



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

**A Performance Audit
of the**

Navajo Nation

Veterans Administration

Fiscal Years 2015 through 2020

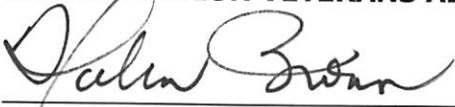
**Report No. 22-06
April 2022**

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



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

TO : James Zwierlein, Executive Director
NAVAJO NATION VETERANS ADMINISTRATION

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

DATE : April 11, 2022

SUBJECT : Performance Audit of the Navajo Nation Veterans Administration

The Office of the Auditor General herewith transmits Audit Report No. 22-06, a Performance Audit of the Navajo Nation Veterans Administration. The performance audit was conducted, in conjunction with Heinfield Meech & Co., P.C., to determine the efficiency and effectiveness of the Navajo Nation Veterans Administration in meeting its program objectives and performance measures in providing critical veterans services, utilizing resources including veterans trust funds, and complying with applicable policies and procedures. The audit focused on the time period between October 1, 2015 and September 30, 2020.

The auditors reported 23 findings in the following areas:

- Veterans Housing Program and veteran housing needs
- NNVA expenditures
- Financial Assistance Program
- Vendor payment procedures
- Navajo veteran information; demographics
- Tracking veteran housing
- Veteran housing eligibility
- NNVA customer service
- Honor guard, color guard, cost of casket assistance
- NNVA assistance processes
- Position vacancies and contributing factors
- Usage of donated vehicle

Detailed explanation of the findings can be found in the body of this report. The report provides recommendations for remediation of 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: Paulson Chaco, Chief of Staff
OFFICE OF THE PRESIDENT/VICE PRESIDENT
Daniel E. Tso, Chairperson
HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE
Chrono

March 31, 2022

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

We have completed the performance audit of the Navajo Nation Veterans Administration (NNVA) and have included our findings in this report for your consideration. The accompanying report includes the following:

- An executive summary including the audit objectives and a summary of the audit findings
- An overview of the performance audit
- The performance audit results, including the findings and recommendations for NNVA management

To the extent we have performed our review using data and information obtained from the NNVA, 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 NNVA for their assistance and cooperation.

Sincerely,

Heinfeld Meech & Co. PC

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

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Executive Summary

Entity Information and Audit Objectives

The Navajo Nation Veterans Administration (NNVA) is a department established under the Office of the President/Vice President of the Navajo Nation. This department was initially established in 1971 to further the cause for Navajo veterans and is comprised of a central administration office and five (5) agency offices. The agency offices are located in Chinle, Eastern (Crownpoint), Fort Defiance, Shiprock and Western (Tuba City).

The objectives of NNVA as outlined in the most recent plan of operation are as follows:

- Advocate, prioritize, evaluate and provide administrative oversight and coordination for needed services and programs for Navajo veterans in areas such as housing, education, healthcare, specialized training, provide support for legal, medical and small business development assistance and other related veterans' benefits or programs.
- Seek accreditation for veterans benefits and claims which are available pursuant to Title 38 U.S. Code and other benefits available from Arizona, New Mexico, Utah and the Navajo Nation.
- Advocate for the preferential treatment of veterans in business and employment.

The Navajo Nation Office of the Auditor General contracted with HeinfeldMeech to conduct a performance audit of the department, encompassing the period of fiscal years 2016-2020. The performance audit was designed to examine the functions, operations, management systems, and policies and procedures of NNVA to assess whether it is achieving economy, efficiency and effectiveness in utilizing available resources. NNVA's compliance with applicable Navajo Nation laws and regulations was also evaluated.

The objectives of this performance audit were to:

1. *Evaluate the management of funds earmarked for veterans housing assistance, whether there is a full accounting of these funds, if funds were used for their intended purposes, and if NNVA complied with applicable policies and procedures.*
2. *Determine how NNVA is working with other Navajo Nation counterparts such as Navajo Housing Authority to address veterans housing needs.*
3. *Evaluate vendor and Chapter payment issues and identify potential causes.*
4. *Evaluate if NNVA Agency offices are represented equally as indicated by the allocations provided to the agencies for direct and indirect services.*
5. *Evaluate how the process for administering veteran trust funds can be improved to facilitate better transparency, fairness, proper accountability and efficient delivery of services. Evaluate controls at each agency office to prevent misuse of funds or fraudulent activities.*
6. *Evaluate treatment of male and female veterans by NNVA when requesting financial assistance.*
7. *Evaluate consistency by agency offices in providing financial assistance for Navajo veterans such as burial assistance.*
8. *Evaluate compliance with Navajo Nation Personnel Policies when hiring for managerial positions.*
9. *Determine if vehicle donated to NNVA was used for intended purpose.*

The performance audit was conducted between the months of October 2021 to March 2022. The audit consisted primarily of inquiries of NNVA management and staff as well as review of entity policies, procedures and supporting documentation for transactions or other items included in the audit.

Summary of Findings

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 or compliance audit, findings do not necessarily denote significant failures, but rather, are intended to identify opportunities for the organization to be more efficient and effective in executing its mission.

The following is a summary of the report findings:

1. The Veterans Housing Program was not active at all Agencies for the majority of the audit period
2. Veterans Housing Program financial data is not reviewed regularly by management
3. Documentation was not provided to support several expenditure transactions of the Veterans Housing Fund in fiscal years 2018-2020
4. NNVA had no evidence of active collaborations with other organizations to address veteran housing needs during the audit period
5. The established Financial Assistance Program payment process did not allow for timely distribution of assistance
6. Vendor payment procedures were not documented in writing and employees need training on the process
7. Financial Assistance Program allocations for 2016-2020 could not be recomputed due to lack of records and supporting information
8. The Financial Assistance Program allocation changes implemented in fiscal years 2021 and 2022 appear beneficial overall, but are based on the accuracy and completeness of veteran data, which could be more reliable
9. Four Agencies did not receive carryover funds related to the Financial Assistance Program in fiscal year 2020 based upon a review of FMIS system information
10. Veterans Housing Program funds were allocated out equally to the five Agency offices, however, per policy, funds are awarded to each applicant without regard to geographic location
11. NNVA lacks an efficient and effective system for the capturing and accessing of Navajo veteran information utilized to execute the Housing and Financial Assistance Programs as well as information on the Navajo Nation veteran population at large
12. NNVA lacks a tracking mechanism for veterans who have already received homes
13. The homeless veteran Housing Program Policies and Procedures and Eligibility Criteria Rating Sheet should be evaluated for updates to ensure programs are operated effectively
14. The homeless veteran housing eligibility criteria evaluation committee rating process could be automated to increase efficiency and effectiveness
15. NNVA offices could be restructured to improve customer service, particularly related to communications and the application intake process
16. Agencies executed financial assistance distributions that were not in accordance with the Financial Assistance Policy

17. Financial Assistance Program policies require clarification to minimize confusion and maximize consistency
18. NNVA's Financial Assistance Program policies have not changed in terms of the types and amounts of assistance and the number of allowable distributions in many years
19. Demographic information on the Navajo veteran population cannot be extrapolated by NNVA in a meaningful way for analysis
20. Inconsistencies in process application and Agency General Fund funding was noted for honor guard, color guard, and cost of a casket assistance
21. NNVA step by step position processes are not documented in writing
22. There was a lack of stability in leadership and a high degree of turnover contributing to position vacancies at NNVA
23. NNVA is not utilizing a donated Ford 4 x 4 Explorer to transport veterans to medical appointments at VA locations in Arizona, the purpose for which the vehicle was donated

Performance Audit Overview

Information and Background

The Navajo Nation Veterans Administration (NNVA) is a department established under the Office of the President/Vice President of the Navajo Nation. This department was initially established in 1971 to further the cause for Navajo veterans and is comprised of a central administration office and five (5) agency offices. The agency offices are located in Chinle, Eastern (Crownpoint), Fort Defiance, Shiprock and Western (Tuba City).

NNVA is led by an Executive Director who is contracted through the Navajo Nation President’s Office. The contract was executed on November 15, 2019 and can be utilized for a period of up to six years. Legislative oversight is provided by the Health, Education and Human Services Committee of the Navajo Nation Council.

The number of employees by location during the years under audit ranged as follows:

NUMBER OF EMPLOYEES (RANGE)	2016-2020
Central Administration	6-9
Chinle Agency	3
Eastern (Crownpoint) Agency	3-5
Fort Defiance Agency	3-6
Shiprock Agency	3-5
Western (Tuba City) Agency	3-5
TOTAL	21-33

NNVA Organizational Objectives

The objectives of NNVA as outlined in the plan of operation are as follows:

Advocate and provide administrative oversight and coordination for needed services for veterans in areas such as housing, education, and other specialized training; such as legal, medical and small business development assistance and other related veterans’ benefits or programs.

- Seek accreditation for veterans benefits and claims which are available pursuant to Title 38 U.S. Code and other benefits available from Arizona, New Mexico, Utah and the Navajo Nation.
- Identify, prioritize and advocate for program services to assist veterans.
- Advocate for the preferential treatment of veterans in business and employment.
- Evaluating and advocating for the needs of veterans.

Navajo Veterans Trust Fund

A Navajo Veterans Trust Fund was established by the Navajo Nation Council pursuant to resolution CJY-46-98 with an initial appropriation of \$6 million. The intent at establishment was that future Trust earnings would be appropriated to serve the needs of Navajo veterans.

Resolution CN-55-06 amended the Veterans Trust Fund by authorizing an annual transfer of four percent of the projected Navajo Nation General Fund revenues received from various sources to the Navajo Veterans Trust Fund. Resolution CJA-02-18 outlines how Navajo Nation Trust Funds are to be calculated for expenditure.

- 2% set aside of the projected Navajo Nation revenues are to be allocated to the Navajo Veterans Housing Program. Each of the 5 agencies were to receive an equal amount to provide construction of up to 15 homes in their respective agencies using all possible assistance program funds that such veterans may qualify for to construct as many homes as possible and provide minor home renovations and repairs for Navajo veterans.
- 2% set aside remains allocated to the Veterans Trust Fund
 - 25% of the sum of the most recently completed audited income of the Veterans Trust Fund and the 2% set aside is reinvested into the Fund to cover the rate of inflation and to provide for reasonable growth.
 - 75% of the amount is allocated to NNVA to expend on the Veterans Financial Assistance Program. 12 N.N.C. §1176(C) provides:
 - 95% of this amount was allocated by NNVA to the individual Chapters (now Agencies) to be expended on emergency assistance for items such as food, vehicle fuel, utilities, heating costs, and home improvement costs for veterans, surviving spouses and gold star mothers. Navajo veterans can also receive funds for costs incurred for traveling to veterans' hospitals for treatments and appointments or for attending workshops and conferences.
 - 5% of this amount is utilized for the fiscal management costs incurred to administer the Veterans Trust by the fund managers. This amount is not limited at 5%, and therefore, in a fiscal year when fiscal management costs are high, the amount allocated to NNVA for financial assistance programs will be reduced as a result of this.

A summary of the actual expenditures from Veterans Trust Funds for the Veterans Housing Program and Financial Assistance Program funds for the fiscal years under audit are as follows:

VETERANS HOUSING PROGRAM*		2016	2017	2018	2019	2020	5 YEAR TOTAL
Chinle Agency	N01298	\$ 602,557	\$ 44,829	\$ 150,426	\$ -	\$ -	\$ 797,813
Eastern (Crownpoint) Agency	N01296	\$ 355,255	\$ 28,602	\$ 370,583	\$ 245,546	\$ 70,887	\$ 1,070,874
Fort Defiance Agency	N01297	\$ 361,548	\$ 43,730	\$ 449,664	\$ 305,527	\$ 65,825	\$ 1,226,295
Shiprock Agency	N01300	\$ 378,677	\$ 14,445	\$ 85,749	\$ -	\$ -	\$ 478,871
Western (Tuba City) Agency	N01299	\$ 303,530	\$ 110,801	\$ 105,227	\$ -	\$ -	\$ 519,558
TOTAL		\$ 2,001,567	\$ 242,408	\$ 1,161,649	\$ 551,074	\$ 136,712	\$ 4,093,411

VETERANS FINANCIAL ASSISTANCE PROGRAM**		2016	2017	2018	2019	2020	5 YEAR TOTAL
Chinle Agency	714071-714086, 703071-703086	\$ 561,235	\$ 610,107	\$ 729,685	\$ 851,512	\$ 670,444	\$ 3,422,982
Eastern (Crownpoint) Agency	714014-714044, 703014-703044	\$ 734,494	\$ 765,709	\$ 851,644	\$ 735,402	\$ 849,984	\$ 3,937,232
Fort Defiance Agency	714045-714070, 703045-703070	\$ 656,645	\$ 821,205	\$ 920,183	\$ 1,110,279	\$ 1,092,843	\$ 4,601,155
Shiprock Agency	714105-714124, 703105-703124	\$ 632,788	\$ 764,772	\$ 728,204	\$ 947,762	\$ 775,646	\$ 3,849,174
Western (Tuba City) Agency	714087-714104, 703087-703104	\$ 578,004	\$ 693,870	\$ 773,924	\$ 767,280	\$ 775,891	\$ 3,588,970
TOTAL		\$ 3,163,166	\$ 3,655,663	\$ 4,003,640	\$ 4,412,236	\$ 4,164,808	\$ 19,399,512

Source*: Job Status Inquiry Print Report (FMIS)
 Source**: G/L by Business Unit Report (FMIS)
 *** The FMIS Business Units for each Chapter changed after 2016

An internal audit was conducted of the Veterans Housing Program to determine NNVA was operating the program in a way that would result in safe, quality and affordable homes being built for recipients in line with the intent of the Navajo Nation Council. The audit was performed by REDW LLC and the results of the audit were issued in January 2017. The audit report and corrective action plan were approved by the Budget and Finance Committee of the Navajo Nation Council on August 1, 2017 as documented in resolution BFAU-24-17. NNVA subsequently prepared a Housing Action Plan which was approved by resolution HEHSCS-15-21 outlining the corrections implemented to address the findings. However, a formal follow-up review by the Office of the Auditor General has not been completed due to an inactive Veterans Housing Program.

NNVA General Funds

NNVA also receives funds annually for operating costs, such as salaries, benefits and utilities. General Fund monies were also utilized to provide services such as honor guard, color guard, and cost of a casket (burial) to veterans and their families during the audit period. A summary of the actual expenditures from General Funds for central administration and each Agency office for the fiscal years under audit are as follows:

General Funds	FMIS Business Units*	2016	2017	2018	2019	2020	5 YEAR TOTAL
Central Administration	114012/103015	\$ 333,280	\$ 221,326	\$ 688,982	\$ 1,096,993	\$ 1,313,962	\$ 3,654,543
Chinle Agency	114013/103016	183,708	104,639	184,634	170,680	120,503	\$ 764,164
Eastern (Crownpoint) Agency	114014/103017	216,184	144,956	147,041	91,177	78,121	\$ 677,479
Fort Defiance Agency	114015/103018	170,513	155,354	202,519	202,212	155,591	\$ 886,190
Shiprock Agency	114016/103019	238,667	151,929	143,507	142,759	100,691	\$ 777,553
Western (Tuba City) Agency	114017/103020	201,796	128,641	151,824	120,764	120,615	\$ 723,640
TOTAL		\$ 1,344,148	\$ 906,846	\$ 1,518,507	\$ 1,824,584	\$ 1,889,483	\$ 7,483,569

Source: Budget Status Report (FMIS)
 * The FMIS Business Units changed after 2016

Objectives, Scope, and Methodology

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 comparing entity operations to that of applicable criteria or industry or operational area best practices. Findings identified in a performance audit do not necessarily indicate a significant failure of the organization, but rather certain findings identify opportunities for improvement as the organization strives to achieve optimal effectiveness.

