

Tachee/Blue Gap 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 Tachee/Blue Gap Chapter corrective action plan that was approved on May 15, 2001 by the Budget and Finance Committee per resolution number BFMY-56-01. Our follow-up review objective was to determine whether the Tachee/Blue Gap Chapter implemented its corrective action plan and resolved the findings reported in Audit Report 00-12.

Scope and Methodology

In meeting our objective, we reviewed Chapter activities for a six-month period beginning January 01, 2002 through June 30, 2002. Our review consisted of interviews with Chapter staff, observation of Chapter operations and verification of Chapter financial transactions. We haphazardly selected samples of disbursements and reviewed the Chapter's disbursement process through verification of supporting documentation and community approval. Our audit samples were selected using non-statistical, judgmental sampling methods. In addition, we reviewed the Chapter's progress in implementing its five management system (FMS).

Review Results

The Tachee/Blue Gap Chapter made a minimal effort to implement its corrective action plan, which would address the twelve findings reported in Audit Report 00-12. The Chapter's full implementation of only one corrective action resolved one finding which ensures accurate taxable wages are reported to the Internal Revenue Service. Another corrective action related to Veterans fund appropriations did not require implementation, as the Chapter has not received any Veterans appropriations since the last audit. Subsequently, ten findings remain unresolved due to not fully implementing the corrective actions by the Chapter. The lack of a good faith effort to implement the corrective actions and the existing deficiencies in the internal controls poses a substantial risk of financial loss to Tachee/Blue Gap Chapter. Therefore, the Chapter cannot provide reasonable assurance that assets are adequately safeguarded, applicable laws and regulations are followed, and financial reports are reliable.

The Chapter states the following barriers prevented the full implementation of its corrective action plan:

- Lack of communication and cooperation among Chapter officials and staff.
- Interference from the Community Land Use Planning Committee (CLUPC).
- Lack of technical knowledge and abilities by Chapter officials and staff.
- Lack of technical assistance and training from the Chinle Agency Local Governance Support Center (LGSC).

With the exception of the Chapter's lack of technical knowledge and abilities, our evaluation revealed that most of the barriers are unacceptable justifications for the Chapter's lack of performance in fully implementing its corrective action plan.

Lack of Coordination/Communication

The Community Services Coordinator (CSC) indicated that there is no coordination and interest among Chapter officials in carrying out the leadership that is necessary to implement the corrective action plan and develop a Five Management System (FMS). The CSC further stated that none of the Chapter officials are willing to take the initiative in providing direction to the Chapter staff. However, this is an unacceptable barrier because the CSC is primarily responsible to coordinate and manage all Chapter administrative and financial matters, and implement the corrective action plan. The responsibility of Chapter officials is to provide monitoring and oversight of the CSC to address issues and concerns affecting the Chapter. Therefore, the CSC's unsatisfactory performance hindered the Chapter from implementing its corrective action plan.

Interference from CLUPC

According to the Chapter President and CSC, CLUPC members attempted several times to take over the duties and responsibilities of Chapter Officials presiding over Chapter meetings and administering all Chapter funds. Interference from the CLUPC members hindered the Chapter from implementing its corrective action plan. The Chinle Agency LGSC office recommended the Navajo Nation Office of the Controller to withhold the Chapter's allocation beginning in the fourth quarter of fiscal year 2002 due to CLUPC interfering with Chapter operations. However, the Chapter President and CSC acknowledged that the CLUPC has stopped interfering in Chapter operations and is no longer a factor that is preventing the Chapter from implementing its corrective action plan.

Training and Technical Support

Although the Chapter claims another factor is the lack of assistance from the Chinle Agency LGSC office, we found that the LGSC has provided adequate assistance and training to Tachee/Blue Gap Chapter officials and staff to implement its corrective action plan, including the development of its FMS. Nonetheless, we noted that the LGSC office did not routinely monitor Chapter officials and staff performance to ensure that they are applying the training concepts in administering chapter operations. Also, the Chapter officials and staff did not contact the Chinle LGSC office when they did not understand the training materials and topics covered. Despite the numerous orientations and work sessions provided to the Chapter, the main barrier that hinders the Chapter officials and staff in implementing the Chapter's corrective action plan or developing a FMS is that they still lack the technical knowledge and abilities to develop written policies and procedures.

Conclusion

Overall, Tachee/Blue Gap 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 in strengthening internal controls and improving accountability. Therefore, we recommend that sanctions be imposed on the Tachee/Blue Gap Chapter and its Chapter officials in accordance with 12 N.N.C. §9(B) and §9(C).

In addition, the Tachee/Blue Gap Chapter CSC should be held accountable for non-implementation of the corrective action plan. Accordingly, we recommend that the Chapter officials and the Director of the Chinle Agency Local Governance Support Center evaluate the performance of the Tachee/Blue Gap Chapter CSC and take appropriate disciplinary action to address the employee's lack of performance in accordance with the Navajo Nation Personnel Policies, Section XIV.G, Table of Penalties, Item 27, Unsatisfactory Work Performance.

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