the NDWD implemented 13 (36%) corrective measures, leaving 23 (64%) not implemented. See attached Exhibit A for the detailed explanation of the follow-up results.

CONCLUSION

Title 12, N.N.C. Section 8 imposes upon the Navajo Department of Workforce Development the duty to implement the corrective action plan according to the terms of the plan. As of this follow-up review, the NDWD did not fully implement the CAP. Therefore, the audit issues continue to remain unresolved.

Memo to Roberta Roberts

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The NDWD explained that the COVID-19 pandemic impacted its services and operations and continues to hinder the program to date. This is understandable but the NDWD had ample opportunity to implement the CAP to address the audit issues. The NDWD will need to assess its current services in response to the ongoing impact of the COVID pandemic, make appropriate adjustments to performance goals and allocation of resources, prioritize audit issues, and consider alternatives such as using virtual platforms to continue services.

The Office of the Auditor General will remain in contact with the NDWD management going forward to determine the next revisit of the remaining audit issues. Otherwise, the sanctions shall remain in place until such time the plan is fully implemented. The Office of the Auditor General will defer to the Division of Human Resources to consider any penalties for the lack of full implementation of the NDWD corrective action plan.

We thank the Navajo Department of Workforce Development for assisting in this follow-up review.

xc: Dr. Perphelia Fowler, Division Director
DIVISION OF HUMAN RESOURCES
Paulson Chaco, Chief of Staff
OFFICE OF PRESIDENT/VICE PRESIDENT
Jamie Henio, Chairperson
BUDGET AND FINANCE COMMITTEE
Chrono

December 31, 2021

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

We have completed our engagement to perform a 3rd follow-up review of the Navajo Department of Workforce Development (NDWD) corrective action plan implementation and have provided the results in this report for your consideration. Our review consisted primarily of inquiries of NDWD personnel and the examination of documents provided by NDWD personnel. The accompanying report includes the following:

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

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

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

Sincerely,

Heinfeld Meech & Co. PC

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

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Executive Summary

Background

The Navajo Department of Workforce Development was established to provide employment and training programs to assist eligible adult, youth, and dislocated workers of the Navajo Nation in becoming self-sufficient. The Navajo Department of Workforce Development is comprised of a central administration office and five (5) agency offices referred to as workforce centers. The workforce centers are located in Chinle, Crownpoint, Fort Defiance, Shiprock and Tuba City. The Department is managed by a Department Manager and employs approximately 50-60 personnel. NDWD is a program within the executive branch of the Navajo government under the Division of Human Resources.

The Department provides services based on the following three programs:

1. Comprehensive Services Program (CSP) – This program is for eligible adults and dislocated workers 18 years of age and older who are enrolled members of a United States federally recognized Indian Tribe and reside within the Navajo Nation. The main objective of the program is to assist eligible adults and dislocated workers with employment, training and supportive services.
2. Supplemental Youth Services Program (SYSP) – This program is for eligible youth 14 to 24 years of age who are enrolled members of a United States federally recognized Indian Tribe and reside within the Navajo Nation.
3. Native Employment Works (NEW) Program – This program is for eligible youth 14 years or older who are enrolled members of a United States federally recognized Indian Tribe and reside within the Navajo Nation. The main objective of this program is to serve low income tribal community members who are deficient in basic and occupational skills and to prepare them to obtain employment.

The funding for the NDWD programs discussed above is provided through federal grants from the Department of Labor (DOL), Workforce Innovation and Opportunity Act (WIOA) and the Department of Health and Human Services (DHHS), Native Employment Works (NEW).

In 2008, the Navajo Nation of the Auditor General conducted a special review of the NDWD which resulted in the identification and reporting of eight (8) findings. NDWD developed a corrective action plan (CAP) to address the audit findings but more importantly, to make operational improvements and ensure better accountability of resources. The NDWD CAP was approved on February 17, 2009 with resolution BFCF-03-09 by the Navajo Nation Council Budget and Finance Committee.

In December 2013, the Office of the Auditor General issued a report containing the results of the follow-up review performed to determine if the corrective action plan measures established by NDWD in their corrective action plan were implemented. This review found that NDWD had yet to fully implement its corrective action plan. As a result of the lack of implementation of the corrective measures from the December 2013 review, sanctions were imposed on NDWD and approved on April 1, 2014 with resolution BFAP-11-14. A 2nd follow up review was then conducted by the Office of the Auditor General and the report issued in October 2016 concluded that NDWD has still only implemented 50% of the measures identified in the corrective action plan and as a result, the audit findings were still deemed unresolved.