The Navajo Nation Office of the Auditor General contracted with HeinfeldMeech to conduct a performance audit of the department, encompassing the period of fiscal years 2016-2020. The performance audit was designed to examine the functions, operations, management systems, and policies and procedures of NNVA to assess whether it is achieving economy, efficiency and effectiveness in utilizing available resources. NNVA’s compliance with applicable Navajo Nation laws and regulations was also evaluated.

The objectives of this performance audit were to:

1. Evaluate the management of funds earmarked for veterans housing assistance, whether there is a full accounting of these funds, if funds were used for their intended purposes, and if NNVA complied with applicable policies and procedures.

2. *Determine how NNVA is working with other Navajo Nation counterparts such as Navajo Housing Authority to address veterans housing needs.*
3. *Evaluate vendor and Chapter payment issues and identify potential causes.*
4. *Evaluate if NNVA Agency offices are represented equally as indicated by the allocations provided to the agencies for direct and indirect services.*
5. *Evaluate how the process for administering veteran trust funds can be improved to facilitate better transparency, fairness, proper accountability and efficient delivery of services. Evaluate controls at each agency office to prevent misuse of funds or fraudulent activities.*
6. *Evaluate treatment of male and female veterans by NNVA when requesting financial assistance.*
7. *Evaluate consistency by agency offices in providing financial assistance for Navajo veterans such as burial assistance.*
8. *Evaluate compliance with Navajo Nation Personnel Policies when hiring managerial positions.*
9. *Determine if vehicle donated to NNVA was used for intended purpose.*

The scope of the audit included a five year fiscal period beginning on October 1, 2015 and ending September 31, 2020.

A summary of the methodology and procedures utilized to accomplish the performance audit objectives include the following:

- Review of NNVA Plan of Operations
- Review of relevant Council actions
- Obtain, compile, and analyze financial information obtained from FMIS, the Enterprise Resource Planning (ERP) system utilized by NNVA
- Review of Housing Program Internal Audit Report
- Review of *Housing Program Policy*
- Review of *Home Improvement Program Policy*
- Observation of housing program application committee review of submitted applications (December 2021)
- Review of sample of Housing Program fund transactions
- Outreach to Navajo Housing Authority (NHA) and Navajo Tribal Utility Authority (NTUA)
- Review of *Financial Assistance Program Policies and Procedures*
- Analyze financial assistance distributions by month and Agency
- Review of Financial Assistance Program budgets
- Analyze fiscal year 2021 and 2022 Financial Assistance Program Chapter allocations and identified cost drivers
- Analyze Financial Assistance Program budgets
- Review of Veterans Housing Program fund allocations
- Review of methodology to obtain and house critical data
- Comparison of veterans identified to have received homes during the audit period to the housing application inventory listing
- Review of Housing Program *Eligibility Criteria Rating Sheet* and observation of committee rating process
- Observation of facilities and operations during site visits
- Use of computer program (Python) to identify noncompliance with Financial Assistance Program Policies

- Sampling of Financial Assistance Program transactions from all Agency offices
- Sampling of veterans files from all Agency offices
- Analyze financial assistance amounts distributed by type by Agency and month/year
- Review existing documentation for impact on gender on ability to obtain assistance
- Review of *Honor Guard, Color Guard, and Cost of a Casket Policies*
- Review of Agency general fund budgets
- Sampling of Agency general fund transactions for honor guard, color guard and cost of a casket (burial)
- Review of RFP information for Executive Director
- Analyze employees by fiscal year and location
- Analyze turnover at management and employee levels
- Review of vehicle donation information
- Review of *Permanent Vehicle Assignment* form
- Other correspondence provided related to the programs operated by NNVA

Additionally, the following NNVA personnel were interviewed:

- Executive Director
- Temporary Deputy Executive Director
- Loan Officer
- Account Maintenance Specialist – Loan Program
- Accounts Maintenance Specialist – Central Administration
- Office Specialist – Central Administration
- Veteran Service Officer – Chinle Agency
- Accounts Maintenance Specialist – Chinle Agency
- Office Specialist – Chinle Agency
- Accounts Maintenance Specialist – Eastern (Crownpoint) Agency
- Office Specialist – Eastern (Crownpoint) Agency
- Office Assistant – Eastern (Crownpoint) Agency
- Veteran Service Officer - Shiprock Agency
- Office Specialist - Shiprock Agency
- Veteran Service Officer – Western (Tuba City) Agency
- Accounts Maintenance Specialist – Western (Tuba City) Agency

Two site visits were made to the central administration office, one in November 2021 and one in December 2021. Site visits were made to the Eastern (Crownpoint) Agency and Fort Defiance Agency in December 2021. All other fieldwork was performed remotely.

Government Auditing Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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.

Performance Audit Results

Objective 1: Evaluate the management of funds earmarked for veterans housing assistance, whether there is a full accounting of these funds, if funds were used for their intended purposes, and if NNVA complied with the applicable policies and procedures.

Finding 1 - The Veterans Housing Program was not active at all five Agencies for the majority of the audit period.

Criteria

NNVA's plan of operation identifies that a purpose of the administration is to establish and fund the Veterans Housing Programs or services for Navajo veterans within the Navajo Nation.

Resolution CS-48-13 provides for the equal distribution of the annual comprehensive budgeted amount between the Navajo Nation Veterans Trust Fund and NNVA to construct up to 15 homes and to provide minor renovation and repairs for Navajo veterans in each of the five Navajo agencies.

In September 2021, resolution HEHSCS-15-21 approved the Veterans Housing Program *Housing Action Plan*, which outlined the audit finding corrections NNVA established to resolve the issues identified in an internal audit.

Condition

In January 2017, the results of an Internal Audit of the Veterans Housing Program were issued. The audit included findings regarding the administration of the program and recommendations NNVA could implement to ensure the goals of the program were achieved. Funds were not included for the Housing Program in the fiscal year 2018 budget as a result of the audit.

The Veterans Housing Program has been effectively "on hold" as NNVA works to resolve the identified issues. In a memorandum issued August 8, 2019, NNVA staff were informed that new housing applications were not to be accepted until the program could be reworked and new policies were released. Veterans with existing applications could continue to update existing files. The program has commenced operations in fiscal year 2022.

A summary of Veterans Housing Program Fund expenditures by object code for the audit years is as follows:

**Summary of Actual Expenditures By Object Code
 Veterans Housing Program Funds
 Funds N01296-N01300**

CHINLE AGENCY	2016	2017	2018	2019	2020	5 YEAR TOTAL
2100 - Permanent Salary	\$ 1,019					\$ 1,019
2300 - Temporary Salary	\$ 232,724	\$ 107,206				\$ 339,930
2900 - Fringe Benefits	\$ (9,664)	\$ (96,668)	\$ 150,426			\$ 44,094
3000 - Travel	\$ 22					\$ 22
4000 - Supplies	\$ 3,304					\$ 3,304
5000 - Lease & Rental	\$ 6,000					\$ 6,000
6000 - Repairs & Maintenance		\$ 1,223				\$ 1,223
6500-6900 - Contractual Services						\$ -
7000 - Special Transactions	\$ 1,542	\$ 1,935				\$ 3,478
8510 - Housing Construction Materials	\$ 317,367	\$ 31,133				\$ 348,500
8540 - Power Line Extension	\$ 50,242					\$ 50,242
9000 - Other						\$ -
TOTAL	\$ 602,557	\$ 44,829	\$ 150,426	\$ -	\$ -	\$ 797,813
EASTERN (CROWNSPOINT) AGENCY	2016	2017	2018	2019	2020	5 YEAR TOTAL
2100 - Permanent Salary	\$ 144					\$ 144
2300 - Temporary Salary	\$ 184,473	\$ 83,704				\$ 268,178
2900 - Fringe Benefits	\$ (137)	\$ (76,447)	\$ 126,286			\$ 49,702
4000 - Supplies	\$ 196					\$ 196
5000 - Lease & Rental	\$ 3,386					\$ 3,386
6000 - Repairs & Maintenance	\$ 185					\$ 185
6500-6900 - Contractual Services						\$ -
7000 - Special Transactions	\$ 1,218	\$ 527				\$ 1,746
8510 - Housing Construction Materials	\$ 165,790	\$ 20,817	\$ 13,511	\$ 245,546	\$ 70,887	\$ 516,551
8540 - Power Line Extension			\$ 230,786			\$ 230,786
9000 - Other						\$ -
TOTAL	\$ 355,255	\$ 28,602	\$ 370,583	\$ 245,546	\$ 70,887	\$ 1,070,874
FORT DEFIANCE AGENCY	2016	2017	2018	2019	2020	5 YEAR TOTAL
2100 - Permanent Salary						\$ -
2300 - Temporary Salary	\$ 217,756	\$ 151,332				\$ 369,088
2900 - Fringe Benefits	\$ (19,199)	\$ (136,558)	\$ 205,367			\$ 49,609
4000 - Supplies	\$ 957	\$ 566				\$ 1,523
5000 - Lease & Rental	\$ 2,635					\$ 2,635
6000 - Repairs & Maintenance	\$ -					\$ -
6500-6900 - Contractual Services	\$ 2,000					\$ 2,000
7000 - Special Transactions	\$ 1,437					\$ 1,437
8510 - Housing Construction Materials	\$ 155,963	\$ 2,003	\$ 244,297	\$ 305,527	\$ 65,825	\$ 773,616
8540 - Power Line Extension		\$ 26,386				\$ 26,386
9000 - Other						\$ -
TOTAL	\$ 361,548	\$ 43,730	\$ 449,664	\$ 305,527	\$ 65,825	\$ 1,226,295
SHIPROCK AGENCY	2016	2017	2018	2019	2020	5 YEAR TOTAL
2100 - Permanent Salary						\$ -
2300 - Temporary Salary	\$ 239,437	\$ 55,757				\$ 295,194
2900 - Fringe Benefits	\$ 14,665	\$ (50,978)	\$ 85,749			\$ 49,436
4000 - Supplies	\$ 159					\$ 159
5000 - Lease & Rental	\$ 5,705	\$ 1,427				\$ 7,132
6000 - Repairs & Maintenance						\$ -
6500-6900 - Contractual Services						\$ -
7000 - Special Transactions	\$ 1,605	\$ 351				\$ 1,956
8510 - Housing Construction Materials	\$ 117,106	\$ 7,888				\$ 124,994
8540 - Power Line Extension						\$ -
9000 - Other						\$ -
TOTAL	\$ 378,677	\$ 14,445	\$ 85,749	\$ -	\$ -	\$ 478,871
WESTERN (TUBA CITY) AGENCY	2016	2017	2018	2019	2020	5 YEAR TOTAL
2100 - Permanent Salary						\$ -
2300 - Temporary Salary	\$ 245,964	\$ 67,733				\$ 313,698
2900 - Fringe Benefits	\$ 3,677	\$ (60,924)	\$ 105,227			\$ 47,980
4000 - Supplies	\$ 2,470					\$ 2,470
5000 - Lease & Rental	\$ 6,009	\$ 817				\$ 6,827
6000 - Repairs & Maintenance						\$ -
6500-6900 - Contractual Services						\$ -
7000 - Special Transactions	\$ 1,623	\$ 427				\$ 2,050
8510 - Housing Construction Materials	\$ 43,786	\$ 102,749				\$ 146,535
8540 - Power Line Extension						\$ -
9000 - Other						\$ -
TOTAL	\$ 303,530	\$ 110,801	\$ 105,227	\$ -	\$ -	\$ 519,558
GRAND TOTALS	\$ 2,001,567	\$ 242,408	\$ 1,161,649	\$ 551,074	\$ 136,712	\$ 4,093,411

Source: Job Status Inquiry Print Report (FMIS)

This performance audit was not to include the reperformance of procedures and testwork included the scope of the internal audit issued in 2017. The expenditures by all agencies for 2016 and 2017 were largely related to the completion of the construction of the homes included within the internal audit scope, and therefore detailed transactions from these fiscal years were not sampled. Rather, transactions reviewed were from fiscal years 2018-2020. The items highlighted in the table above will be discussed in the next two findings.

Effect

NNVA has been unable to execute a key organizational purpose, providing housing to homeless veterans, as the result of operating the program in a manner in the past that was not conducive to achieving program goals.

Cause

There was a lack of established processes and standards and oversight by management.

Recommendation

As the Veterans Housing Program reestablishes operations, it is critical that NNVA adhere to the corrective actions established as outlined in the *Housing Action Plan* as well as the corrective action plan approved by resolution BFAU-24-17.

Finding 2 - Veterans Housing Program financial data is not reviewed regularly by management.

Criteria

Financial monitoring and review practices provide management with information needed to make financial decisions and to clearly and timely communicate financial results and analysis to stakeholders.

Condition

The performance audit procedures of Veterans Housing Program transactions were limited to those not included in the scope of the internal audit. Therefore, applicable transactions fell into two categories (1) pension related adjusting journal entries (AJEs) and (2) the construction of 10 three bedroom modular homes, 5 within the Fort Defiance agency and 5 within the Eastern (Crownpoint) agency.

Expenditure transactions at Chinle, Shiprock and Western (Tuba City) agencies in 2018 were limited to pension related AJEs recorded in the 2900 – Fringe Benefits line item. There were also pension AJEs in 2016 and 2017 recorded that resulted in negative expenditures. See table on page 12. The same pension related transactions were recorded in the Fort Defiance and Eastern (Crownpoint) agencies accounting records as well. Current management did not have information to explain the purpose of these transactions. It is unusual to have benefit expenditures recorded in a period in which there are no corresponding salary expenditures.

Effect

Lack of timely review of financial data can lead to uniformed decision-making, failure to detect trends or errors that impact the organization and the inability of management to provide stakeholders with relevant data.

Cause

NNVA leadership was in constant state of change during the audit period. Current management indicated balances are viewed in the FMIS system, but there is a lack of knowledge of generating system reports. The only reporting that is currently being done is the quarterly performance reporting that accompanies the budget process.

Recommendation

Financial monitoring and review practices should be implemented by NNVA management. Financial data, such as budget to actual data should be summarized in a meaningful way and presented on a regular basis to stakeholders. NNVA should investigate the entries to ensure legitimate entity transactions. Remedial FMIS training should be sought out for NNVA personnel.

Finding 3 - Documentation was not provided to support several expenditure transactions of the Veterans Housing Fund in fiscal years 2018-2020.

Criteria

Documents should be stored and retained in accordance with the retention and disposition policies and procedures of the Navajo Nation. Records should be organized and stored to allow for easy retrieval.

Condition

The Fort Defiance and Eastern (Crownpoint) agencies had expenditures with a contractor for the construction of ten 3 bedroom modular homes as follows:

3 bedroom modular home project		
Agency	Number of homes	Expenditures
Eastern (Crownpoint)	5	\$ 607,322
Fort Defiance	5	\$ 615,649
TOTAL	10	\$ 1,222,971

Twenty-three payment transactions were recorded in FMIS totaling the \$1,222,971. NNVA was only able to locate one invoice supporting two of the 23 transactions. The invoice provided was a contractor pay application progress invoice, and therefore, we could ascertain that ten homes were being constructed with a budgeted project cost of \$1,280,840, however supporting documentation was not provided for 21 payment transactions.

The documents were requested from central administration. When the documents could not be located, central administration reached out to the agencies to locate the documentation. No support could be located from central or Agency locations.

The contract for this project (CO13124) was reviewed and executed by the Navajo Nation Office of President and Vice President.

Effect

Lack of ability to produce supporting documentation results in audit and compliance failures, loss of organizational credibility, loss of productive work time, and inability to justify expenditures.

Cause

During the period of review, NNVA has changed various operations from centrally managed to managed at the agency level and from managed at the agency level back to being centrally managed. Additionally, NNVA utilizes an entirely paper based recordkeeping system, which makes record retrieval time consuming and cumbersome.

Recommendation

NNVA should develop, document, and implement a records and information management process. The process should address all stages of the life cycle of both a paper based record and an electronic record, including: creation or collection, processing, dissemination, use, storage, and disposition, to include destruction and deletion.

