



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A 2nd Follow-Up Review of the Oljato Chapter Corrective Action Plan Implementation

**Report No. 23-08
March 2023**

**Performed by:
Karen Briscoe, Principal Auditor
Shawna Yellowhair, Associate Auditor**



March 31, 2023

Willis Begay, President
OLJATO CHAPTER
P.O Box 360455
Monument Valley, UT 84536

Dear Mr. Begay:

The Office of the Auditor General herewith transmits audit report No. 23-08, a 2nd Follow-up Review of the Oljato Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2019, the Office of the Auditor General performed a Special Review of Oljato Chapter and issued audit report no. 19-23. A corrective action plan was developed by the Oljato Chapter in response to the audit. The audit report and corrective action plan (CAP) were approved by the Budget and Finance Committee on December 3, 2019 per resolution no. BFD-56-19.

In 2021, a follow up-review determined the Chapter did not fully implement the CAP because of 16 corrective measures, the Chapter did not implement 14 (88%) corrective measures. The Office of the Auditor General recommended sanctions be imposed on the Oljato Chapter and officials in accordance with 12 N.N.C. Section 9 (B) and (C). However, on September 21, 2021, the Budget and Finance Committee tabled the legislation and no further action has been taken since then.

OBJECTIVE AND SCOPE

The objective of the 2nd follow-up review is to determine whether the Oljato Chapter fully implemented its corrective action plan based on a six-month review period of July 1, 2022 to December 31, 2022. The scope may have been expanded prior to July 2022 if no transactions/activities were found to verify the implementation of applicable corrective measures.

SUMMARY

Of the 16 corrective measures, the Oljato Chapter implemented 11 (69%) corrective measures, leaving 5 (31%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION


Although more corrective measures were implemented as of the 2nd follow-up review, one of two audit findings remain unresolved and the risks associated with this finding remains significant. Since September 2021, the Chapter had approximately 18 months to fully implement the CAP with the assistance of the Administrative Service Center. Therefore, the Chapter had ample opportunity to address this important matter.

Section 9 of our plan of operation grants the Auditor General the authority to recommend sanctions upon a Chapter who did not fully implement its corrective action plan. Therefore, the Auditor General will revise its initial recommendation for sanction to impose only Section 9 (B) which will cause ten percent (10%) of monies payable from any government fund to be withheld until the CAP is implemented. The Auditor General also recommends the Administrative Service Center provide the necessary guidance and technical assistance to help the Oljato Chapter achieve this important goal.

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To minimize the impact of the sanction, the Oljato Chapter is advised to resolve the remaining audit finding in a timely manner. We thank the Oljato Chapter administration and officials for assisting in this 2nd follow-up review.

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Jean Holiday, Vice President
Marietta Bedonie, Secretary/Treasurer
Carl Holiday, Community Services Coordinator
Herman Daniels, Jr., Council Delegate
OLJATO CHAPTER
Sonlatsa Jim, Department Manager II
Calvin Tsosie, Senior Program & Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

REVIEW RESULTS
Oljato Chapter Corrective Action Plan Implementation
Review Period: 7/1/22 – 12/31/22

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details
1. Travel requests and expense reimbursement are not properly approved.	13	11	2	Yes	Attachment A
2. Controls over Chapter property need improvement to ensure property is adequately identified and well documented.	3	0	3	No	Attachment B
TOTAL:	16	11	5	1 - Yes 1 - No	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