HeinfeldMeech was awarded a proposal issued by the Office of the Auditor General of the Navajo Nation to conduct the 3rd follow-up review and issue a written follow-up review report in August 2021. The 3rd follow-up review was conducted based on NDWD's representation that the corrective action plan had been fully implemented.

Objective and Scope

The objective of the follow-up review is to determine the status of the corrective action plan implementation based on a 6-month review period of January 1, 2021 through June 30, 2021. The review included inquiries to NDWD personnel and review of NDWD provided documentation and samples of transactions. Due to the amount of time that had elapsed since the last follow up review was conducted in October 2016, the Office of Auditor General requested that all corrective measures be evaluated for implementation, rather than only those that had not been implemented as of the last time an evaluation had been performed.

HeinfeldMeech would like to express appreciation to NDWD for their cooperation and assistance through the performance of this review.

Summary

NDWD did not fully implement the corrective action plan. As outlined in *Exhibit A – Review Results* of this report, of the 36 corrective measures identified in the corrective action plan, NDWD implemented 13 (36%), with the remaining 23 (64%) not implemented.

Conclusion

The Navajo Department of Workforce Development has not fully implemented the corrective action plan. Accordingly, the current sanction imposed shall remain in place until such a time the plan is fully implemented in accordance with 12 N.N.C., Section (9)(c).

Exhibit A - Review Results

Navajo Department of Workforce Development Corrective Action Plan Implementation Review Period: January 1, 2021 to June 30, 2021

Audit Issues	Total of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details	
1	Lack of documentation to justify awards beyond authorized amounts.	2	2	0	Yes	Attachment A
2	Lack of reliable data for monitoring operations.	6	4	2	Yes	
3	Financial control deficiencies are not fully addressed.	5	3	2	No	Attachment B
4	Payments to participants were not processed within the established timeline.	5	1	4	No	
5	NDWD programs are under-enrolled.	5	1	4	No	
6	Program cost per participant is high in comparison to other Native American WIA operations.	5	1	4	No	
7	Employment Assistant Officer caseloads do not meet projected targets.	4	0	4	No	
8	NDWD lacks effective monitoring.	4	1	3	No	
Total		36	13	23	2 - Yes 6 - No	

Corrective Measure Evaluation Criteria

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

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

Attachment A

REVIEW RESULTS			
	Audit Issue		Status
1	Lack of documentation to justify awards beyond authorized amounts.		Implemented

The corrective action plan indicated that NDWD would provide reorientations and trainings to personnel and would implement enforcement measures for compliance failures.

Training dates, agendas and attendance information was provided for trainings provided utilizing a virtual meeting platform on various dates from March 4, 2021 – June 28, 2021. Agenda topics included:

- Case Management – Revised Forms
- Case Management – Employment or Training Activity/Financial Award
- Case Management – Authorization of Payments
- Case Management – The 5 W’s of Case Management
- Case Management – Program Exit, Follow-up, Case Notes, and Corrective Action Required
- Case Management – Application for Services and Eligibility Determination

The virtual meeting platform utilized created an electronic attendance log noting the time the training was entered and exited by each participant. The following was noted per review of the meeting logs:

- Two EAO’s did not attend the Revised Form training.
- Two EAO’s did not attend the Employment or Training Activity/Financial Award training.
- Three EAO’s did not attend the Authorization of Payments training.
- Five EAO’s did not attend the 5 W’s of Case Management training.
- One EAO did not attend the Program Exit, Follow-up, Case Notes, and Corrective Action Required training.
- Four EAO’s did not attend the Application for Services and Eligibility Determination training.
- It was also noted that other Administrative, Statistical Technicians, and Case Assistants did not attend all trainings.

The Department Manager indicated that those not in attendance were excused by their supervisor or were on preapproved leave. The trainings were recorded and made available for later viewing and will also be ongoing, with another series of trainings to be offered beginning in January 2022. To achieve the desired objectives, NDWD should continue to ensure all employees are trained and that evidence of such is maintained.