Objective 2: Determine how NNVA is working with other Navajo Nation counterparts such as Navajo Housing Authority to address veterans housing needs.

Finding 4 - NNVA had no evidence of active collaborations with other organizations to address veteran housing needs during the audit period.

Criteria

Productive collaborations between organizations can result in greater accomplishments as compared to each organization working separately. Collaboration also allows for the sharing of resources, increased leverage to overcome setbacks and obstacles, and can lead to greater awareness of the benefits to the community.

In the Veterans Housing Program Housing Action Plan approved in September 2021, NNVA indicated that moving forward, the program will work jointly with Navajo Tribal Utility Authority (NTUA), Indian Health Services (IHS), Navajo Housing Authority (NHA), and the Navajo Nation Division of Community Development (DCD) to ensure that infrastructure projects will be able to keep pace with the construction of homes under the program.

Condition

Inquiries were made of current personnel, with no indication that NNVA collaborated with other agencies to address veterans housing needs during the audit period.

Because of the turnover in NNVA management, an independent inquiry was made to NHA. NHA also indicated that no active collaborations were in place during the period under audit.

NHA did provide a copy of a Sub-Recipient Agreement (SRA) dated August 26, 2021, between the two organizations to plan for and construct six scattered site single family veterans' homes on the Navajo Nation in the amount of \$2 million. Current NNVA management was aware of the agreement.

Effect

The level of service the Veterans Housing Program is able to provide is limited due to a lack of collaboration with related organizations. NNVA would be better able to meet a fundamental organizational objective to address housing needs for homeless Navajo veterans if collaborations were in place.

Cause

Several individuals served as the Manager/Executive Director of NNVA from 2016-2020. Constant changes in organizational leadership create difficulties in maintaining and cultivating meaningful working relationships external to the organization.

Recommendation

NNVA management should establish effective working relationships and joint ventures with NTUA, IHS, NHS, DCD or other entities to further Navajo veteran housing initiatives. Management should identify key contacts at each target agency, schedule meetings to outline organizational priority and goals and communicate expectations for the collaboration.

Objective 3: Evaluate vendor and Chapter payment issues and identify potential causes.

Finding 5 - The established Financial Assistance Program payment process did not allow for timely distribution of assistance and is not currently documented.

Criteria

Resolution HEHSCF-002-12 dated February 8, 2012, implemented the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund*. Section VI of the policies and procedures document outlined the procedures to be followed to process transactions from these funds.

Resolution HEHSCJA-03-20 dated January 8, 2020 rescinded HEHSCF-002-12 and the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* completely removing Section VI Procedures from the document.

The Financial Assistance Program policies allow for access to various types of assistance such as:

- Emergency assistance (*referred to as hardship*) for items such as food and vehicle fuel to cover costs for one month not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Emergency assistance (*referred to as energy*) for heating costs including firewood, pellets, coal, and propane not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Home improvement (*referred to as self help materials*) such as lumber, windows, doors, insulation, paint, brushes, rollers, nails, doorknobs, septic tank clean-out, and chimney pipes not to exceed \$700. This assistance is limited to one time per fiscal year per individual.

Condition

The Financial Assistance Program payment process outlined for payments during the period under audit based on discussions with NNVA personnel and review of the policy was as follows:

- Veteran, surviving spouse, or gold star mother requiring assistance initiated a request at the Chapter or Agency
- The Chapter was required approve each request in a Chapter Veterans Organization (CVO) meeting
- Once approved, the *Financial Assistance Request Form* was prepared and combined with approval documentation (agenda, sign in sheet, meeting minutes), which would then be transmitted from the Chapter to the Agency
- An IRS Form W-9 is obtained as the source document for address verification
- The Agency (Accounts Maintenance Specialist) AMS verified availability of funds, individual eligibility based on the assistance types and limits, and ensured the information provided on the *Financial Assistance Request Form* agrees to the information in the file maintained at the Agency
 - If a discrepancy was noted, a denial letter would be sent to the individual requesting assistance with a copy of the policy. If the denial was due to a completeness issue, the Agency would work to resolve the issue.
 - If the assistance request was approved, the AMS would do the following:
 - Complete a *Request for Direct Payment* (RDP) and then signed and dated the form
 - Input the information into an excel internal ledger maintained for each Chapter that tracks the allocations and payments applied
 - Forwarded the packet to the Veterans Service Officer (VSO)
- The VSO would review the information, and if in order would:
 - Sign and date the *Financial Assistance Request Form*
 - Sign and date the RDP
- The completed packet was then driven to Central Administration
- Paperwork was then provided to Window Rock Accounts Payable at the Office of the Controller (OOC)
- Accounts Payable received the packet, reviewed and did the following:
 - If the documentation is in order, a check was generated
 - If not, Accounts Payable would communicate with the Agency to obtain the required information. If the required information was not received, the packet was mailed back to the originating Agency.
- Manual checks are prepared and picked up once or twice a week in Window Rock by an Agency employee
- The veteran, surviving spouse, or gold star mother either picked up the check from the Agency office or the checks were provided to the Chapter for distribution.

The system established resulted in significant delays in getting assistance distributions processed as well as the loss of employee work time that could have been utilized on more value added activities.

Significant changes have been made to the process by NNVA to address these issues after the policy revision was approved in January 2020.

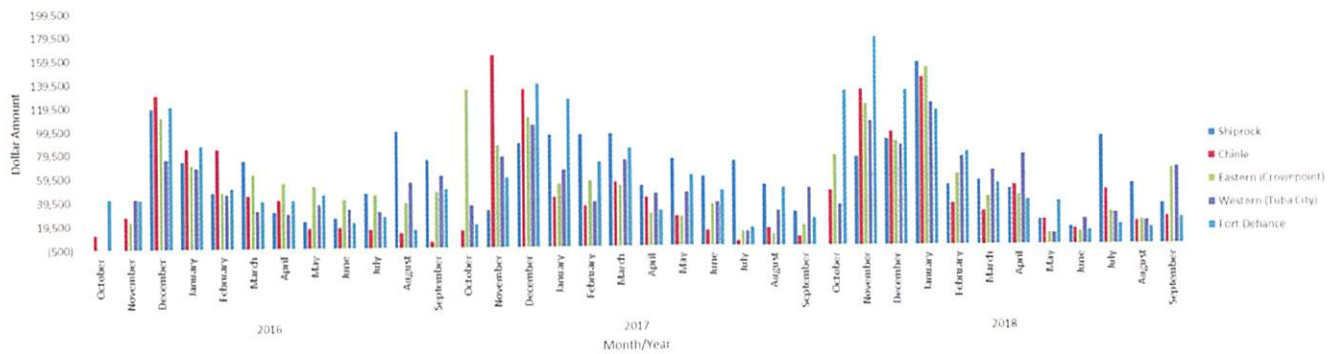
- CVOs are no longer required to approve the requests
- The AMS at each Agency enters transaction batches into FMIS directly

- Documents are sent directly from the Agency through email
- Cashier distributes checks directly to the payee

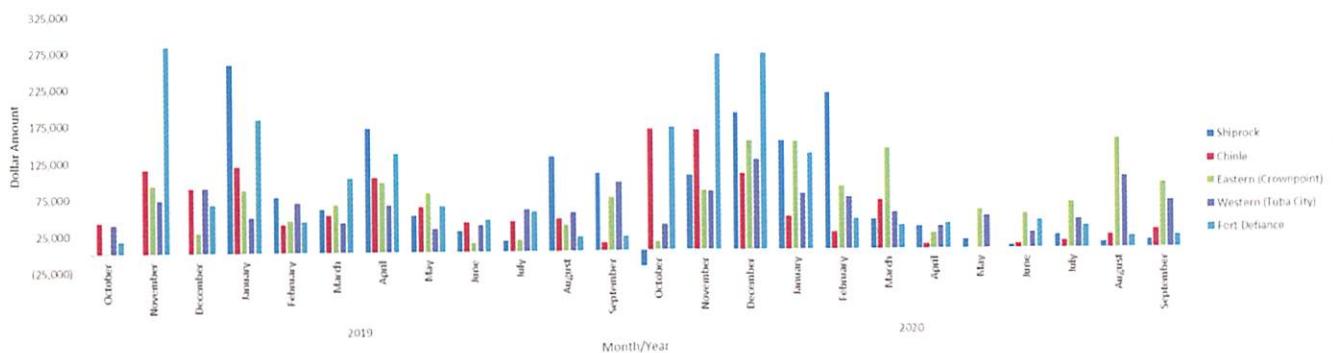
Since the 2020 policy amendments removed the procedures, NNVA is currently operating the financial assistance program without a documented payment process.

Lastly, the following visualizations show the Financial Assistance Program distributions for each month during the audit period for the three types of emergency assistance at each Agency:

Financial Assistance Program Distributions per Month by Agency - 2016-2018



Financial Assistance Program Distributions per Month by Agency - 2019-2020



Negative amounts are the result of the reversal of accounts payable (AP) accrual transactions. A high volume of financial assistance disbursements occur in the first quarter of each fiscal year as well as being more concentrated in the winter months. Program distributions are not made equally throughout the year, contributing to the processing delays.

A new allocation from the Veterans Trust Fund is released at the start of a new fiscal year. Additionally, it was noted that there is an increase in assistance needed during the colder winter months and during the holiday season.

Effect

Eligible beneficiaries of veterans’ trust funds did not receive financial assistance timely.

Personnel time was utilized on financial assistance requests that were not ultimately approved. A significant amount of work hours were allocated to drive time and other costs were incurred by NNVA related to traveling to transport documentation such as for fuel and vehicle wear and tear. If each Agency located outside of the Window Rock area was to travel to Window Rock once per week, it would result in a loss of 78 days of work time as follows:

	Hours round trip to Window Rock weekly	Days round trip to Window Rock weekly
Chinle Agency	104	13
Eastern (Crownpoint) Agency	104	13
Shiprock Agency	156	20
Western (Tuba City) Agency	260	33
TOTAL	624	78

Veterans and others eligible for resources are frustrated with the lack of timeliness in receiving assistance payments, and that builds a lack of trust with NNVA.

When policies and procedures are not documented in writing, approaches may be taken which can lead to organizational inconsistencies and loss of efficiencies.

Cause

The following contributed to the untimely distribution of assistance:

- The process is no longer documented in writing
- The process is entirely paper based. The FMIS system was not utilized by NNVA personnel.
- Multiple sites, agencies and departments in different geographic locations were involved and paperwork was transmitted from location to location primarily by employees driving the documentation
- Numerous approvals were required to receive assistance
- Documentation would arrive at the Agency from the Chapter in various stages of completion and follow up would be required
- Agency reviews would result in determinations that individuals were not eligible for assistance, as the allowable amounts and/or occurrences outlined in the policy were exceeded
- Address change requests created processing delays
- Checks were not distributed directly to the payee by the cashier

Recommendation

Although efficiency improvements have already been made to NNVA’s payment process, NNVA should evaluate the following for continuing process improvement:

- The Financial Assistance Program payment process should be documented in writing from start to finish

- The necessity of providing a Form W-9 with each financial assistance request. If NNVA established an electronic database, a veteran profile could be created and a Form W-9 would not need to be created with each request.
- Feasibility of the use of direct deposit or an electronic payment card system in lieu of manual checks
- NNVA management should evaluate staffing needs not only at the location and position level but also based on individual position and seasonal workloads to ensure customer service is not impacted during high need times of year. Staffing or assigned tasks could be reallocated within each Agency office or within NNVA as a whole to address the needs or the need to hire temporary assistance should be evaluated.

NNVA should establish and document the current payment process to be utilized as a reference to personnel and to avoid inconsistencies. Written procedures should document the process to be followed for all types of payment distributions made by NNVA.

Lastly, NNVA should establish a benchmark and ensure the performance goal is met on an ongoing basis by each operating location.

Finding 6 - Vendor payment procedures were not documented in writing and employees need training on the process.

Criteria

Navajo Nation purchasing policies allow for the use of RDP's for certain items that do not warrant the issuance of an official purchase order to a vendor, such as for utilities. For items requiring a purchase order, the FMIS 6B process is required to be followed.

Resolution HEHSCF-002-12 dated February 8, 2012, implemented the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund*. Section VI of the policies and procedures document outlined the procedures to be followed to process transactions from these funds. The financial assistance policies allow for grants for CVO's to be paid from Veterans Trust Funds monies for items such as award plaques and certificates, office supplies, food, paperware, tablecloths, decorations and other similar items for CVO meetings and holiday dinners amongst other items.

Resolution HEHSCJA-03-20 dated January 8, 2020 rescinded HEHSCF-002-12 and the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* completely removing Section VI Procedures from the document.

Condition

Vendor payments may be initiated at the Chapter level, Agency level or Central Administration. Similar to the financial assistance payment process, the process for paying vendors was entirely paper based and involved the vehicular transfer of documents from one location to another.

The COVID-19 pandemic accelerated the transition to a more automated process, involving the use of emails and scanned documents to transfer information from one location to another.

NNVA personnel indicated there is still confusion and a lack of consistency regarding:

- The process to be followed; some Agencies indicated that a hybrid of the old and new process is still being followed
- Paperwork is still being driven from location to location in some instances
- Items requiring the use of the RDP process versus items requiring quotes to be obtained
- Appropriate level of monitoring and oversight of CVO initiated purchases

The following was also noted during the audit:

- Eight undistributed vendor checks were located at the Shiprock Agency with no supporting information as to why they were not distributed
- The Receiving Record document is a 3 sheet carbon that is being completed utilizing a typewriter

Effect

Vendors did not receive payments timely. A significant amount of work hours were allocated to drive time and other costs were incurred by NNVA related to the traveling to transport documentation such as for fuel and vehicle wear and tear. See Effect for Finding 5 for quantified loss of work time.

When policies and procedures are not documented in writing, varying approaches may be taken which can lead to organizational errors, inconsistencies and loss of efficiencies.

Cause

Many causes of vendor payment delays were similar to those resulting in a delay in providing veterans financial assistance. Additionally:

- There is a lack of written procedures documenting the process to be followed
- NNVA employees need more hands on training, particularly when there is turnover of individuals involved in payment processing.
- Rapid changes in process occurred as a result of the operational changes required in response to the pandemic

Recommendation

NNVA should document the various vendor payment process scenarios in writing. The procedures should incorporate the Navajo Nation RDP guidelines and the FMIS 6B process. Training should be provided to all NNVA employees on the payment processes. Further, Central Administration should monitor the Agencies for adherence to the process and NNVA management should monitor Central Administration for adherence to the process. NNVA should work with the OOC to explore the creation of a fillable PDF form to utilize as a receiving record that would be digitized, rather than using a typewriter to complete the required paperwork.

Lastly, checks that are outstanding greater than a specified time period, typically one year, should be researched and stale dated as appropriate.

Objective 4: Evaluate if NNVA Agency offices are represented equally as indicated by the allocations provided to the agencies for direct and indirect services.

Finding 7 - Financial Assistance Program allocations for 2017-2020 to the 110 Chapters could not be recomputed due to lack of records and supporting information. The 2016 budget could not be located.

Criteria

The *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* indicate that pursuant to 12 N.N.C. § 1176(B), NNVA may provide assistance to individual Navajo veterans or other eligible individuals and grants to CVOs from the Veterans Trust Fund based on a formula as may be designated by NNVA.

