

## **Whitecone Chapter Corrective Action Plan 12-Month Follow Up**

### **Objective**

In accordance with 12 Navajo Nation Code, Section 7(G), the Office of the Auditor General conducted a twelve-month follow up review on the status of the Whitecone Chapter corrective action plan that the Budget and Finance Committee approved per resolution number BFF-18-01. Our follow up objective was to determine whether the Whitecone Chapter implemented its corrective action plan and resolved the findings reported in audit report 00-07.

### **Scope and Methodology**

In meeting our objective, we reviewed chapter activities for the six-month period beginning January 1, 2002 through June 30, 2002. Our review consisted of interviews with chapter staff, observation of chapter operations and verification of transactions. We examined available chapter documentation by reviewing the chapter's cash receipt and disbursement processes through verification of supporting document and community approval on haphazardly selected samples of receipts and disbursements. The samples were selected using non statistical, judgmental sampling methods. In addition, we reviewed the chapter's progress in implementing its five management system.

### **Review Results**

The Whitecone Chapter has made minimal effort in implementing its corrective action plan by resolving only three of the thirteen findings reported in audit report 00-07. Ten findings remain unresolved due to Whitecone Chapter's partial or non implementation of corrective actions. The lack of good faith effort to implement corrective actions and the existing deficiencies in the internal controls poses a substantial risk of financial loss to the Whitecone Chapter.

The Whitecone Chapter indicated that having a new Community Services Coordinator (CSC) and the lack of technical support from the Fort Defiance Agency Local Governance Support Center (LGSC) hindered the Chapter's corrective action efforts. However, our evaluation determined that these were unacceptable barriers and unacceptable justification for the Chapter's lack of performance in fully implementing its corrective actions.

Since the Budget and Finance Committee approved the Whitecone Chapter's corrective action plan on February 06, 2001, the Chapter had a turnover in its CSC. The former Whitecone Chapter CSC retired in June 2001 and the current CSC was hired on November 05, 2001. The Whitecone Chapter indicated that having a new CSC hindered the Chapter in fully implementing its corrective action plan. However, the current CSC has over seven years experience working with other Navajo Nation chapters as a CSC. Considering the many years of work experience as CSC, the Whitecone Chapter CSC has the knowledge and skills to implement the Chapter's corrective action plan. In addition, the Chapter submitted a six-month status report on the corrective action plan on October 10, 2001. Therefore, the Chapter officials were aware of the corrective action plan and had adequate

time to provide oversight to the newly hired CSC to ensure implementation of the corrective action plan. Thus, the CSC being newly hired at the Whitecone Chapter is not a valid and reasonable barrier that prevented the Chapter from fully implementing its corrective action plan.

The Whitecone Chapter also stated the lack of assistance from Fort Defiance Agency LGSC as a barrier in fully implementing its corrective action plan. However, we found that the LGSC staff has provided individualized assistance to the Chapter. Also, the Whitecone Chapter administration staff acknowledged attending several training sponsored by the LGSC. The training included financial statements preparation, record keeping, payroll taxes and developing the five management system policies and procedures. Thus, the Chapter staff claim that lack of support from LGSC, as claimed by the staff in hindered them in implementing the corrective action plan is not a valid barrier.

We also noted that although the LGSC had provided several training to the Whitecone Chapter staff, most of the training was conducted in group sessions, rather than individualized training. LGSC made minimal effort to follow up on whether the staff gained a clear understanding of the concepts provided at the group training and work sessions. As a result, LGSC did not detect that the staff were not applying the knowledge gained in administering the daily operation of the Chapter. The LGSC staff should routinely monitor Chapter staff performance to determine whether the staff gained a clear understanding of materials and topics provided and encourage the staff to apply the concepts in the Chapter. The pupose of LGSC is to provide administrative support and technical assistance to the local chapters. As such, LGSC is responsible to routinely monitor Whitecone Chapter's progress in implementing corrective actions to address the audit findings.

### **Conclusion**

Overall, the Whitecone Chapter did not demonstrate a good faith effort in implementing its corrective action plan and has not made improvements in safeguarding and properly accounting for the Chapter's assets and resources. As a result, the Chapter exposes itself to financial loss due to the lack of efforts to strengthen internal controls and improve accountability. Therefore, in accordance with 12 N.N.C. §9(B) and §9(C), we recommend that sanctions be imposed on the Whitecone Chapter and the Chapter Officials.

In addition, the Whitecone Chapter CSC should be held accountable for not implementing the corrective action plan. Therefore, we recommend that the Chapter Officials and Fort Defiance LGSC Program Director evaluate the performance of the Whitecone Chapter CSC and take appropriate disciplinary action to address the employee's lack of performance.

Given that the Chapter Officials have oversight responsibilities over chapter operations and staff, the Office of the Auditor General strongly advises the Whitecone Chapter Officials to mandate the Chapter staff to make a committed effort to fully implement the corrective actions and resolve the audit findings.