Forty-five (45) participant distributions totaling \$23,502 were reviewed from the CSP, SYSP and NEW programs to determine participant distributions were made in accordance with the Financial Needs Analysis or Work Agreement and was properly supported by documentation. Of the distribution transactions sampled, 23 required a Financial Needs Analysis or Work Agreement. For all 23, the participant was funded for unmet needs that aligned with the Financial Needs Analysis or Work Agreement and did not exceed the maximum amount unless there was justification.

The following was also noted during our review of participant funding:

- For two of 45 participant distributions reviewed, the amount distributed was not in agreement with the amounts computed from the corresponding timesheets, resulting in overpayments of \$367.
- For one of 45 participant distributions reviewed, the participant received a payment in the amount of \$23 twice for the same two hours of work performed.

Overall, the amount of errors noted within the participant distribution sample was insignificant in both volume and dollar amount.

REVIEW RESULTS	
Audit Issue	Status
2 Lack of reliable data for monitoring operations.	Implemented

The corrective action plan indicated that NDWD develop and update policies, forms, manuals and to provide training to personnel to address this issue. The Department developed program guidance instructions related to various programs and operational areas to ensure consistency and reliability of the program. The Department has consistently updated the program guidance instructions over the years. The Department has also developed and continually updated its participant forms to standardize the applicant process.

A manual containing a glossary of terms for NDWD policies and procedures was developed, with the version provided for the review dated June 28, 2016. A formal Program Services Forms Listing was developed by NDWD dated August 20, 2021, after our period of review. NDWD indicated prior to the development of this document, all forms were placed into a booklet for use by department personnel.

In November 2020, the Division of Labor of Indian and Native American Programs (DINAP) released the Grantee Performance Management System (GPMS) to capture and report all CSP federal program data to the US Department of Labor (DOL). DOL issued online training sessions to prepare grantees to utilize GPMS. NDWD Administration requested on February 10, 2021 via email that the Program Supervisor IIIs at each workforce center review the first three training videos and to email central administration once the videos were viewed and their system access would be set up. A follow up email was sent by NDWD Administration on February 22, 2021 to the Programs Supervisor IIIs that the training videos must be completed by February 23, 2021. The email also indicated that once the Program Supervisor IIIs gained access and were comfortable with the system, the workforce center Statistical Technicians should be provided with the video links and trained. Further, the communication indicated that once the Statistical Technicians were trained, the remaining field staff were to be trained starting no later than February 26, 2021. A list of the dates central administration was emailed that the videos had been viewed by NDWD personnel was provided.

NDWD provided evidence that the Program Supervisor IIIs completed the training videos by the February 23, 2021 deadline. NDWD also provided evidence that the Statistical Technicians and other field level staff completed the videos and were trained on using the GPMS system with completion dates ranging from February 22, 2021 through September 22, 2021.

However, Central Administration office personnel provided conflicting information about field staff utilization of the Department's management information systems. One individual noted that no data is entered into GPMS by field staff, but rather all data is entered by central administration personnel and another noted that Statistical Technicians at two field offices enter data into GPMS directly at times.

The corrective action plan also indicated that NDWD implement monthly reporting and monitoring measures. Direct service and program enrollment performance goals for each year are outlined on Budget Form 2 and progress must be reported quarterly to the Navajo Nation. The DOL requires the completion of a program report (9173) containing performance information, such as, participant information quarterly. NDWD central administration obtains data monthly from the workforce centers to ensure reporting targets are met.

Statistic reports containing direct service data such as sign-in, incoming call, outgoing call, career center, computer lab usage and orientation information are prepared by the workforce centers. Upon reviewing information from all five workforce centers, it was noted that the monthly information submitted from each workforce center had different data fields and was in varied formats. Participant data is also not tracked by the workforce centers in a consistent format. The monthly reports should be standardized with instructions on how to accumulate and report data to ensure the data captured by each workforce center for reporting is consistent and complete.

The data on quarterly Budget Form 2 for the two quarters of the review period were evaluated to ensure were supported by documentation. The CSP, SYSP and NEW participant data reported was supported by listings provided. The self-service participants' actual data for quarter two reported a total of 1,682 which did not agree to the supporting documentation. The supporting documentation provided a total of 1,481 causing a variance of 201 participants reported. It does not appear complete data was provided from the Chinle workforce center. Central Administration should require that source documentation for periodic reporting be provided with the reports at the time of review to ensure the data reported is accurate and can be supported.