Condition

The Financial Assistance Program budgets for each Agency for fiscal years 2017-2020 were as follows:

FINANCIAL ASSISTANCE PROGRAM BUDGET	FMIS Business Units	2017	2018	2019	2020
Chinle Agency	714071-714086, 703071-703086, 703129	\$ 634,460	\$ 769,727	\$ 1,009,339	\$ 726,375
Eastern (Crownpoint) Agency	714014-714044, 703014-703044, 703127	\$ 755,623	\$ 923,483	\$ 1,322,279	\$ 1,273,192
Fort Defiance Agency	714045-714070, 703045-703070, 703125	\$ 767,153	\$ 933,045	\$ 1,323,489	\$ 1,151,705
Shiprock Agency	714105-714124, 703105-703124, 703128	\$ 685,592	\$ 833,722	\$ 1,189,060	\$ 872,970
Western (Tuba City) Agency	714087-714104, 703087-703104, 703126	\$ 673,525	\$ 820,551	\$ 1,134,535	\$ 833,259
TOTAL		\$ 3,516,353	\$ 4,280,528	\$ 5,978,702	\$ 4,857,501

Source: The Navajo Nation Fund Type Budget Summary NNVA
 NOTE: The budget for 2016 could not be located.

We were unable to recompute the Financial Assistance Program allocations to Chapters for fiscal years 2017-2020, as we were unable to obtain supporting documentation for the allocations from NNVA. Additionally, several requests were made to the Navajo Nation Election Administration for the number of registered voters in each Chapter. The response received was that their database system would not allow voter reports to be extracted for previous years.

During fiscal years 2017-2020, NNVA management indicated that financial assistance funds were allocated using the 50/50 formula. The 50/50 formula requires that half of the total budget amount be distributed evenly among the 110 chapters and the other half is distributed to the chapters based on the number of registered voters in each of the 110 chapters.

We were able to determine the amounts reported on the Navajo Nation Fund Type Budget Summary by Chapter agreed to amounts reported in the FMIS system for these fiscal years.

Effect

When the supporting documentation utilized to prepare a calculation is not maintained, the likelihood of recreating the amounts when requested in the future are significantly reduced. Therefore, allocations could be questioned and without adequate supporting documentation, NNVA’s credibility is negatively impacted.

Cause

High levels of turnover in NNVA personnel have occurred over the years. This coupled with the lack of a documented records and information management system led to the loss of critical operational information. Further, the Navajo Nation has a system that organizes some data in silos, which makes it impossible to leverage a full range of data between departments. Data silos are problematic, because the flow of data is restricted, the amount of shareable resources are limited, data is duplicated when it is spread around and shared in multiple places, and inconsistencies can occur when there is not one common data source.

Recommendation

NNVA should ensure Financial Assistance Program allocations are retained and filed, either in hard copy or preferably electronically, along with any amounts needed to support the calculations. The Navajo Nation should identify existing data silos and evaluate whether information, like the number of registered voters in each Chapter, cannot be made available to other departments that need the data in real time.

Finding 8 - The Financial Assistance Program allocation changes implemented in fiscal years 2021 and 2022 based on veteran data appear beneficial overall, but the veteran data could be more reliable.

Criteria

The *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* indicate that pursuant to 12 N.N.C. § 1176(B), NNVA may provide assistance to individual Navajo veterans or other eligible individuals and grants to CVOs from the Veterans Trust Fund based on a formula as may be designated by NNVA.

Condition

Although the audit period was for fiscal years 2016-2020, fiscal years 2021 and 2022 are included in this audit analysis, as a change in funding allocation method occurred having a significant impact on the audit objective beginning with fiscal year 2021.

Beginning in fiscal year 2021, NNVA management determined that the use of the 50/50 formula for allocating Financial Assistance Program funds to each Chapter did not include the main driver for the need for financial assistance funds, which is the number of veterans in each Chapter. The initial 50% component appeared to have created the greatest amount of inequity, as each Chapter received an equal amount regardless of the size or number of veteran members in each Chapter, who are the main beneficiaries of the funds. Additionally, as part of this new methodology, the intent is for any carryover to be pooled and redistributed out to the Chapters based upon veteran counts each year.

The analysis in the following table illustrates that the number of registered voters versus the number of veteran counts utilized by NNVA to perform the fiscal year 2021 and 2022 allocations were very similar. The largest fluctuation noted was that Fort Defiance Agency has 33% of the veteran population versus only 24% of the voter population, resulting in a higher allocation in these fiscal years while other agency allocations experienced a proportional decrease in their allocations.

AGENCY	2021 Number of Registered Voters		2021 Number of Veterans		2021 Number of Veterans to 2021 Number of Voters			2022 Number of Veterans to 2021 Number of Voters		
	Voters	% of Total	of Veterans	% of Total	of Veterans	of Veterans	% of Total	of Veterans	Change in Number of Veterans	% Change in Number of Veterans
Chinle Agency	16,768	15%	1,394	11%	-4%	1,262	13%	-2%	(132)	-10%
Eastern (Crownpoint) Agency	26,299	24%	2,331	19%	-5%	1,718	18%	-6%	(613)	-36%
Fort Defiance Agency	25,993	24%	4,138	33%	9%	3,044	32%	8%	(1,094)	-36%
Shiprock Agency	20,538	19%	2,257	18%	-1%	2,038	21%	2%	(219)	-11%
Western (Tuba City) Agency	19,428	18%	2,375	19%	1%	1,601	17%	-1%	(774)	-48%
TOTAL	109,026	100%	12,495	100%	0%	9,663	100%	0%	(2,832)	-29%

Source: Fiscal Year 2021 and 2022 Financial Assistance Program allocation spreadsheets prepared by NNVA management
 NOTE: The number of registered voters or number of veterans were not agreed to supporting documentation.

The main issue noted is that NNVA needs a more comprehensive and reliable system to capture veteran data to utilize for management needs. The number of veterans used in the calculations for the 2021 and 2022 allocations decreased by 2,832 or 29%, which is a significant change for one year. Further, the allocations only take into account the number of veterans NNVA is aware of, and would not include all Navajo veterans. When a comprehensive listing of veterans was requested for the audit, Agency personnel had to physically count the manual files. The result is as follows:

AGENCY	Number of Veterans
Chinle Agency	1,278
Eastern (Crownpoint) Agency	1,605
Fort Defiance Agency	NOTE
Shiprock Agency	1,643
Western (Tuba City) Agency	1,557
TOTAL	6,083

Source: NNVA personnel manually counted files when information requested for audit.
 NOTE: Fort Defiance Agency did not provide information requested.

The amounts provided for all Agencies are not consistent with the amounts above and information was not provided from Fort Defiance Agency.

The Financial Assistance Program budgets, including percentages, for each Agency for fiscal years 2017-2022 were as follows:

FINANCIAL ASSISTANCE PROGRAM BUDGET	FMIS Business Units	2017	2017 %	2018	2018 %	2019	2019 %	2020	2020 %	2021*	2021 %	2022	2022 %
Chinle Agency	714071-714086, 703071-703086, 703129	\$ 634,460	18%	\$ 769,727	18%	\$ 1,009,339	17%	\$ 726,375	15%	\$ 821,980	11%	\$ 559,069	13%
Eastern (Crownpoint) Agency	714014-714044, 703014-703044, 703127	\$ 755,623	21%	\$ 923,483	22%	\$ 1,322,279	22%	\$ 1,273,192	26%	\$ 1,374,486	19%	\$ 761,078	18%
Fort Defiance Agency	714045-714070, 703045-703070, 703125	\$ 767,153	22%	\$ 933,045	22%	\$ 1,323,489	22%	\$ 1,151,705	24%	\$ 2,439,994	33%	\$ 1,348,498	32%
Shiprock Agency	714105-714124, 703105-703124, 703128	\$ 685,592	19%	\$ 833,722	19%	\$ 1,189,060	20%	\$ 872,970	18%	\$ 1,330,852	18%	\$ 902,838	21%
Western (Tuba City) Agency	714087-714104, 703087-703104, 703126	\$ 673,525	19%	\$ 820,551	19%	\$ 1,134,535	19%	\$ 833,259	17%	\$ 1,400,431	19%	\$ 709,246	17%
TOTAL		\$ 3,516,353	100%	\$ 4,280,528	100%	\$ 5,978,702	100%	\$ 4,857,501	100%	\$ 7,367,743	100%	\$ 4,280,729	100%

Source: The Navajo Nation Fund Type Budget Summary NNVA
 NOTE: The budget for 2016 could not be located.
 * In 2021, there was a one time authorization to reallocate the Housing Program Funds to the Financial Assistance Program Agency opted in to pooling their monies rather than each individual Chapter receiving an allocation

It is evident the funds for fiscal years 2021 and 2022 were allocated based upon the veteran count data obtained by NNVA.

Agencies and Chapters were given the option of having their funds allocated utilizing the 50/50 formula or incorporating the number of veterans into the formula. They were also given the option of maintaining their funds in a separate business unit in FMIS or having their funds pooled with the other Chapters in their Agency in a single business unit. In fiscal year 2021, Fort Defiance and Western (Tuba City) Agency Chapters opted to pool their funds utilizing the new methodology. Beginning in fiscal year 2022, all five Agencies were utilizing a single business unit to account for their funds.

Effect

Every employee interviewed indicated that the change in allocation method has had positive results; primarily in that more veterans are receiving assistance. Under the 50/50 formula, a Chapter could be allocated more funds than could be expended, based on the number of veterans and that the financial assistance amounts are limited to certain amounts per veteran per policy. Under the pooled method, these funds are now available to any eligible veteran agency wide.

Additionally, the utilization of the number of veterans as an allocation driver may encourage NNVA Agencies to engage in more veteran outreach activities, resulting in an increase in the number of veterans, surviving spouses, and gold star mothers the organization can support. However, the lack of consistent and reliable veteran count data could result in the misallocation of funds between agencies.

Cause

The Executive Director realized that all Financial Assistance Program funds were not able to be utilized by veterans, surviving spouses, and gold star mothers due to small populations of these individuals within certain chapters. The utilization of the 50/50 formula did not align the funds with the target population.

Recommendation

A comprehensive database should be utilized by NNVA to house critical operational data, such as information on Navajo veterans. See Finding 11 for additional information.

NNVA should also develop meaningful performance metrics including:

- the number of veterans served by each Agency
- the amount of financial assistance of each type distributed by each Agency

This information should be presented to stakeholders periodically, incorporated into the Agency and NNVA overall performance goals, and benchmarked for progress.

Finding 9 - Four Agencies did not receive carryover funds related to the Financial Assistance Program in fiscal year 2020 based upon a review of FMIS system information.

Criteria

A carryover balance is an amount that is posted to the budget in a new fiscal year, representing the unexpended balance from a prior year. Once the accounting records for one fiscal year are closed, any carryover is typically released to be utilized in the subsequent fiscal year.

Condition

Based upon a comparison of the fiscal year 2019 budgeted amount to the actual expenditures, carryover existed for all Agencies, as all were within budget for the year.

VETERANS FINANCIAL ASSISTANCE PROGRAM	2019 Actuals	2019 Budget	Unexpended
Chinle Agency	\$ 851,512	\$ 1,009,339	\$ 157,827
Eastern (Crownpoint) Agency	\$ 735,402	\$ 1,322,279	\$ 586,877
Fort Defiance Agency	\$ 1,110,279	\$ 1,323,489	\$ 213,210
Shiprock Agency	\$ 947,762	\$ 1,189,060	\$ 241,298
Western (Tuba City) Agency	\$ 767,280	\$ 1,134,535	\$ 367,255
TOTAL	\$ 4,412,236	\$ 5,978,702	\$ 1,566,466

Source: G/L by Business Unit Report (FMIS)
 The Navajo Nation Fund Type Budget Summary NNVA

It is important to note that the budget amounts in the table above represent only the current year allocation amounts, and do not include any potential carryover from previous fiscal years. However, based upon a review of FMIS system reports, the only Agency that received a carryover allocation in fiscal year 2020 was Eastern (Crownpoint) Agency. The Executive Director indicated that carryover is typically made available in March. Agency level personnel indicated that they had yet to receive this carryover as of December 2021.

Effect

Veterans Trust Fund resources identified to provide financial assistance are not available at the Agency level for distribution.

Cause

NNVA management did not work with the Navajo Nation Office of Management and Budget (OMB) to resolve any issues identified to ensure the carryover was released to the Agencies in a timely manner. If NNVA had monitored the budgets closely throughout the year and had thorough supporting documentation, the situation could have been avoided.

Recommendation

Management should ensure this issue is resolved to the satisfaction of both NNVA and OMB. NNVA central administration must communicate with the Agency offices regarding the resolution of the matter.

Finding 10 - Veterans Housing Program funds were allocated equally to the five Agency offices unnecessarily since funds are awarded to each applicant without regard to geographic location.

Criteria

Resolution HEHSCF-03-18 approved the Veterans Housing Program *Policies and Procedures*. Section III. *Eligibility Requirements* outline the requirements an applicant must fulfill in order to be approved to receive a home. The Veterans Housing Program also administers a home improvement program to provide and assist with the maintenance and repair of homes for qualified applicants. The eligibility requirements do not include anything with respect to the agency region an applicant’s Chapter is located within.

Condition

Veterans Housing Program budgets were allocated out to the Agencies equally during the audit period as follows:

VETERANS HOUSING PROGRAM BUDGET	FMIS Business Units	2017	2018*	2019	2020	4 YEAR TOTAL
Chinle Agency	N01298	\$ 871,000	\$ -	\$ 800,000	\$ 779,484	\$ 2,450,484
Eastern (Crownpoint) Agency	N01296	\$ 871,000	\$ -	\$ 800,000	\$ 779,484	\$ 2,450,484
Fort Defiance Agency	N01297	\$ 871,000	\$ -	\$ 800,000	\$ 779,484	\$ 2,450,484
Shiprock Agency	N01300	\$ 871,000	\$ -	\$ 800,000	\$ 779,484	\$ 2,450,484
Western (Tuba City) Agency	N01299	\$ 871,000	\$ -	\$ 800,000	\$ 779,484	\$ 2,450,484
TOTAL		\$ 4,355,000	\$ -	\$ 4,000,000	\$ 3,897,420	\$ 12,252,420

Source: The Navajo Nation Fund Type Budget Summary NNVA

NOTE: The budget for 2016 could not be located.

*No budget allocation in 2018 due to Internal Audit Report results

An allocation of funds to the agency level does not appear warranted as applicant location does not factor into the eligibility criteria. Further, NNVA management indicated that allocating budgeted amounts between the new construction and home improvement categories is needs based.

Effect

Additional and unnecessary recordkeeping was being performed by NNVA and other departments. Further, stakeholders could misinterpret the financial activities of the programs with the expectation that funds are to be made available equally to each Agency.

Cause

The Veterans Housing Program operated for many years without documentation of how the program was administered. It was only in recent years that policies and procedures have been documented.

Recommendation

NNVA should cease to allocate Housing Program funds out to the agency level. Or, if the intent is that all agencies are to benefit equally from these funds, then program criteria should be updated accordingly. If expenditures require tracking at the agency level for reporting purposes, then this can likely be achieved by utilizing another account code element within the account code within FMIS, rather than utilizing five individual business units.

Objective 5: Evaluate how the process for administering veteran trust funds can be improved to facilitate better transparency, fairness, proper accountability, and efficient delivery of services. Evaluate controls at each agency office to prevent the misuse of funds or fraudulent activities.

Finding 11 - NNVA lacks an efficient and effective system for the capturing and accessing of Navajo veteran information utilized to execute the Housing and Financial Assistance Programs as well as information on the Navajo Nation veteran population at large.

Criteria

NNVA program operations require data that has integrity and is maintained securely.

Condition

Veterans Housing Program application files are currently housed at central administration in boxes in hard copy form. The boxes currently occupy an entire office space. NNVA has been in the process of restarting the Veterans Housing Program. The process involved gathering all of the housing application information from all agency locations and relocating the files to the central administration office. Housing program personnel have currently been going through each file and completing document checklists summarizing the mandatory documents, optional documents, and required information currently included in the files for both new construction applicants and renovation/repair applicants. Program personnel have also been reaching out to the veteran applicants and commanders regarding the status of their pending applicants with respect to completeness. It is the intention of NNVA that each application will be re-evaluated and re-verified, to determine the applicants meet the program eligibility criteria. Further, the Executive Director sent a memorandum to each Chapter Veterans Organization (CVO) commander asking the commander to determine if the veterans on the housing applicant list are still interested in the housing program.