<p>◆ 2023 STATUS</p>	<p>Travel requests and expense reimbursements are not properly approved. RESOLVED</p>
<p>For our review purposes, we identified 25 travel expenditures totaling \$7,763 and selected 11 for further examination. The following minor discrepancies were noted for six travel expenditures totaling \$1,494:</p> <ol style="list-style-type: none"> 1. One Travel Authorization Form was not dated by the approver and it could not be determined if travel was approved prior to departure. 2. One trip report was not approved by the supervisor, however other support documents including the mileage report and expense report were approved by the supervisor. 3. One travel expense included a mileage overpayment to the traveler by \$44. 4. Four fund approval forms (FAF) were missing signatures. The Acting Community Services Coordinator (CSC) approved two Travel Authorization Forms for travel advances but did not to sign the FAF prior to checks being signed. The Secretary/Treasurer did not co-sign one FAF prior to signing a travel advance check. The President did not co-sign one FAF prior to signing the reimbursement check. <p>In addition, the following was noted in the review of travel documents:</p> <ol style="list-style-type: none"> 1. The chapter implemented an internal Request for Travel Authorization form used by travelers to request for travel prior to the preparation of the Travel Authorization Form. However, there was no consistency in the use of the form. Three travel packets did not have a Request for Travel Authorization form and one form was not approved. Considering the form contains the same information as a Travel Authorization form the chapter should eliminate the use of the form to avoid duplication in the process. 2. Two expense reports show the Accounts Maintenance Specialist (AMS) reconciled her own reimbursement. In the absence of a CSC, the Administrative Service Center should reconcile for the AMS. <p>Overall, the Chapter has made improvements with their travel request and reimbursement processes. In prior audit reports, it was reported that travel authorization forms were incomplete and not approved prior to travel, reimbursements were missing required documentation and signatures, and every step of the travel process was performed by the CSC including the preparation and approval of travel documents on behalf of travelers. However, with the improvements made, the audit issue is deemed reasonably resolve. Nonetheless, the Chapter should address the above issues to ensure consistent implementation of the travel policies.</p>	

<p>◆ 2023 STATUS</p>	<p>Controls over Chapter property need improvement to ensure property is adequately identified and well documented. NOT RESOLVED</p>
<p>Controls over property still need further improvement. Based on our review of property inventory records and onsite visit to the Chapter, the following was noted:</p> <ol style="list-style-type: none"> 1. The last physical count of inventory was completed by the current CSC in December 2022. 2. The Chapter administration uses the Navajo Nation Risk Management Department insurance forms to document Chapter property inventory. However, significant details such as the make, model, year, VIN number, and license plate number for heavy machinery/equipment were missing on these forms. There were also no acquisition dates identified for most property items. Incomplete information would make it difficult to identify and value any property that is damaged or stolen for insurance purposes. 3. The inventory was missing property tag numbers for buildings and heavy machinery/equipment which could hinder the Chapter from identifying chapter property. 4. The inventory contains both Navajo Nation and Chapter-generated property numbers which was confirmed by physical verification of property. However, the Navajo Nation property tag numbers were identical which made it difficult to distinguish the property. The Chapter is advised to proceed with their property tags provided the numbers are in sequential order. 5. The value for Chapter buildings and heavy machinery/equipment was not provided and therefore unknown. Without this information, the Chapter is potentially undervaluing its assets and not securing sufficient insurance coverage. 6. The AMS estimated property values due to missing documentation. Most property was at the Chapter prior to the current staff being hired. The AMS took the initiative and used her judgment to value property but the method used to determine these values was not documented. Further, the estimated values were not approved by the CSC or Chapter officials. With no justifiable support, the Chapter cannot obtain adequate insurance coverage. 7. The same property items were recorded twice on the inventory which could cause the Chapter to unnecessarily pay more for insurance coverage than what is actually needed. 8. The condition of property is not clearly documented. The Chapter explained their plans to dispose of some old and inoperable property but these items could not be readily determined based on the current inventory. Any disposal plans at this time would be lacking proper documented support. 9. The location of property is not clearly documented. Two of 10 property items (chainsaw and HP notebook) selected for physical verification of property tags could not be located during our site visit. However, the other eight property items were tagged. The Chapter indicated the items were relocated since the last physical count was performed and their current location was unknown as of our site visit. <p>Although the current staff has taken some initiative to complete the Chapter property inventory, overall property controls need further improvement. Property, specifically fixed assets, help determine the Chapter's overall financial position with regards to valuing assets. Therefore, asset accountability is very important. As of the end of fieldwork, the chapter staff had begun to work on updating the inventory with complete information and is seeking a vendor to appraise their buildings.</p>	

The Chapter administration will need ongoing assistance from the Administrative Service Center to ensure the Chapter property is complete and accurate. Therefore, the Administrative Service Center should assist the Chapter to address the discrepancies and ensure the corrective measures are fully implemented.