PGI 16-03 indicates that the monitoring of program operations and administration shall be performed under the guidance of the Monitoring & Evaluation Unit (MEU) Supervisor and as directed by the NDWD Department Manager. Further, monitoring activities shall be implemented based on a quarterly monitoring schedule which shall detail monitoring reviews for compliance, fiscal, and administrative.

Based on discussions with NDWD staff, the MEU position was vacant and therefore, the monitoring was not completed per the PGI 16-03. The Department needed to cut costs in order to keep their program funding ratios of administrative and participant aligned with program guidelines and monitoring was an area identified where costs could be reduced as they can now better self-monitor. The Department has been performing limited monitoring through the use of the Corrective Action Review (CAR) process. The CAR process is in place to document errors within applications and to streamline the process. While the CAR process can assist NDWD with identifying and communicating issues encountered during the application process, it does not address other performance standards or financial status. The Department rolled out a new process to track from program applicant to program exit using case management levels as of May 2021 and central administration indicated the process was created to have enough checks and balances to be able to self-monitor the related areas of operation even without a MEU.

Attachment B

REVIEW RESULTS		
	Audit Issue	Status
3	Financial control deficiencies are not fully addressed.	Not Implemented

The Department developed program guidance instructions (PGI) that indicates the following:

PGI 16-09 issued December 15, 2016

- Office of the Controller (OOC) will provide copies of any return and refund checks immediately upon receipt to the Contract Analyst.

PGI 16-09 REVISED dated January 14, 2020

- NDWD staff will not accept any return or refund checks under any circumstance from any training provider. Return or refund checks will not be given to participants by the training providers. The training providers are to mail all return or refund checks directly to the Navajo Nation Cashiers Section. This language is also noted in a subsequent PGI outside of our scope of review in PGI 21-L04-02 issued August 19, 2021.
- All supportive services cost checks issued by the Navajo Nation are not to be released from the Cashier to a participant, NDWD staff or a representative. All checks issued by the Navajo Nation shall be mailed directly to the training provider for the participant. This language is also noted in a subsequent PGI outside of our scope of review in PGI 21-L04-02 issued August 19, 2021.

The PGIs reviewed should be enhanced to address a process for NDWD to track refunds on a timely basis. A timely process will allow the Department to mitigate refund issues before losses are sustained. Further, NDWD does not currently maintain a comprehensive listing of refunds received. A listing had to be obtained from the OOC. Lastly, personnel at the workforce centers indicated there is a lack of communication from central administration regarding the receipt of refunds which they are typically made aware of by the provider or participant.

The Department also developed internal procedural guidance instructions requiring the mandatory rotation of post office keys and implemented an Employee Mail Run document to document the date, time, name of employee, signature of employee, and whether any checks or bank statements were received in the mail. The monthly Employee Mail Run document requires the review of the Program Supervisor III and Department Manager as evidenced by signature.

We reviewed all 5 workforce centers and central administration to determine if the procedural guidance was adhered to. Based on the items noted below, there is not sufficient evidence that internal procedural guidance was followed during the review period.

NDWD Operating Site	Review Results
Chinle Workforce Center	All documents received for our period of review demonstrated compliance with the procedural guidance.
Crownpoint Workforce Center	<ul style="list-style-type: none"> • An Employee Mail Run document was not received for January 2021. The Program Supervisor indicated it was the result of the closure of the post office box due to lack of payment. • The February 2021 and March 2021 Employee Mail Run documents did not contain date, time, name of employee, and signature of employee or data on the receipt of any checks or bank statements in the mail. The Program Supervisor indicated it was the result of the closure of the post office box due to lack of payment. • The April 2021 Employee Mail Run document was not completed.
Shiprock Workforce Center	<ul style="list-style-type: none"> • An Employee Mail Run document was not received for January 2021 or April 2021. • The February 2021 and March 2021 logs provided, which were not on the standardized Employee Mail Run Document form, indicated 2021 on top, but the log information dates were for 2020. • For the months of February 2021 and March 2021 there was no indication of review completed by the Department Manager.
Fort Defiance Workforce Center	<ul style="list-style-type: none"> • The January 2021 through June 2021 Employee Mail Run Documents indicated the mail was picked up by the same employee each time. In May 2021, there was one instance of mail pick up by another employee, however duties were not continuously rotated as required in the internal procedures. • For the months of January 2021, March 2021, April 2021, and May 2021, there was no indication of review completed by the Program Supervisor III or Department Manager as required in the internal procedures.
Tuba City Workforce Center	<ul style="list-style-type: none"> • As evidenced on the Employee Mail Run Documents for January 2021 and February 2021, mail pick up duties were not rotated as outlined.
Window Rock Central Administration	<ul style="list-style-type: none"> • An Employee Mail Run document was not received for January 2021. The Senior Office Specialist indicated it was the result of limited staffing during that time.