To obtain the number of housing applicants, the folders require manual counting by NNVA personnel. As of February 2021, the number of housing applications by agency as identified by NNVA were as follows:

Agency	Number of Housing Applicants*
Chinle Agency	271
Eastern (Crownpoint) Agency	144
Fort Defiance Agency	576
Shipock Agency	218
Western (Tuba City) Agency	156
TOTAL	1,365

*Count of housing applicant files as of February 2021

NNVA indicated that some of the housing files originate as far back as the 1970s. If an applicant makes an inquiry to NNVA regarding their application, the file has to be manually accessed.

Financial Assistance Program files are maintained in hard copy form and in some Agency offices, documentation is digitized. However, to obtain the veteran population of the Navajo Nation served by NNVA, the personnel at each agency office are required to count the number of files. Agency personnel indicated this takes a considerable amount of time and resources.

The information required for veterans to qualify for both programs is the same, for example, the Certificate of Release or Discharge from Active Duty (Form DD 214) and the Navajo Nation Certificate of Indian Blood (CIB). However, documents and information are not shared between programs or Agencies that could assist central administration or an Agency with making an eligibility determination for a program applicant.

Eastern (Crownpoint) Agency personnel indicated that at one point, NNVA utilized SharePoint, a web-based collaborative platform that is primarily utilized as a document management and storage system. The database is not currently utilized by NNVA.

Effect

The performance of follow up inquiries to locate applicants or to obtain information in order to complete housing applications that in some cases were submitted decades ago creates a lack of trust in NNVA by entity stakeholders. Additionally, NNVA currently utilizes the number of veterans by agency to determine the annual financial assistance allocations. Data obtained by personnel manually counting files may not be reliable. Documents obtained to meet eligibility criteria overlap for both programs, however have been obtained multiple times and filed in multiple places. Lastly, lack of information sharing between agencies could result in individuals receiving assistance after applying at multiple agencies after changing chapters.

Cause

Turnover in personnel during the audit period made it difficult to keep initiatives such as the digitization of records and development of a comprehensive database moving forward. Additionally, there was both a lack of awareness of these initiatives and a lack of questioning about why something is being done one way, when there may be a better, more efficient way by NNVA personnel.

Recommendation

NNVA should evaluate the implementation of a database to improve operational efficiencies and enable the organization to provide better customer service. Databases allow large volumes of data to be stored in an organized way in a single place. Data can then be accessed, extracted and summarized by authorized users to meet operational objectives. If a database is established, NNVA should be mindful of the sensitivity of the information contained in the database and should limit access only to those requiring access to perform their job duties and responsibilities. Further, NNVA management should establish an environment where employees feel comfortable freely sharing ideas regarding process improvements to the benefit of the overall organization.

Finding 12 - NNVA lacks a tracking mechanism for veterans who have already received homes.

Criteria

The admission eligibility requirements outlined in the Housing Program Policy indicate that applicants must not have obtained prior housing assistance from the NNVA housing program or any other governmental housing agency (including the Navajo Housing Authority) for the procurement or construction of a new house.

Condition

Four of the ten veterans who received a 3 bedroom modular home during the audit period were listed on the housing application inventory provided, which was dated around the time the final payment was made to the contractor. It is unclear if the existing housing process and manual paper based filing system would prevent these individuals from receiving another home, due to a lack of reliable historical data.

Additionally, based upon NNVA's current policy, applicants must disclose any applications pending or resolved with other governmental housing agencies within the past 15 years.

Effect

A housing applicant could receive multiple homes from governmental housing agencies in violation of the NNVA housing program.

Cause

NNVA lacks a comprehensive database containing Navajo veteran, surviving spouse and gold star mother information, but rather, is reliant on paper based records that have not been maintained and secured over several decades.

Recommendation

NNVA housing personnel should perform research and establish a comprehensive list of the individuals that have received homes via the Veterans Housing Program. The establishment of a database system would allow NNVA to quickly retrieve relevant historical information on each applicant, to assist in making accurate eligibility determinations. Further, communications should be initiated by housing personnel with NHA and other governmental housing agencies on an ongoing basis to verify applicants have not received housing prior to awarding an applicant a home.

Finding 13 - The homeless veteran *Housing Program Policies and Procedures and Eligibility Criteria Rating Sheet* should be evaluated for updates to ensure programs are operated effectively.

Criteria

On February 12, 2018, the *Housing Program Policies and Procedures* document was approved as documented in resolution HEHSCF-03-18.

In September 2021, resolution HEHSCS-15-21 documented the approval of the *Housing Program Policies and Procedures*, as well as a *Home Improvement Program Policy* and a *Housing Action Plan*.

Condition

The most recent version of the *Housing Program Policy* dated September 2021 was reviewed. Although approved after the audit period, our review of the most recent policy prevents the recommendation of an update to the policy for a change that has already been made. Based upon our review of the policy, the following was noted:

- Section II Definitions – Under C. Critical Housing Needs, Section III Screening Factor A last paragraph, Section V. Application Procedures paragraph B, and Section VII Selection of Navajo Veteran Housing Program Applicants A. – the “Eligibility Criteria & Preference Rating Sheet” is not referred to as the “Eligibility Criteria Rating Sheet” as it is named on the actual document.
- Section II Definitions – Under G. Eligibility Criteria – requires a veteran to possess an honorable discharge and under Z. Veteran – requires a person who was discharged or released under conditions other than dishonorable. The policy definitions do not include what constitutes an honorable discharge. There was a lack of clarity on this at the Agency offices on the Financial Assistance Program side. The following (and any other not included below) should be explicitly addressed as acceptable or unacceptable under the definition of honorable discharge:
 - Honorable discharge
 - General discharge under honorable conditions
 - Other than honorable (OTH) discharge
 - Bad conduct discharge (issued by special court martial or general court-martial)
 - Uncharacterized
 - Dishonorable
- Section V Application Procedures B – “personnel” is noted rather than “personal”

- Section V Application Procedures C1c – the policies do not include what documentation is required for each item included on the Eligibility Criteria Rating Sheet. The document checklists are not included in the policy document.
- The Eligibility Criteria Rating Sheet is not included in the policy document.

NNVA developed an *Eligibility Criteria Rating Sheet* to be utilized by the committee to evaluate housing applications. See [Appendix A](#) for a copy of the sheet. Based upon our review of the sheet, the following was noted:

- It is unclear as to why if it is an eligibility requirement for a veteran to be homeless; that item is not listed on the top part of the form along with the DD-214 (honorable discharge), Navajo Certificate of Indian Blood (CIB) and Home-Site Lease eligibility criteria rather than as item 11 worth 50 points. It would not seem necessary to evaluate the application any further if the applicant was not homeless. This makes it particularly important for NNVA to note in the policies what documentation of homelessness is required.
- NNVA indicated this sheet is used to evaluate Home Improvement Program applications as well. Some of the criteria included, such as displacement or homelessness would not be applicable to both programs.
- Number 8 needs a line by it for scoring purposes.
- There are two number 19 items listed.

Effect

The Housing and Home Improvement Programs may not be operated effectively and consistently in absence of clear and thorough policies.

Cause

Policy documents were not thoroughly reviewed by management. The policies and rating sheet utilized have been developed and put into practice recently, as the Housing Program has just in the last few months become active again.

Recommendation

NNVA should evaluate the items above and implement them accordingly to ensure the Housing and Home Improvement Programs are operated with clarity and consistency. Additionally, NNVA should evaluate whether a separate rating sheet should be created for the housing improvement program, as different criteria exist.

Finding 14 - The homeless veteran housing eligibility criteria evaluation committee rating process could be automated to increase efficiency and accuracy.

Criteria

In September 2021, resolution HEHSCS-15-21 documented the approval of the *Housing Program Policies and Procedures* as well as a *Home Improvement Program Policy*. These documents outline the applicant selection procedures for the programs.

Condition

During fieldwork, the housing committee evaluation process was observed and the following was noted:

- The process kept the applicant confidential and involved a three person committee with a fourth individual going through the applicant file and providing the committee with verbal information
- The evaluation process is entirely manual. Each committee member independently completes the *Eligibility Criteria Rating Sheet*, which is important, however it requires each person to perform manual date and other mathematical calculations. For example:
 - One point is assigned for every month of the application's age
 - One point is assigned for every year of military service
 - One point is assigned for every year over age 62
 - Grand total requires manual summation
- The process documentation does not specify how the points will be assigned for the month or year the requirement was initiated
- Once the committee completes an applicant review, the sheets are passed to the caller to be logged on the waiting list at a later time

Effect

While keeping the applicant confidential is a critical part of the review process to ensure the process is free from bias, the information the committee evaluates is dependent on the information provided by the "caller", and therefore there is a possibility something in the file could be missed.

A considerable amount of NNVA personnel time will be required to reevaluate the over 1,300 housing applications currently at central administration. Automating the process will reduce the time investment while reducing the risk of human error.

Cause

The process is a new one at NNVA, as the Housing Program is just starting up again after several years of inactivity.

Recommendation

Once the initial committee evaluation review is completed, another member of the committee should review the file to ensure no documentation was missed. The Eligibility Criteria Rating Sheet should be replicated in a preformatted spreadsheet. Once developed and tested, the form would be locked down with respect to edits other than for a committee member to fill out scoring portion of the form. The spreadsheet would allow for the entry of a date for example, and then a formula would calculate the number of points for that specific criteria. The policy should be modified to include how points are to be allocated for partial months or years. Eligible applicants should be placed on a spreadsheet waiting list by program, applicant number and score immediately following the application evaluation process. Applicants determined ineligible for any reason should be logged onto another tab of the spreadsheet. Following each committee session, comprehensive and current waiting lists and ineligible lists should be emailed to all parties involved to ensure the integrity of the listings are maintained and veteran applicants should be notified of the committee decision.

Finding 15 - NNVA offices could be restructured to improve customer service, particularly related to communications and the application intake process.

Criteria

Focusing on customer communications and satisfaction is important to NNVA's success in meeting the NNVA objectives outlined in the plan of operations.

Condition

NNVA Agency personnel indicated that more and more communications and documents are being provided through email. When there is turnover in personnel, these communications and documents are not addressed in a timely manner, as they are either not received because they are sitting in an inactive email or because a new employee email has not yet been set up.

One Agency office visited did not have a working phone system. One Agency office visited indicated there is no call waiting feature for the phone system. Agency personnel indicated that if the Office Assistant was away from the front desk, other office personnel do not prioritize the answering of phone calls.

Housing and Financial Assistance Program applications/forms were entirely paper based, but are becoming more automated. Agency office personnel are often times required to provide assistance to applicants in completing the required applications and other paperwork.

Effect

Dissatisfaction from veterans regarding the level of customer service NNVA provides including a lack of timeliness of assistance in processing applications and requests.

Cause

When there is turnover in personnel, new employee email can take a considerable amount of time to be established. There is a lack of monitoring by NNVA management to ensure employees' have the tools needed to perform their job responsibilities.

Recommendation

Each agency office should have a general email address (for example chinlennvaagency@navajo-nsn.gov). Instructions to customers should indicate what type of communications and documents should be directed to the office general email address, rather than to a specific employees' email address. Further, when an employee separates from NNVA, their emails should be forwarded immediately to another employee within the agency to respond to in a timely manner.

NNVA should establish a system for and encourage the intake of application information electronically. Fillable applications/forms should be made available on the NNVA website that can be configured to be submitted in an electronic format. Data fields could be established as mandatory, which would reduce the number of instances paperwork was determined to be incomplete further along in the evaluation process.

NNVA offices could be reconfigured to have a public computer terminal available for the applicant to complete the required documents electronically with the assistance of NNVA personnel if needed.

Agency office should set meaningful performance goals related to customer service. Management at each location should lead by example and demonstrate a willingness to perform any required task at any time to ensure a positive customer service experience for all. Surveys or other feedback should be solicited to measure performance.

Finding 16 - Agencies executed financial assistance distributions that were not in accordance with the Financial Assistance Policy.

Criteria

Resolution HEHSCF-002-12 dated February 8, 2012, implemented the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund*. Section VI of the policies and procedures document outlined the procedures to be followed to process transactions from these funds.

Resolution HEHSCJA-03-20 dated January 8, 2020 rescinded HEHSCF-002-12 and the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* completely removing Section VI Procedures from the document.

The current Financial Assistance Program policies allow for access to various types of assistance such as:

- Emergency assistance (*referred to as hardship*) for items such as food and vehicle fuel to cover costs for one month not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Emergency assistance (*referred to as energy*) for heating costs including firewood, pellets, coal, and propane not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Home improvement (*referred to as self help materials*) such as lumber, windows, doors, insulation, paint, brushes, rollers, nails, doorknobs, septic tank clean-out, and chimney pipes not to exceed \$700. This assistance is limited to one time per fiscal year per individual.

To be eligible for a Veterans Trust Fund distribution, the CVO must be duly organized with duly elected or appointed CVO officers. Lastly, the policy states that NNVA employees who are Navajo veterans are not eligible to receive assistance from the Veterans Trust Fund.

Condition

A program was developed by the audit team utilizing Python, a general-purpose programming language to analyze Financial Assistance Program payments made directly to veterans for hardship (8060), energy (8065) and self help (8515). The program evaluated if the number of distributions exceeded the allowable amount per policy and then identified cumulative distributions over the allowable amount. Additionally, we evaluated if current employees received distributions from the Financial Assistance Program during the audit years. The following discrepancies were noted:

Type of Financial Assistance	Chinle Agency	Eastern (Crownpoint) Agency	Fort Defiance Agency	Shiprock Agency	Western (Tuba City) Agency
Hardship Assistance (Object 8060)					
a. Payments received over the limitations allowed by policy	575 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 494 instances, more than the allowable \$600 was distributed.	295 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 257 instances, more than the allowable \$600 was distributed.	543 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 515 instances, more than the allowable \$600 was distributed.	316 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 304 instances, more than the allowable \$600 was distributed.	775 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 740 instances, more than the allowable \$600 was distributed.
b. Employees received assistance	<ul style="list-style-type: none"> One current employee at the time received \$300 in 2017 & \$300 in 2019 	<ul style="list-style-type: none"> One current employee at the time received \$300 in 2016 One current employee at the time received \$550 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$600 in 2016, \$600 in 2017, & \$600 in 2018 One current employee at the time received \$300 in 2016 One current employee at the time received \$300 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$600 in 2016 One current employee at the time received \$300 in 2019 One current employee at the time received \$300 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$675 in 2019 One current employee at the time received \$250 in 2020
Energy Assistance (Object 8065)					
a. Payments received over the limitations allowed by policy	44 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 38 instances, more than the allowable \$600 was distributed.	28 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 21 instances, more than the allowable \$600 was distributed.	77 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 68 instances, more than the allowable \$600 was distributed.	185 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 149 instances, more than the allowable \$600 was distributed.	104 failed instances from 2016-2020 of more than two payments given to an individual Veteran during the year. In 93 instances, more than the allowable \$600 was distributed.
b. Employees received assistance	<ul style="list-style-type: none"> One current employee at the time received \$300 in 2019 	<ul style="list-style-type: none"> One current employee at the time received \$600 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$600 in 2017 & \$600 in 2018 One current employee at the time received \$300 in 2016 One current employee at the time received \$300 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$300 in 2019 One current employee at the time received \$600 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$600 in 2019
Self-Help Assistance (Object 8515)					
a. Payments received over the limitations allowed by policy	9 failed instances out of 359 from 2016-2020 of more than one payment given to an individual Veteran during the year. In 7 instances, more than the allowable \$700 was distributed.	14 failed instances out of 429 from 2016-2020 of more than one payment given to an individual Veteran during the year. In 12 instances, more than the allowable \$700 was distributed.	24 failed instances out of 1240 from 2016-2020 of more than one payment given to one Veteran during the year. In 23 instances, more than the allowable \$700 was distributed.	N/A	13 failed instances out of 271 from 2016-2020 of more than one payment given to one Veteran during the year. In all 13 instances, more than the allowable \$700 was distributed.
b. Employees received assistance	N/A	<ul style="list-style-type: none"> One current employee at the time received \$700 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$700 in 2018 One current employee at the time received \$700 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$700 in 2020 	<ul style="list-style-type: none"> One current employee at the time received \$700 in 2020

