

## SUMMARY

The Office of the Auditor General conducted an audit of the Veterans Loan Program and in December 2001, issued audit report no. 02-03. The performance audit was an assessment of the Veterans Loan Program's compliance with established operating policies and guidelines in administering its program, whose objective is to evaluate and qualify loan applications of Navajo veterans, their surviving spouses or members of the Gold Star Mother organization. The report identified four findings:

- The loan application process needs improvement.
- The Veterans Loan Program needs to comply with established policies and guidelines.
- Minimal collection efforts contributed to the high rate of non payments.
- Loan records were not reconciled on a regular basis.

Audit report no. 02-03 with a corrective action plan developed by the Veterans Loan Program were presented and subsequently approved by the Budget and Finance Committee on May 7, 2002 per resolution no. BFMV-39-02. The Veterans Loan Program was to have implemented the corrective action plan to resolve the findings.

The Office of the Auditor General has subsequently conducted a follow-up review on the corrective action plan implementation. This follow-up specifically focuses on the corrective measures presented in the corrective action plan in determining whether the Veterans Loan Program implemented its corrective action plan to resolve the findings.

The corrective action plan follow-up found the reporting of repayment activities to the credit bureau and reconciliation of loan records are not being performed. These two corrective measures are not being addressed. However, other corrective measures have been or will be implemented. Examples include:

- There is a 39% improvement in the time it takes to assess applications and notify applicants of their loan status.
- Navajo Nation Office of the Controller was given some of the Veterans Loan Program responsibilities. For example, Credit Services Department under the Office of the Controller now has the responsibility of monitoring loan accounts and provides loan balance information to borrowers.

Further, in January 2005, a Memorandum of Agreement was developed and approved through the Administrative Review Process. This Memorandum of Agreement between the Office of the Controller and the Division of Human Resources will provide:

- The Veterans Loan Program with credit reports on loan applicants for better credit analyses of their applications.
- The employment of a collections officer to strengthen collection efforts.

The Office of Auditor General concludes that with the exception of two corrective measures not being addressed, there has been or will be improvements. The Program has improved its loan application process; transfer of responsibilities has improved the monitoring of loans and with the implementation of the Memorandum of Agreement, greater collection efforts will be done. Therefore, the Office of the Auditor General does not recommend that sanctions per Title 12 Navajo Nation Code be imposed on the Veterans Loan Program.