Further, the corrective action plan indicated that refund checks that were sent to the workforce centers shall be reconciled to the agency records. During our period of review, there were no refund checks identified to have been sent directly to the workforce centers during the period under review. This is an indication that the policy is being adhered to.

It was noted, however, that Central Administration at NDWD was unable to provide a comprehensive list of refunds received on behalf of the workforce centers, but rather provided system screenshots containing refund information. A listing of refunds received directly by the OOC from cashier's office records was provided for the review period, which cross referenced to the information provided by NDWD except for one item, which NDWD initially identified as a refund but later identified as a void.

For all seven refund transactions identified during the review period, evidence was provided that the transaction was reconciled to the FMIS system. It was noted however, that the reconciliation worksheets provided for all transactions were not signed by the Program Supervisor III and therefore it cannot be determined if the reconciliation worksheet was provided to and reviewed by the Program Supervisor III for case management as outlined in PGI 16-09.

Lastly, the corrective action plan indicated that NDWD was to conduct and document on-site follow-up services and case management with participants and service providers. For work experience (WEX) participants, Employment Assistance Officer's (EAO) are required to make regular follow up visits with participants and worksite supervisors to ensure favorable progress in their employment and training activity. For occupational skills training (OST), the EAO is required to conduct participant compliance follow up 45 calendar days after the start of the activity (identified as level 4 in case management).

Sixty (60) participants were reviewed from across all workforce centers from the CSP, SYSP and NEW programs. For 23 of 60 (38%), the participants were not yet receiving program services and as a result, WEX or OST activities requiring follow up had not yet started. For 30 of 60 (50%) participants reviewed, the participant's WEX or OST activity started near the end of our period of review and therefore, any follow up would have occurred outside of the review period. For one of the 7 (14%) participants reviewed that required a follow up during the review period, there was no evidence provided that the required follow up occurred.

REVIEW RESULTS		
	Audit Issue	Status
4	Payments to participants were not processed within the established timeline.	Not Implemented

The corrective action plan indicated that NDWD would provide orientations and trainings to personnel and would implement enforcement measures for compliance failures.

Training dates, agendas and attendance information was provided for trainings over payments to participants and were provided utilizing a virtual meeting platform on various dates from March 16, 2021 – March 18, 2021. Agenda topics included:

- Case Management – Employment or Training Activity/Financial Award
- Case Management – Authorization of Payments

The virtual meeting platform utilized created an electronic attendance log noting the time the training was entered and exited by each participant. The following was noted per review of the meeting logs and materials:

- One statistical technician did not attend either of the two trainings.
- Training materials from both trainings noted above did not include specific information regarding the 20-day timeline or an updated timeline established.
- Two accounting staff members did not attend the Employment or Training Activity/Financial Award training.
- Training materials from both trainings noted above did not include specific information regarding the 20-day timeline or an updated timeline established.

Sixty (60) participants were reviewed from across all workforce centers from the CSP, SYSP and NEW programs to determine if file information was maintained, approvals were obtained, and follow-ups were performed in accordance with guidelines. The following results were noted, which indicate that the quality control process in place was effective for the majority of transactions reviewed:

- Three of 60 (5%) participant transactions reviewed, the date the individual was determined eligible does not agree with the start of enrollment date range.
- Four of 60 (7%) participant transactions reviewed were missing a required signature on one of more forms.
- Two of 60 (3%) participant transactions reviewed, a Financial Needs Assessment (FNA) was not provided by the training provider for OST.

Forty-five (45) participant distributions totaling \$23,502 were reviewed from the CSP, SYSP and NEW programs to evaluate the timeliness of payment distribution. 20 out of the 45 (44%) participant distributions reviewed were not processed within 20 days or based on an updated timeline determined by management. For the 20 transactions outside the 20-day timeline, the average days to payment was 97 days. The average days to payment for the entire sample of 45 transactions was 78 days. There were 10 transactions that were particularly delayed, some dating back to 2020. The Department indicated that transaction processing timelines were impacted by the pandemic.