Additionally, samples of financial assistance distributions from the Veterans Trust Fund were selected across all agencies over the five fiscal years under audit, with the following items being noted:

	Chinle Agency	Eastern (Crownpoint) Agency	Fort Defiance Agency	Shiprock Agency	Western (Tuba City) Agency
Discrepancies noted	<ul style="list-style-type: none"> For six of 36 selections, support was not provided For one of 30 selections, a FAF was not provided For six of 30 selections, meeting minutes approving the transaction were not provided For five of 30 selections, eligibility criteria support not provided For one of 30 selections, eligibility criteria was not met, as the veteran was not honorably discharged 	<ul style="list-style-type: none"> For two of 69 selections, the support provided was insufficient For one of 69 selections, the eligibility criteria was not met, as the marriage license provided did not contain the correct name For eight of 69 selections, meeting minutes approving the transaction were not provided 	<ul style="list-style-type: none"> For 45 of 70 selections, support was not provided For 24 of 25 selections, meeting minutes approving the transaction were not provided For three of 25 selections, eligibility status documentation was not provided 	<ul style="list-style-type: none"> For seven of 43 selections, support was not provided For five of 36 selections, meeting minutes approving the transaction were not provided For two of 36 selections, support for Veteran or like status was not provided 	<ul style="list-style-type: none"> For 18 of 44 selections, support was not provided For three of 26 selections, the support was insufficient, as a FAF or invoice was not provided For three of 26 selections, meeting minutes approving the transaction were not provided

In addition to reviewing Financial Assistance Program disbursements, we reviewed a sample of files to determine eligibility documents were present. Our findings are as follows:

Eligibility Criteria Review	Chinle Agency	Eastern (Crownpoint) Agency	Fort Defiance Agency	Shiprock Agency	Western (Tuba City) Agency
Total Number of Files Tested	20	30	32	20	20
A Navajo Veteran whose character of discharge is other than dishonorable. Must submit a copy of DD-214 or Discharge Certificate. Gold Star Mother Surviving Spouse	<ul style="list-style-type: none"> For 13 of 20 selected, supporting documentation that eligibility criteria was met was not on file 	<ul style="list-style-type: none"> For one of 30 selected, supporting documentation that eligibility criteria was met was not on file For two of 30 selected, individuals were CVO chapter secretaries, and therefore were ineligible to receive assistance. They received \$2,250 in assistance over the audit period. For two of 30 selected, no support could be provided. It appears one individual is with the Fort Defiance Agency, but their FMIS account code was incorrect and therefore their assistance was charged to this Agency. The other received \$900 in financial assistance during the audit period. 	<ul style="list-style-type: none"> For one of 32 selected, supporting documentation that eligibility criteria was met was not on file For two of 32 selected, individuals were CVO chapter secretaries, and therefore were ineligible to receive assistance 	N/A	<ul style="list-style-type: none"> For one of 20 selected, supporting documentation that eligibility criteria was met was not on file
Enrolled member of the Navajo Nation	<ul style="list-style-type: none"> For one of 20 selected, a Certificate of Indian Blood was not provided 	N/A	N/A	<ul style="list-style-type: none"> For one of 20 selected, a Certificate of Indian Blood was not provided 	<ul style="list-style-type: none"> For one of 20 selected, a Certificate of Indian Blood was not provided
Registered to vote in their chapter as evidenced by Navajo Nation voter registration information	<ul style="list-style-type: none"> For three of 20 selected, Navajo Nation voter registration information was not provided 	<ul style="list-style-type: none"> For two of 30 selected, Navajo Nation voter registration was not provided 	<ul style="list-style-type: none"> For one of 32 selected, the selection was registered to vote in a different chapter than they were listed with 	<ul style="list-style-type: none"> For three of 20 selected, Navajo Nation voter registration information was not provided 	<ul style="list-style-type: none"> For 14 of 20 selected, Navajo Nation voter registration was not provided

Other items noted during our review of transactions and discussions with personnel at the Agency level:

- Payments were generated prior to the date located on the Financial Assistance Request Form
- Payment amounts exceeded the amount noted on the Financial Assistance Request Form

- There is a need for additional guidance and direction on CVO purchases
- The policies do not require evidence of need
- Agency personnel indicated they are at times presented with discharge forms that appear to have been altered
- Agency personnel continue to utilize various methods to verify what financial assistance has previously been approved including the maintenance of excel ledgers, making manual notations on forms, and the use of the FMIS system
- One Agency provided an internally prepared document with additional information on the Financial Assistance Program
- One Agency provided a Check Off List utilized
- Fort Defiance Agency was unable to provide evidence of CVO elections or appointments for our sample

Effect

NNVA is not complying with policies and procedures. Veterans Trust Funds were not utilized appropriately, as they were either provided to individuals who had already received the maximum amount of assistance or were provided to employees or CVO secretaries, who are ineligible. Additionally, Veterans Trust Fund purchases were not properly supported.

Cause

The FMIS system was not utilized by NNVA personnel during the audit period. Therefore, reliance was solely on internally created excel ledgers or manual notations on documents to determine if assistance request should be approved. Even now with the use of FMIS, if payments are not processed timely, historical information may not be in the system to look up. Certain types of assistance allow for two payments, which may be made one right after the other. The Agencies lacked an internal control process to prevent noncompliance distributions.

Lack of documented procedures and consistency.

Turnover in personnel at the Agencies. Fort Defiance Agency had all new personnel at the time of the audit site visit, therefore the NNVA employees had a difficult time locating documents.

Recommendation

A comprehensive database should be utilized by NNVA to house critical operational data, such as the amount of financial assistance provided to each customer. NNVA personnel should be able to access real time information on the transactions with each individual eligible to receive Veterans Trust Funds. NNVA should investigate the systems utilized by other Navajo Nation assistance programs and evaluate for usage for its programs. It is imperative a rigorous internal control system is implemented to prevent policy exceptions in the future.

A comprehensive and uniform process should be established and documented for the administration of the Financial Assistance Program.

An agency wide standard file checklist should be developed and implemented for paper based records. An agency wide filing method should be implemented for NNVA files.

Each Agency should maintain a current CVO officer listing to ensure only eligible individuals receive stipends.

NNVA should evaluate the creation and utilization of a NNVA financial assistance eligibility card to be utilized by veterans, surviving spouses and gold star mothers to more quickly verify eligibility during the financial assistance application process once eligibility criteria have been determined to have been met.

NNVA should also evaluate the possibility of collaborating at the federal level to verify veteran status.

NNVA management should increase employee and CVO training efforts. An on demand webinar could be prepared outlining the Financial Assistance Program requirements that could be viewed at any time.

Internal audits should be conducted regularly by NNVA management to monitor adherence to policies. Financial data should be reviewed regularly and critically for noncompliance.

Finding 17 - Financial Assistance Program policies require clarification to minimize confusion and maximize consistency.

Criteria

Resolution HEHSCF-002-12 dated February 8, 2012, implemented the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund*. Section VI of the policies and procedures document outlined the procedures to be followed to process transactions from these funds.

Resolution HEHSCJA-03-20 dated January 8, 2020 rescinded HEHSCF-002-12 and the amended *Policies and Procedures – Financial Assistance from the Navajo Nation Veterans Trust Fund* completely removing Section VI Procedures from the document.

Policies for Financial Assistance from the Navajo Nation Veterans Trust Fund were approved by the Navajo Veterans Advisory Council on October 6, 2020 in Resolution No. 16-20.

Condition

During our detailed review of the financial assistance policy and discussions with personnel at the agency level, the following items were noted with respect to the financial assistance policy and its application:

- Several areas were noted that created confusion and require clarification. Several memorandums were brought to our attention throughout the audit that addressed some of the areas.
 - The following (and any other not included below) should be explicitly addressed as acceptable or unacceptable under the definition of honorable discharge:
 - Honorable discharge
 - General discharge under honorable conditions
 - Other than honorable (OTH) discharge
 - Bad conduct discharge (issued by special court martial or general court-martial)
 - Uncharacterized
 - Dishonorable
 - Policy should clarify what documentation is required to link a surviving spouse to a veteran (marriage certificate etc.)

- Policy should also clarify if the individuals must be married at the time of the veterans death to be eligible to receive financial assistance
- If individuals must be married at the time of death, the policy should clarify if a death certificate must be obtained noting the veteran was married and containing the name of the spouse
- Policy should clarify what documentation must be obtained from a surviving spouse. Some files included a CIB and voter registration for the spouse, which may not be necessary
- Clarification is needed if a current form of identification (ex. drivers license) must be obtained
- Policy should clarify what copy of a DD-214 must be obtained

The most recent version of the *Policies for Financial Assistance from the Navajo Nation Veterans Trust Fund* dated October 2020 was reviewed. Although approved after the audit period, this prevents the recommendation of an update to the policy for a change that has already been made. Based upon our review of the policy, the following was noted:

- IV Eligibility Criteria C. the word “be” should be removed
- V Allowable Expenditures B1 – the last sentence refers to Section VI(F) which is not contained in the document
- V Allowable Expenditures C2 – refers to a grant application that each organization is to submit. When the grant application was requested, the Executive Director noted that there was not a standard document to be utilized.

Effect

The Financial Assistance Program may not be operated effectively and consistently in absence of clear and thorough policies and direction.

Cause

Policy documents were not thoroughly reviewed by management. Current policy is vague or does not include all relevant information.

Recommendation

NNVA should evaluate the items above and implement them accordingly to ensure the Financial Assistance Program is operated with clarity and consistency. Memorandums issued by NNVA to clarify policy application should be incorporated into the policy itself. It is recommended that standard documents are created to ensure processes are implemented consistently by Chapters and Agencies.

Finding 18 - NNVA's Financial Assistance Program policies have not changed in terms of the types and amounts of assistance and the number of allowable distributions in over a decade.

Criteria

NNVA's Financial Assistance Program is structured to provide veterans, surviving spouses and gold star mothers with assistance in these primary areas:

- Emergency assistance (*referred to as hardship*) for items such as food and vehicle fuel to cover costs for one month not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Emergency assistance (*referred to as energy*) for heating costs including firewood, pellets, coal, and propane not to exceed \$300 per assistance. This assistance is limited to two times per fiscal year per individual.
- Home improvement (*referred to as self help materials*) such as lumber, windows, doors, insulation, paint, brushes, rollers, nails, doorknobs, septic tank clean-out, and chimney pipes not to exceed \$700. This assistance is limited to one time per fiscal year per individual.

The goal of the program is to ensure available resources are transferred to support individuals who have identified these items as needs.

Condition

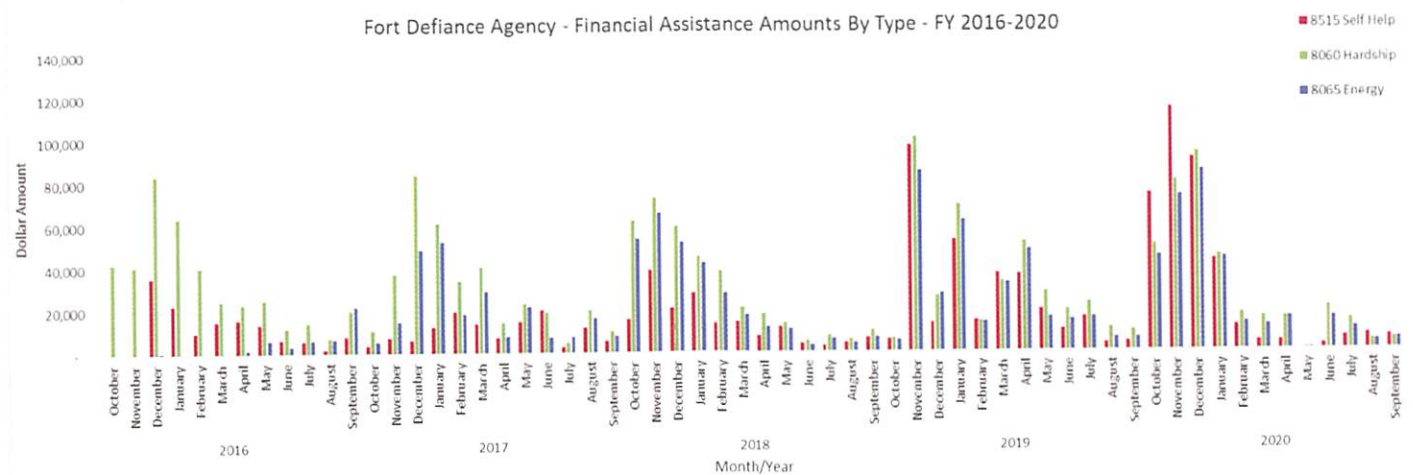
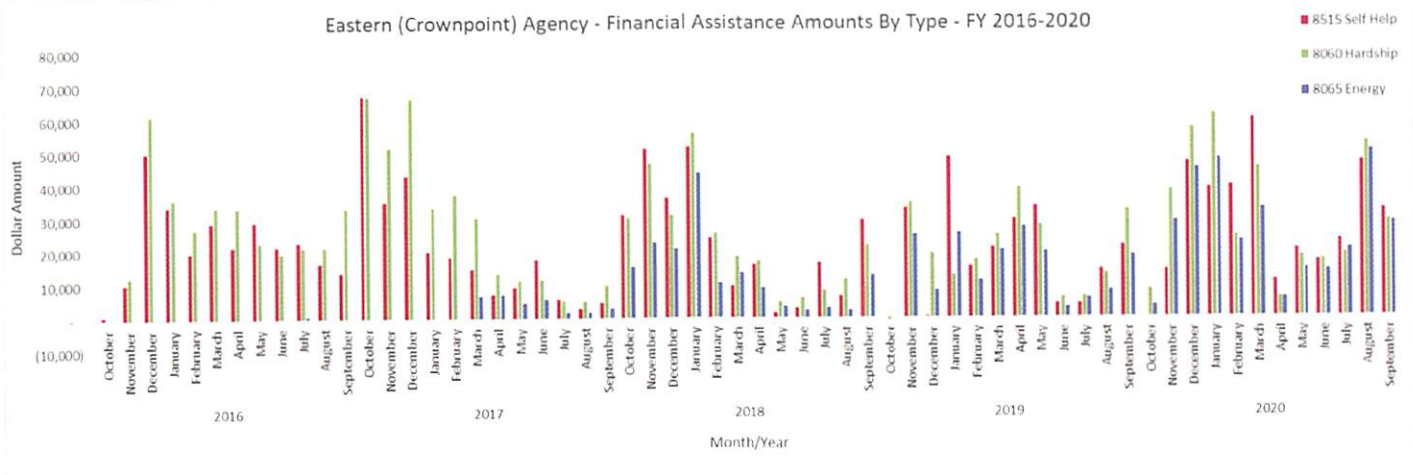
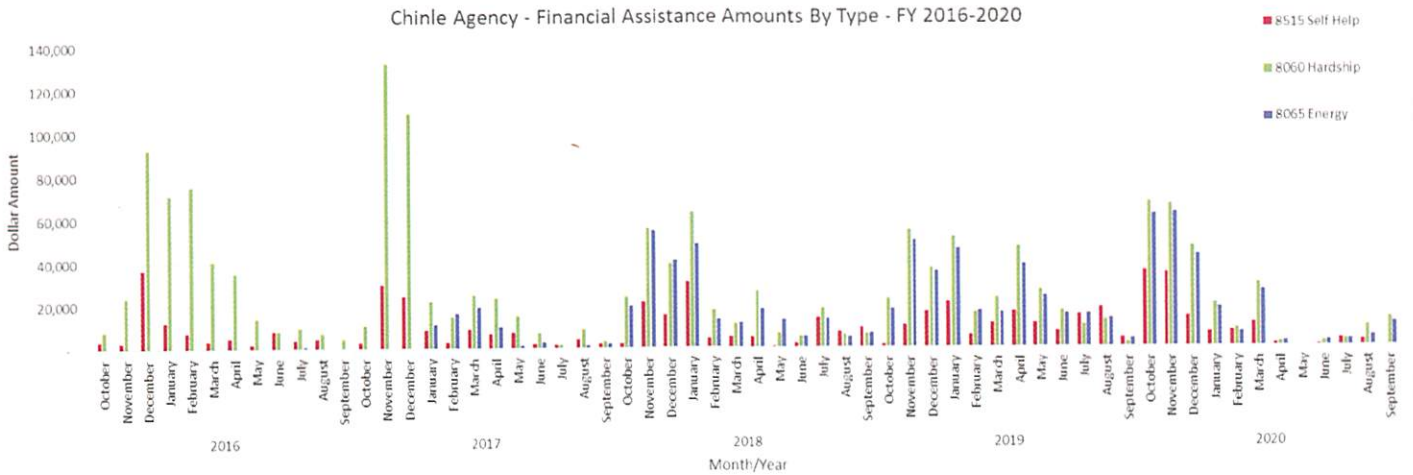
NNVA's Financial Assistance Program policies have not changed in terms of the types of assistance, amounts of assistance, and number of allowable distributions in over a decade.

