

St. Michaels Chapter Post-Sanction Follow Up Review

The Office of the Auditor General conducted a post-sanction follow-up review of the St. Michaels Chapter (Chapter) operations upon the Chapter's request to determine if the sanctions imposed upon the Chapter may be withdrawn.

Background

In 1998, a special review of the St. Michaels Chapter veterans fund was conducted by the Office of the Auditor General (OAG) and presented the results in audit report no. 98-23. A follow-up review was conducted in 2000 that presented the results in audit report no. 01-10.

- Audit report no. 01-10 and the Chapter's corrective action plan (CAP) were approved by the Budget and Finance Committee on July 11, 2002, per resolution no. BFJY-78-02. The Chapter was to have implemented its CAP to resolve ten findings.
- A CAP Twelve-month Follow-up review was conducted covering the period February 01, 2003 through February 29, 2004 that revealed the Chapter was unable to resolve eight findings due to internal conflict between the staff, officials and members. This barrier hampered the Chapter's progress. Therefore, OAG recommended sanctions be imposed on the Chapter for failure to implement the CAP.
- On September 29, 2004, the Budget and Finance Committee passed resolution BFS-51-04, approving St. Michaels Chapter and its officials to be sanctioned. The sanctions resulted in withholding 10% of Navajo Nation appropriated monies to the Chapter and withholding 20% of payments to the Chapter officials.
- There was a turnover of Chapter officials in January 2005 as a result of the Navajo Nation election. The recently elected Chapter officials were not subject to sanction; however, the withholding of 20% of payments due to the former officials as well as the 10% payables to the Chapter was still in effect.

The Chapter requested for a post-sanction follow-up review on March 10, 2006. Upon the Chapter's request and pursuant to 12 Navajo Nation Code, § (9)(B) and (C), the Office of the Auditor General conducted a post-sanction follow-up review.

Scope, Objectives and Methodology

The purpose of our review was to determine whether the St. Michaels Chapter sanctions can be withdrawn provided the Chapter demonstrates that the CAP has been implemented or is in process of implementation, and/or alternative methods are being employed to resolve the unresolved findings that were found during the CAP Twelve-month Follow-up review.

In meeting our objective, we interviewed Chapter staff, observed Chapter operations, and examined available documentation for the six-month period beginning October 01, 2005 to March 31, 2006. We selected a sample of expenditures using a non-statistical, judgmental approach to verify if expenditures have adequate supporting documentation and comply with applicable laws, policies, fund guidelines and conditions of appropriations. In addition, we evaluated the Chapter's progress of its five management system.

Review Results

The Chapter needed to resolve eight findings (i.e., deficiencies, conditions or issues) in order for withdrawal of the sanctions. The Chapter has resolved two deficiencies, five are in the process of being resolved and one issue remains outstanding. Three pages illustrated the eight findings, corrective measures, status of the corrective measures and review results. Additionally, officials and members are no longer getting directly involved into administrative matters. This eliminated a majority of the internal conflict.

Conclusion

St. Michaels Chapter has demonstrated that the CAP is being implemented and is progressing with its five management system. Therefore, the Office of the Auditor General is recommending withdrawal of the sanctions imposed upon the Chapter.