The 20-day payment processing timeline is outlined as follows in the NDWD Glossary Handbook: The timeline begins on the date the document is signed by the Program Supervisor III (4 days), Management Information System Unit (4 days), Contracts and Grants Unit (4 days), Department Manager III (4 days), and OOC (4 days). Participant distribution transaction review was performed utilizing the date the document was signed by the Program Supervisor III as the initial measurement date. This timeline was utilized for testwork purposes, as it was documented in writing and an updated timeline has not been established by NDWD.

The prior special reviews and corrective action plan follow ups noted confusion by NDWD regarding the definition of enrollment date and measurement of the 20-day timeline. It appears this continues to be an issue, and as late payments and other errors continue to occur. This is an indication that procedures are not being enforced.

Further, the corrective action plan indicated that NDWD would conduct a follow-up analysis of the 20-day timeline to address delays in processing of payments. NDWD did not complete a follow-up analysis of the 20-day payment timeline to identify, address, and communicate regarding delays in processing payments. The Department utilizes a case management levels chart to outline the movement of participants through the program with establish timelines at each level and expect adherence to the chart to assist in addressing processing delays. Payments for NDWD are processed by OOC, and therefore, OOC processing time must be incorporated into the follow up assessment. NDWD management indicated the 20-day timeline is no longer applicable. NDWD should evaluate the processing times of each level within case management and should establish and document the updated timeline expectations, communicate the expectations to personnel, and monitor adherence to the timelines.

Lastly, NDWD indicated in the corrective action plan that an assessment of the feasibility of a debit card pay system for WIA participants would be performed. NDWD provided a debit pay card feasibility analysis performed June 13, 2017. The analysis included the identification of both the pros and cons of utilizing this type of pay system. While a feasibility analysis was completed, it was noted that documentation regarding communications with Navajo Nation OOC were not provided to further assess feasibility, although this was requested from both NDWD and OOC by both the review team and the Office of the Auditor General. Further, the analysis did not include a conclusion of whether the organization would pursue the initiative and current management has not indicated plans to continue to pursue the initiative.

REVIEW RESULTS	
Audit Issue	Status
5 NDWD programs are under-enrolled.	Not Implemented

The Department did not conduct an analysis to determine the causes for under-enrollment during our period of review, as was noted in the corrective action plan. There were Executive Orders in place as well as Stay at Home Orders, which greatly impacted NDWD programs and caused a decrease in participants. Due to the effects of the COVID-19 pandemic, there were less training providers and participants were required to stay on the Navajo Nation for their work experience or training.

NDWD does track information by workforce center by month of the number of eligible, pending, incomplete, rescinded, and ineligible applications, however there is no further information to analyze. Central administration personnel indicated the issue related to under-enrollment is not a lack of applicants, as there are plenty, but rather the issue is that a high percentage of applicants are not making their way to participant due to lack of timely follow up by field staff.

Based on discussions with field staff, the following information was provided as to why a high percentage of applicants do not make it to participant:

- Lack of communication from applicants. EAO's attempt to reach out but many applicants have limited or no phone/internet and do not respond within the required timeframe.
- Failure by the applicant to bring in all required eligibility documents.
- Lack of transportation. Some workforce centers cover a large area and the cost of transportation/fuel could outweigh the potential wages earned.
- Low paying wages. Wages during the review period were \$11.62 per hour, which is less than Arizona minimum wage of \$12.15 per hour. Applicants could earn more at other establishments (i.e., McDonald's).
- Many work experience providers require background and credit checks and many applicants do not pass these checks.
- Applicants want to go to school/work outside of the Navajo Nation and due to recent pandemic conditions there were orders in place that would not allow for this.
- Lack of resources for activities the applicant is interested in pursuing. (i.e. no identified program/work experience available)
- Individuals apply that live off reservation.
- Participants have issues with substance abuse, dependency on public assistance, and the need for childcare.

The Department did implement program guidance instructions to improve recruiting and to address the under enrollment, as outlined in the corrective action plan, by allowing assistance of more than one family member and removing restrictions related to former participants. Nepotism provisions were also put into place. The program guidance instructions were revised for these changes on February 28, 2014 and November 1, 2016.