During this time, other changes have occurred such as process changes and changes in market conditions, including inflation.

NNVA personnel noted the following during discussions:

- Assistance requests could be staggered for assistance types where two requests are permissible. Doing so could allow more veterans to receive assistance before funds are exhausted. Personnel at one Agency indicate they will deny a second request for assistance until all veterans have the opportunity to receive funds for a first request. This may be reflected in the distribution charts below.
- The individual allotment amounts could be reduced and the number of payments increased
- Self Help assistance funds are exhausted very quickly. This may be reflected in the distribution charts below.
- The perception is that some Agency personnel critically analyze assistance requests or request more documentation than others. This may be reflected in the distribution charts below.
- The lack of proof of documentation of fund utilization, for example, with self help assistance should be evaluated
- Although the change in the financial assistance payment process has had a positive impact, the CVO's may not be as aware of what the veteran population's needs are now that they are no longer required to attend meetings and they are no longer seeing the financial assistance request paperwork
- With the housing renovation program up and running again, self help materials may not be in as great of need

Visualizations of the amount of self help assistance (object code 8515), hardship assistance (8060) and energy assistance (8065) distributed each month at each Agency over the five year audit period are included below. Negative amounts are the result of the reversal of accounts payable (AP) accrual transactions.



Objective 6: Evaluate treatment of male and female veterans by NNVA when requesting financial assistance.

Finding 19 - Demographic information on the Navajo veteran population cannot be extrapolated by NNVA in a meaningful way for analysis. See also Finding 11.

Criteria

The ability to respond to inquiries from stakeholders with timely and reliable data builds trust.

Condition

NNVA records are maintained almost entirely on paper. Those records that are digitized are mainly in a PDF format. In response to a request to provide demographic information on Navajo veterans, including gender, it was noted that NNVA would have to look at every hard copy record to obtain the information.

With respect to gender and NNVA's assistance programs, the following was noted:

- Number 12 on the *Homeless Veteran Housing Eligibility Criteria Rating Sheet* allots 50 points to the veterans for being female
- The *Financial Assistance Request Form* does not request gender information
- During our review of detailed transactions, there was no evidence gender impacted the approval or denial of assistance

Per discussion with Agency personnel, the following was noted:

- Financial assistance monies are reaching more veterans now that CVO approvals are no longer required
- Prior to the change, individuals who were unable to attend meetings due to having other commitments are now able to apply for assistance and that may change the age and gender demographics

Effect

Data cannot be accessed, extracted and summarized in a meaningful way. Lack of data results in the inability for NNVA to respond to inquiries or accommodate data requests.

Cause

Turnover in personnel during the audit period made it difficult to keep initiatives such as the digitization of records and development of a comprehensive database moving forward.

Recommendation

NNVA should evaluate the implementation of a database to improve operational efficiencies and enable the organization to provide better customer service. Databases allow large volumes of data to be stored in an organized way in a single place. Data can then be accessed, extracted and summarized by authorized users to respond to inquiries and accommodate data requests.

Objective 7: Evaluate consistency by agency offices in providing financial assistance for Navajo veterans such as burial assistance.

Finding 20 - Inconsistencies in process application and Agency General Fund funding was noted for honor guard, color guard, and cost of a casket assistance.

Criteria

Written policies and procedures dated July 2010 outline information regarding assistance to be provided by NNVA from General Funds to financially compensate Navajo veterans who:

- Participate in an honor guard detail at a funeral service for a deceased Navajo veteran on the Navajo Nation or in a town bordering the Navajo reservation
- Participate in color guard details at patriotic events on the Navajo Nation or in towns bordering the Navajo reservation
- To financially assist a Navajo family of a deceased Navajo veteran toward the cost of a casket in an amount of \$500

The honor guard policies and procedures indicate that a *Financial Assistance Request Form* and an *Honor Guard Detail Request form* are to be utilized. The color guard policies and procedures indicate that a *Financial Assistance Request Form* and a *Color Guard Detail Request form* are to be utilized. Employees who are Navajo veterans may serve on an honor or color guard detail, but will not be financially compensated for his/her service.

The cost of a casket (burial) policies and procedures indicate that the check will be made payable to the mortuary that is handling the funeral service. The policy states that the NNVA central or agency office will deliver the check directly to the mortuary. Further, in January 2021, the Navajo Nation President signed an updated policy document *Policies for Veterans Trust Fund Assistance toward Burial Costs* pursuant to resolution 05-21.

All policies and procedures state that financial assistance is contingent upon the availability of funds.

Condition

Honor guard, color guard, and burial assistance (cost of a casket) were to be provided from general funds per policy. Agency general fund budgets were as follows during the audit period:

AGENCY GENERAL FUNDS	FMIS Business Units*	2017		2018		2019		2020		% of 2021 Registered Voter Population	% of 2021 Veteran Population
		\$	% of total	\$	% of total	\$	% of total	\$	% of total		
Chinle Agency	114013/103016	\$ 267,272	27%	\$ 234,865	25%	\$ 234,865	25%	\$ 230,000	23%	15%	11%
Eastern (Crownpoint) Agency	114014/103017	\$ 148,295	15%	\$ 149,203	16%	\$ 149,203	16%	\$ 185,000	18%	24%	19%
Fort Defiance Agency	114015/103018	\$ 261,520	26%	\$ 255,858	27%	\$ 255,858	27%	\$ 220,000	22%	24%	33%
Shiprock Agency	114016/103019	\$ 161,167	16%	\$ 163,423	17%	\$ 163,423	17%	\$ 198,000	19%	19%	18%
Western (Tuba City) Agency	114017/103020	\$ 156,236	16%	\$ 151,362	16%	\$ 151,362	16%	\$ 185,000	18%	18%	19%
TOTAL		\$ 994,490	100%	\$ 954,711	100%	\$ 954,711	100%	\$ 1,018,000	100%	100%	100%

Source: The Navajo Nation Fund Type Budget Summary NNVA

NOTE: The budget for 2016 could not be located.

* The FMIS Business Units for each Agency during the audit period

Beginning in fiscal year 2022, NNVA indicated that these types of assistance will be funded with Veterans Trust Funds rather than with Agency general funds.

Additionally, samples of financial assistance distributions from Agency general funds were selected across all agencies over the five fiscal year under audit, with the following items being noted:

Type of Financial Assistance	Chinle Agency	Eastern (Crownpoint) Agency	Fort Defiance Agency	Shiprock Agency	Western (Tuba City) Agency
Burial Assistance (Object 8055)					
a. Discrepancies	<ul style="list-style-type: none"> One payment selected for testing, supporting documentation that eligibility criteria was met was not on file 	<ul style="list-style-type: none"> One payment selected for testing, supporting documentation that eligibility criteria was met was not on file One payment was over the allowed policy amount by \$150 Some support requested was not provided 	<ul style="list-style-type: none"> For all selections, no support provided One payment for \$500 in fiscal year 2019 was paid directly to an individual and not a mortuary 	<ul style="list-style-type: none"> Four payments selected for testing, supporting documentation that eligibility criteria was met was not on file Checks were located on site that were for burial assistance that were never passed on to the vendor 	<ul style="list-style-type: none"> One payment selected for testing, supporting documentation that eligibility criteria was met was not on file One payment for \$150 in fiscal year 2017 was paid directly to an individual and not a mortuary Some support requested was not provided
Color/Honor Guard Assistance (Object 6930)					
a. Discrepancies	<ul style="list-style-type: none"> One payment selected for testing, supporting documentation that eligibility criteria was met was not on file Some support requested was not provided 	<ul style="list-style-type: none"> For all selections, no support provided 	<ul style="list-style-type: none"> For all selections, no support provided 	<ul style="list-style-type: none"> Some support requested was not provided 	<ul style="list-style-type: none"> Not enough transactions to warrant testwork
b. Employees Receiving Assistance	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> One current employee at the time received \$200 in 2019

Only two Agencies were noted to be utilizing the *Honor Guard Detail Request form* and *Color Guard Detail Request form* referenced in the policies, and the forms differed in appearance at each Agency. A Check Off List for General Fund Assistance for these types of assistance was noted to be utilized at these two Agencies as well. The other Agency offices utilized the documents outlined in the payment process, such as the *Financial Assistance Request Form* only without the specific forms or Check Off List.

Effect

Because Agency general fund allocations are for operating costs such as salaries, benefits, and utilities, without correlation to the chapter size or veterans population, there is the potential that the resources for these types of assistance may not be available to veterans and veteran families. When comparing the Agency general fund allocations for the audit years to the registered voter populations and veterans populations for 2021, Chinle Agency appears to have received more funds proportionate to the size of the Agency, whereas Eastern (Crownpoint) and Fort Defiance Agencies received less.

Cause

Policies and procedures were not adhered to. Transactions are not processed consistently between Agencies. Turnover in personnel at the Agencies. Fort Defiance Agency had all new personnel at the time of the audit site visit, therefore the NNVA employees had a difficult time locating documents.

Recommendation

NNVA should ensure funds are made available for honor guard, color guard, and cost of a casket assistance based upon the cost driver, the number of veterans. Honor guard and color guard policies should be updated to reflect the change in funding from general funds to Veterans Trust Funds in the current period and clarifications noted in other areas of the report should be incorporated into the policies to minimize confusion. A detailed process should be developed and documented and then employees should be trained on the process to ensure the financial assistance is administered consistently.

Finding 21 - NNVA step by step position processes are not documented in writing.

Criteria

The control activities component of the Committee of Sponsoring Organization's (COSO) integrated framework indicates that policies and procedures should be established to support the achievement of objectives.

A desktop procedure manual describes in detail each basic task and procedure needed to accomplish a specific job effectively and accurately.

Condition

While NNVA has established high level policies, the organization lacks written procedures for each position. The existence of desktop manuals help to assure the consistency of task performance and allows management to hold employees accountable for reliable results.

It was noted that desktop manuals are not in place organization wide at NNVA. Supplemental resources have been prepared at some of the agencies documenting things like how to complete various forms or to expand on information included in the policies to share with customers. Eastern (Crownpoint) Agency indicated the preparation of Standard Operating Procedures for each position, however the documents only summarize the responsibility of each position and include a job description.

Effect

Operational inconsistencies develop throughout the organization. Business operations do not continue as seamlessly when employee turnover occurs.

Cause

The creation of desktop manuals was not a priority, nor was the need to do so communicated to employees by management.

Recommendation

Because NNVA Agency operations are standard, desktop manuals should be prepared for each position. The manuals should include detailed information of how the various tasks of each desk are accomplished. The manual should include:

- Primary contacts
- Task grid – includes major activities of the position and how frequently each task is performed
- Key processes – broken down into small steps
- Flow charts
- Screen shots
- Helpful links
- Date the manual was last updated

Individuals throughout the organization should be tasked with documenting the detailed procedures to accomplish the tasks of their desk. This can be prioritized during a less busy time of year. Personnel in the same or similar positions should meet to review the documentation provided, vet through the information, and consolidate into one cohesive document. Once completed, the desk top manuals should be reviewed by NNVA management before finalizing and publishing.

Objective 8: Evaluate compliance with Navajo Nation Personnel Policies when hiring managerial positions.

Finding 22 - There was a lack of stability in leadership and a high degree of turnover contributing to position vacancies at NNVA.

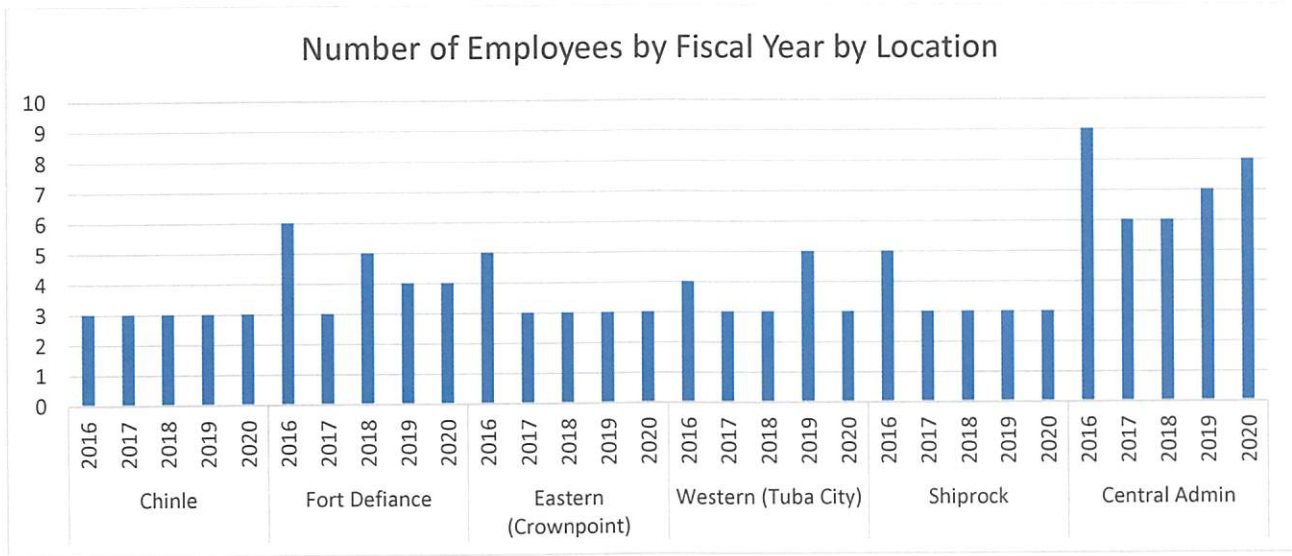
Criteria

Management and employee stability is needed for an organization to operate efficiently and effectively and to consistently meet goals and timelines.

Resolution CJA-3-16 indicates “The Executive Director position shall be created through a contract to provide flexibility, stability and continuity”. Further, it indicates that “The President of the Navajo Nation, after consultation with the Navajo Nation Veterans Advisory Council, shall retain by contract for a term of six (6) years an Executive Director who shall head the Veterans Administration”.

Condition

NNVA had the following number of employees by fiscal year and location during the audit period:



In the five years under audit, the following turnover in Department Manager/Executive Director and VSO positions at the Agency offices occurred:

- Department Manager/Executive Director – position had turnover in each of the 5 years
- Chinle Agency – 3 individuals served as VSO during this time period
- Eastern (Crownpoint) Agency - 3 individuals served as VSO during this time period
- Fort Defiance Agency - 2 individuals served as VSO during this time period
- Shiprock Agency – 1 individual served in the VSO position during this time period
- Western (Tuba City) Agency - 2 individuals served as VSO during this time period

Further, of the six positions noted above, three were filled at the end of fiscal year 2020 with the same individuals in the position as of the time of audit, and three have continued to turn over since 2020.