However, NDWD did not implement an outreach and recruitment plan for each program year for the programs operated by the Department. The Department Manager indicated that this will be evaluated for development or the focus will be shifted from outreach and recruitment efforts to converting applicants to participants. During the time of our review, recruiting efforts were not being made or monitored. After further analysis and the identification of action implementation steps to address program under enrollment, NDWD must implement a course of action to address the under enrollment issue.

NDWD programs continue to be under enrolled. The goal versus actual for program enrollment based on the applicable Budget Form 2 was as follows for the quarters during the review period:

Program Enrollment	2nd quarter ending 3.31.21		4th quarter ending 6.30.21	
	Goal	Actual	Goal	Actual
CSP	200	12	150	79
SYSP	100	4	200	70
NEW	100	0	100	32

The Department utilizes program rosters to track program enrollments at the central administration level. Each workforce center tracks program enrollments and forwards the data to central administration each month. The Statistical Technician updates the rosters and inputs the participant data into BearTracks, GPMS, or the NEW internally developed access software when the data is received. Utilizing the new case management level process, NDWD intends to be able to monitor and track participant data at each level, however there is no evidence this was actively performed during the review period.

REVIEW RESULTS	
Audit Issue	Status
6 Program cost per participant is high in comparison to other Native American WIA operations.	Not Implemented

Central administration personnel indicated the department no longer utilizes requests for proposals (RFPs) for training providers and thus, no request for proposals were published during the period under review. NDWD personnel indicated tuition will be based on the fee schedule provided by the identified training provider, but that the amount paid for the participant would be limited to the needs based amount. NDWD currently has 20 OST training providers available for use and 14 adult basic education training providers available for use. During our period of review, the only training providers authorized for use were located on the reservation, due to pandemic restrictions, and therefore all of the providers currently listed are located on the reservation.

NDWD does not have executed contracts or agreements in place with the training providers. Tuition and other fees are paid according to the schedule provided by the training provider. NDWD personnel indicated that the amounts charged to participants by training providers are non-negotiable and therefore the amounts paid would be same regardless of whether a contract or agreement has been executed or not. NDWD should be cognizant of the costs charged by training providers, and should evaluate this before authorizing a provider for use. An alternative process should be developed for approving a provider for use, if formal procurements or contracts cannot be executed, such as the use of a memorandum of understanding. Further, no evidence was provided by NDWD that existing Navajo Nation providers were monitored for quality and performance.

Additionally, NDWD did not pursue entering into agreements with other WIA programs to assist Navajos off reservation during our period of review. The Executive Orders in place would not allow for the movement of participants on and off reservation. When pandemic restrictions are lifted, NDWD should continue the pursuit of this corrective action.

Program guidelines instructions (PGI 16-01 and PGI 21-L04-01) indicate that participants are to apply for other resources available. Forty-five (45) participant distributions were reviewed from the CSP, SYSP and NEW programs. Of the 45 transactions reviewed, 23 participants were eligible for OST. For 3 of 23 (13%) eligible participants reviewed, the participant did not apply or the applications did not indicate the participants applied/received other funding to supplement funding from NDWD.

Overall for issue 6, program costs per participant continue to be high. A comparison was performed of NDWD’s cost per participant calculated from expenditures incurred during the review period for training support services (TSS) and direct training costs (DTC) applied over the participants served in the CSP and SYSP programs during quarter three of FY21 based on the Navajo Nation fiscal year. It is important to note that participant data cannot be agreed across various reports reviewed as noted in the status of other audit issues. This calculated cost per participant was then compared to the average cost per participant of these programs published by the DOL for the most recent program years’ that data has been compiled and released on. It is important to note that it would be expected that the DOL cost per participant would be lower than NDWD, due to the remote and rural nature of the Navajo Nation. The results of this comparison are as follows:

DOL - Cost per Served*			NDWD - Cost per Served				
Program year	Participants Served	Average Cost Per Participant	Program year	Program/GL Business Units	Expenditures***	Participants Served**	Average Cost Per Participant
PY18	Adult	\$ 627	PY18	Adult (K180906-907)	\$ 452,020		
PY18	Youth	\$ 3,000	PY18	Youth (K180903-904)	\$ 278,421		
PY19	Adult	\$ 818	PY19	Adult (K190906-907)	\$ 732,709		
PY19	Youth	\$ 2,961	PY19	Youth (K190903-904)	\$ 450,899		
			PY20	Adult (K200906-907)	\$ -		
			PY20	Youth (K200901)	\$ 79,620		
			TOTAL	Adult (CSP)	\$ 1,184,729	79	\$ 14,997
			TOTAL	Youth (SYSP)	\$ 808,940	70	\$ 11,556

*Obtained data from the PY 2018 and PY 2019 WIOA National Summary data (<https://www.dol.gov/agencies/eta/performance/results>) for Career and Training Services.
 **Obtained Q3 program participant actual data from Budget Form 2 for CSP and SYSP.
 ***FMIS reporting data from January 1, 2021 to June 30, 2021 (review period). Only Training Support Services (TSS) and Direct Training Costs (DTC) were included.

REVIEW RESULTS	
Audit Issue	Status
7 Employment Assistant Officer caseloads do not meet projected targets.	Not Implemented

During our period of review, there were 11 filled EAO positions and 1 filled Case Assistant position. No evidence was provided that EAO's are evaluated timely and that specific performance targets such as caseloads are actively identified and monitored by NDWD. Further, it was noted during our inquiries and review of documentation that only two EAO annual evaluations, which do address caseloads have been completed and these were done in October 2020.

The corrective action plan required performance objectives for all EAOs and Case Assistants, including caseload ratios to be established. No evidence was provided that performance objectives were established and evaluated at the EAO and Case Assistant level. Per discussion with central administration personnel, performance targets are established for the programs as a whole rather than by EAO as noted on Budget Form 2 and workforce centers are required to meet these goals. NDWD considers target populations to be all potential eligible participants.

A Case Management Summary report was provided for each workforce center dated June 18, 2021. The summaries include information regarding application for services, eligibility determination, qualifying services, encumbrance/expenses, corrective action summary as well as an administrative supervisory summary including information on vacant positions and the status of monthly reports. No information on caseloads is included on this report. Central administration personnel indicated that beginning in June 2021, this data was compiled and reviewed for monitoring purposes. This will become increasingly imperative for NDWD to monitor as it would be expected that participant levels will continue to increase as pandemic restrictions are lifted and staffing levels at the workforce centers will need to be analyzed in conjunction with these activity drivers.

The corrective action plan required NDWD to implement outreach and recruitment activities according to the recruitment plan, however NDWD did not prepare a recruitment plan and did not implement outreach and recruitment activities. The Department Manager indicated that the focus moving forward will likely not be on outreach and recruitment, but rather on internal operations to increase the number of applicants transitioned to participant.

Lastly, as a result of specific and measurable performance targets not being identified at the field level and data not being effectively monitored at the central administration level, procedures are not being enforced.

REVIEW RESULTS	
Audit Issue	Status
8 NDWD lacks effective monitoring.	Not Implemented

The Department developed and implemented PGI 16-03 on November 1, 2016 to establish guidelines for management and administration of program service under WIOA and NEW.

PGI 16-03 indicates that the monitoring of program operations and administration shall be performed under the guidance of the Monitoring & Evaluation Unit (MEU) Supervisor and as directed by the NDWD Department Manager, monitoring activities shall be implemented based on a quarterly monitoring schedule which shall detail monitoring reviews for compliance, fiscal, and administrative, and it also indicates that monitoring reports shall be issued within ten work days from the date of monitoring. Copies shall be emailed directly to the supervisor.

Per discussion with NDWD personnel, the MEU position is currently vacant and there was no quarterly monitoring schedule executed during the review time period. Organizational monitoring responsibilities have been assumed by the Department Manager. NDWD does perform limited monitoring through the use of the Corrective Action Required (CAR) process. The CAR process is in place to streamline the application process by identifying and communicating applicant form issues. Responsible personnel are notified of the required action needed to rectify an identified issue through this process. The CAR process, however, does not address financial controls, operation system, service providers, and other areas as required. The new case management levels process includes the Department Manager and other central administration personnel, as well as Supervisor IIIs, EAOs, and Counselors at the workforce centers. As with the CAR process, the monitoring of the requirements of each case management level addresses only certain areas of NDWD operations and not all key areas.

PGI 16-03 indicates that monitoring reports shall be issued within ten work days from the date of monitoring. Copies shall be emailed directly to the supervisor. Monitoring was not performed during the review period.