Overall, the turnover rates by fiscal year were as follows:

- FY16 – 47%
- FY17 – 10%
- FY18 – 39%
- FY19 – 19%
- FY20 – Of the individuals employed with NNVA in FY20, only 48% still work at NNVA as of the time of this audit

On August 12, 2019, a request for proposal was issued for an Executive Director of NNVA, for a six year contract. As a result of this RFP, a contract was entered into between the existing Executive Director and the Navajo Nation. As Executive Director services are being provided under a third party contract, rather than as an employee, the *Personnel Policies Manual* do not apply, but rather, performance must be evaluated in conjunction with the requirements outlined in the contract throughout the year and during the contract renewal process.

The duties of the Executive Director position include, but are not limited to the following:

- Direct and manage NNVA
- Set administrative goals
- Communicate current information to the President of the Navajo Nation and the Navajo Nation Veterans Advisory Council
- Organize, implement and coordinate administrative activities
- Collaborate and supervise program or project staff to achieve organizational goals and objectives
- Develop and administer the budget

Effect

A lack of stability in leadership harms the culture, impacts productivity, erodes trust and creates difficulties to recruit and retain solid talent.

When organizational turnover is high, significant amounts of time and energy are expended replacing individuals, from recruitment and hiring to onboarding and training. Additionally, positional vacancies lead to problems for the organization in accomplishing objectives and strain and burnout existing organizational resources. High levels of turnover impact the morale of employees and the culture of an organization.

Cause

NNVA operates in a political environment, with very involved and outspoken stakeholders, which may have contributed to the turnover in leadership. Retirements, leaving for better paying positions, unstable or autocratic leadership, or non-cohesive work environments contributed to the turnover on the employee side.

Recommendation

Employees who have positive feelings about management and the organization they work for are more likely to work proactively towards organizational goals and are less likely to leave the organization. To improve employee morale, which in turn may reduce turnover, NNVA management should do the following:

- Provide stable leadership. Avoid being erratic, ill-tempered, or inconsistent so as not to create a tense and anxious work environment
- Obtain training on soft skills, on topics such as communication skills, interpersonal skills, teamwork skills, and on managing conflict effectively
- Recognize employees for what they do right and celebrate accomplishments
- Conduct a periodic team building or social event with all employees
- Advocate for competitive pay to reward and retain high performers

- Ensure employee evaluations are performed timely so employees receive any and all available compensation increases
- Encourage individuals to share ideas without red lighting
- Keep employees informed of NNVA's activities, accomplishments, and progress towards goals
- Implement a functional cross training program and career advancement opportunities
- Provide employees with training opportunities
- Listen to employee grievances and settle them proactively as soon as possible
- Offer Employee Support Programs that can help to address a wide range of issues employees may be facing
- Implement a 360 degree evaluation program where employees can provide anonymous feedback
- Offer the opportunity for employees to participate employee satisfaction surveys in which management will utilize the feedback to determine how to improve the workplace environment

To the extent that the Navajo Nation relies on third party contracts, appropriate due diligence must be exercised to continually re-evaluate the performance of outlined duties and NNVA's organizational progress.

Objective 9: Determine if vehicle donated to NNVA was used for intended purpose.

Finding 23 - NNVA is not utilizing a donated Ford 4 x 4 Explorer to transport veterans to medical appointments at VA locations in Arizona, the purpose for which the vehicle was donated.

Criteria

The plan of operation for NNVA includes amongst the purposes:

- Seek additional funding and make recommendations for the implementation, expansion and improvement of existing programs of the NNVA, divisions and offices of the Navajo Nation to ensure veterans receive the benefits and services they are entitled to and
- Seek and improve the quality and accessibility of healthcare benefits, health services for veterans on the Navajo Nation.

On July 13, 2017, as documented in resolution NABIJY-56-17, the Navajo Nation Council accepted a vehicle gift of a Ford 4 x 4 Explorer for the purpose of transporting veterans to VA medical appointments located at various locations in Arizona. Restricted donations should be utilized for the designated purpose(s) specified by the donor.

Condition

Documentation reviewed with respect to the donated vehicle indicated that the vehicle was donated by the Wounded Warriors Family Support organization at the request of prior management to transport veterans to VA medical appointments located at various locations in Arizona. Evidence that the vehicle was utilized for this purpose was not provided. Permanent Assigned Vehicle Mileage Reports for this vehicle were requested for the period under audit, but were not received. Further, inquiries of NNVA management noted no knowledge that the vehicle, which had been driven 86,693.7 miles as of February 2022 had ever been utilized to transport veterans to VA medical appointments in Arizona.

The vehicle is currently primarily being utilized by the Executive Director. The Executive Director is authorized to take the vehicle home as documented on a Navajo Nation Fleet Management Department *Permanent Vehicle Assignment* form. Upon review of this form, dated May 18, 2021, the purpose of use of the vehicle is noted as follows:

The assigned vehicle will be utilized throughout the Navajo Nation during regular/irregular hours, five days a week. *This vehicles primary function will be to assist veterans with transportation to VA medical appoints located in various locations in Arizona and New Mexico, and other administrative activities deemed necessary by the Executive Director. All after hours and weekend and off reservation travel will require an approved travel authorization (TA) prior to traveling.*

Effect

A vehicle donation accepted to transport veterans to VA medical appointments in Arizona is not being utilized by NNVA for the intended purpose. An important service is not being provided to Navajo veterans as outlined in the plan of operation.

Cause

The Navajo Nation Fleet Management Department is not monitoring the vehicle usage in accordance with documented restrictions. High levels of turnover in NNVA leadership over recent years result in the loss of institutional knowledge.

Recommendation

NNVA should assess the ability to administer a transportation program to transport veterans to VA medical appointments. This program should be evaluated in conjunction with other NNVA goals and initiatives. The Executive Director should continue to research the existence of policies and procedures related to a transportation program that may have been in existence in the past. If policies can be located, they should be re-evaluated and updated. If policies cannot be located, they should be established.

NNVA should develop and implement procedures to ensure donated vehicles are utilized in accordance with the restrictions outlined by the donor. Standardized forms utilized for tracking vehicle usage should be customized for donated vehicles with restrictions and a field should be established on the form to document the usage purpose each time the vehicle is utilized. Adherence to vehicle donation restrictions should be monitored and enforced by the Navajo Nation Fleet Management Department.

The vehicle should no longer be utilized for general administration operations until the feasibility of a medical transportation program is determined.

Appendix

Eligibility Criteria Rating Sheet



NAVAJO NATION VETERANS ADMINISTRATION
 P.O. Box 430 Window Rock, AZ 86515 (505)371-8467/8461



**HOMELESS VETERAN HOUSING
 ELIGIBILITY CRITERIA RATING SHEET**
 APPLICANT NUMBER: _____

- | | | |
|---------------------------------------|-----------|-------|
| 1. DD 214 (HONORABLE DISCHARGE) | pass/fail | _____ |
| 2. NAVAJO CERTIFICATE OF INDIAN BLOOD | pass/fail | _____ |
| 3. HOME-SITE LEASE | pass/fail | _____ |

- | | | |
|--|--------------|-------|
| 4. HOW OLD IS THIS PENDING APPLICATION | (1 pt/month) | _____ |
| 5. IS THE HOMESITE IN THE FORMER BENNETT FREEZE AREA | (25 pts.) | _____ |
| 6. YEARS OF MILITARY SERVICE | (1pt/yr) | _____ |
| 7. DISABILITY RATE (points based on veteran's rating; ex: 100% = 100pts or 50% = 50pts.) | | _____ |
| 8. Disability Rating from other agencies (IHS, 638, Private Hospital, or THP) | | _____ |
| 9. BURNOUT/DISASTER | (30 pts.) | _____ |
| 10. DISPLACEMENT (Eviction or Demolition of property) | (10 pts.) | _____ |
| 11. HOMELESS (Supporting Documents) | (50 pts.) | _____ |
| 12. IS THE APPLICANT A FEMALE VETERAN | (50 pts.) | _____ |
| 13. ELDER or over 62 years old (points on age) | (1 pt/yr) | _____ |
| 14. FAMILY COMPOSITION (1 child= 10 pts, 2 children =20 pts, 3 children=30 pts, etc.) | | _____ |
| 15. OVERCROWDING (base on health & safety standards) | (10 pts.) | _____ |
| 16. SINGLE PARENT | (4 pts.) | _____ |
| 17. STUDENT (College, Voc. Trng., Tech. Sch.) | (10 pts.) | _____ |
| 18. EMPLOYED | (10 pts.) | _____ |
| 19. MEDICAL PAPERWORK | (25 pts.) | _____ |
| 19. HOUSEHOLD INCOME RANGE | | _____ |
| 10pts = \$99,999-\$75,000 | | |
| 20pts = \$74,999-\$50,000 | | |
| 30pts = \$49,999-\$25,000 | | |
| 40pts = \$24,999- \$0 | | |

GRAND TOTAL = _____

FOR OFFICIAL USE ONLY

PREPARED BY: _____ DATE: _____

VERIFIED BY: _____ DATE: _____

REVIEWED BY: _____ DATE: _____

Client Response

THE NAVAJO NATION



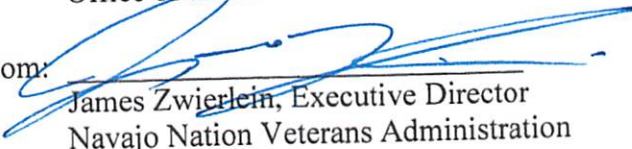
JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

MEMORANDUM

Date: April 6, 2022

To: Mrs. Helen Brown, CFE, Principle Auditor
Delegated Auditor General
Office of the Auditor General

From:


James Zwierlein, Executive Director
Navajo Nation Veterans Administration

Subj: NNVA PERFORMANCE AUDIT REPLY

Mrs. Brown,

The staff of the NNVA and I would like to start by thanking you and your audit team for this report. The NNVA had been asking for an audit of our entire program since 2019, and not just single offices or programs. I know that you are aware, and various committee members may be aware of two previous audits performed on the NNVA. One was in 2017 for the Veterans Housing Program, and another was only on the Fort Defiance Agency NNVA office.

This report illustrates an accurate representation of where the NNVA was during the audit period, and starts to show the corrective actions we had already begun implementing as a result of self-identifying issues. The specific data findings do not come as a shock to us. This is data that we could already see, and that we needed an independent third party to verify and report on in order for our internal findings to be believed. As a result of these finding, relevant to the financial data, we will be using this audit as supporting documentation for a more detailed forensic accounting-style audit in order to give veterans a better understanding of what was happening with their trust fund dollars, and if warranted, refer responsible individuals for appropriate legal action.

I would like to take this opportunity to provide a brief response to each finding and suggest alternative was of explaining some of the information contained within this report.

Beginning on Page 7 of the report, the summary of is not fully accurate. To clarify: Yes, CJY-46-98 established the Veterans Trust Fund. Yes, CN-55-06 approved a 4% set aside of the Navajo Nation's General Revenue Projections for the Veterans Trust Fund. Legislation CS-48-13 amended that 4% to be split evenly as 2% and 2%. 2% was designated to fund the Veterans housing program, and the remaining 2% was to be used to contribute to the Veterans Trust Fund. Legislation CJA-02-18 amended how the various calculations were performed by the Office of the Controller in order to determine how much funding was available for Navajo Veterans

Programs without compromising the trust fund principle.

Finding 1 – The NNVA agrees with this assessment with the following exceptions: As a result of the 2017 audit, and continual changeover of NNVA leadership, the program was never able to fully address previous audit findings and has only recently begun operations anew.

Finding 2 – The NNVA agrees with this assessment, but with reservations. The phrase “financial data is not reviewed regularly” is widely open to interpretation. Similar to findings and our response to Finding #1, there needs to be consistent management for this information to be reviewed regularly. Now that there is regular management of the program on-board, this is an item that is now being addressed.

Finding 3 – The NNVA agrees with this assessment. Again, this is attributed to lack of consistent personnel for the program, AND poor records keeping by the program staff. Since the time information surrounding this finding were present to the audit team, we have re-established contact with Southwest Indian Foundation staff on this matter, and we are now in a position to provide copies of supporting documentation as needed with regard to payments made under this contract.

Finding 4 – The NNVA agrees with this assessment. This was a self-identified issue and there now currently exists a partnership with NHA that is formalized and in writing.

Finding 5 – The NNVA agrees with this assessment. The previous process used was known as the “RDP Process.” The NNVA used this process until early 2020, despite have been directed, and reporting to oversight that the program was migrating to FMIS/6B Rollout. Once the program migrated officially under the direction of current NNVA leadership, the time taken to process requests was drastically reduced from months to, in most cases, days or weeks.

Finding 6 – The NNVA agrees with this assessment. The former process was also the RDP process. With the elimination of that process, staff do require training from OOC on the proper method of entering purchase requests into FMIS.

Finding 7 – The NNVA agrees with this assessment.

Finding 8 – The NNVA agrees with this assessment.

Finding 9 – The NNVA agrees with this assessment with the following exception: The NNVAC submitted a resolution to the NNVA asking that the FY19 carryover balances be withheld for a different purpose as documented in the resolution. That alternative never materialized, and the FY19 carryovers ended up being reconciled into the trust principle by OOC without informing the NNVA prior to doing so. Supporting documents attached.

Finding 10 – The NNVA agrees with this assessment.

Finding 11 – The NNVA agrees with this assessment. We are in the process of exploring several database programs that allow for a more robust method of capturing and accessing veterans

demographics data.

Finding 12 – The NNVA agrees with this assessment. This was due to no program management with continual turnover of NNVA leadership.

Finding 13 – The NNVA agrees with this assessment.

Finding 14 – The NNVA agrees with this assessment.

Finding 15 – The NNVA agrees with this assessment. The NNVA has already identified this as having been an issue, and implemented approved changes to the organizational structure. The challenge is to continue to have the positions filled with competent and knowledgeable staff.

Finding 16 – The NNVA agrees with this assessment. The data contained in this section is very concerning to the NNVA and most certainly requires consistent leadership, training, spot-checks, inspections, audits, and honest staff that understand and adhere to the policy guidelines.

Finding 17 – The NNVA agrees with this assessment. The NNVA faces challenges with making changes to the policies when they directly impact the veterans. We encounter extreme resistance when the program needs to establish accountability measures.

Finding 18 – The NNVA agrees with this assessment. The NNVA faces challenges with making changes to the policies when they directly impact the veterans. We encounter extreme resistance when the program needs to establish accountability measures.

Finding 19 – The NNVA agrees with this assessment. See also our response to Finding 11.

Finding 20 – The NNVA agrees with this assessment.

Finding 21 – The NNVA agrees with this assessment with the following exception: the processes used are directed by Navajo DPM. The NNVA has no authority over these processes, and is subject to their changing processes, and their staff understanding of the policies.

Finding 22 – The NNVA agrees with this assessment.

Finding 23 – The NNVA does not agree with this assessment. Once an asset is donated to the Navajo Nation, it becomes property of the Nation, and the Nation is free to use those assets as it deems necessary. In this case, the NNVA was in receipt of a donated vehicle. It was accepted by the Navajo Nation and assigned to the NNVA by the Motor Vehicle Review Board, who is the final authority for tribal vehicle assets. The MVRB has authorized the NNVA to use the vehicle for the purpose for which it is being used. Additionally, in July of 2019, the NNVA advised the NNVA Director that they did NOT want a veterans transportation program because of the already available (although limited) VA transportation program, and the over abundance of non-emergency transportation companies on the Navajo Nation.

This concludes the NNVA response to the NNVA Performance Audit report as provided

to us by the Office of the Auditor General. Please feel free to contact me with any questions.
Thank you.