



**OFFICE OF THE AUDITOR GENERAL**

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**The Navajo Nation**

**Internal Audit  
of the  
Office of Legislative Services**

**Report No. 15-20  
May 2015**

Performed by:  
REDW LLC



# Office of Legislative Services Internal Audit

## Executive Summary

Elizabeth Begay, Navajo Nation Auditor General  
Office of the Auditor General – Navajo Nation

REDW performed an internal audit to assess the overall performance of the Office of Legislative Services (OLS) as a functional department, to determine the level and quality of support services the department and staff provide and to test for compliance with selected requirements of Title 2 of the Navajo Nation Code (NNC), the Rules of Order for Standing Committees of the Navajo Nation Council, and the Navajo Nation Council Rules of Order. Our internal audit focused on those requirements and controls surrounding legislation processing, meeting documentation, Committee reporting, travel expenses and time reporting. To gain an understanding of the processes and controls in place, we interviewed selected personnel and read applicable sections of the NNC, the Rules of Order for Standing Committees of the Navajo Nation Council, and the Navajo Nation Council Rules of Order.

We selected a random sample of 20 closed out legislations to determine if they were processed, reviewed, and documented consistently and in compliance with the requirements of the NNC and the Rules of Order. We selected a judgmental sample of 20 meetings, ensuring coverage of all Standing Committees and Council, and obtained the supporting documentation for those meetings. We analyzed the support for each meeting to determine if all required documentation was on file, if specified meeting requirements were met and documented, and if required approvals were obtained. We assessed all meeting packets for consistency and for compliance with selected requirements of the NNC and the Rules of Order.

We selected a judgmental sample of five Standing Committee reports and determined if each report contained common elements expected by management, if the data in the reports agreed to underlying support and appeared accurate/correct, and if the reports were submitted timely and appropriately approved.

We selected a random sample of 15 general OLS (including Legislative District Assistants) (LDA) travel expenditures and 22 LDA specific travel expenditures, and determined if they were appropriately supported and approved in compliance with the Navajo Nation Travel Policies. We selected a random sample of 15 OLS (not including LDAs) payroll transactions and 21 LDA payroll transactions, and tested the corresponding timecards (nonexempt employees) and activity reports (exempt employees) for completeness and approvals. Finally, we assessed the areas described above for adequate policies and procedures (P&Ps) to allow for consistent OLS processes and documentation and interviewed selected Council Delegates for input on the OLS function and possible areas for improvement.

## **SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS**

Throughout the course of the internal audit, there were several areas in which observations were not identified and controls appeared to be functioning as intended. For all legislation tested, there was documentation that the required research was performed, the Speaker of Council reviewed the proposed legislation, the legislation was presented to the public for comment, and the assigned legislation was appropriately added to the Committee agenda and approved by the Committee Chairperson. In addition, in all cases where a Committee report was on file for testing, the report agreed to underlying data or other supporting documentation. A summary of the observations identified is presented below.

**Legislation Processing Observations**—Overall, there was a lack of approved P&Ps to govern the legislative process resulting in inconsistent documentation. We identified instances in which voting results, required legislation reviews and legislation close-out timelines were not adequately documented. Although an informal flowchart has been developed to guide the legislative processes, formal P&Ps should be drafted, adopted and implemented to address all legislative requirements, timelines and documentation requirements.

**Meeting Documentation Observations**—There was a lack of approved P&Ps to govern the documentation that is required for Standing Committee and Council meetings resulting in inconsistent documentation and meeting processes. We identified several instances where meetings were not in compliance with timeline, location, and other requirements of Title 2 of the NNC. In addition, the documentation in meeting packets was inconsistent and in several instances, required meeting materials were not on file and required approvals and actions were not documented. Formal P&Ps should be drafted and implemented, and a meeting checklist and journal template should be developed to help OLS personnel ensure that meetings and the related documentation are adhering to P&Ps.

**Committee Reporting Observations**—There were no approved P&Ps that set out guidelines to define what information is required for Standing Committee and Council reports resulting in missing report elements and inconsistent reporting. We identified several instances in which reports were not approved, were missing, were not submitted timely or were incomplete. Formal P&Ps should be developed and implemented to clearly designate what information must be reported as well as the timelines for submission and the approval process.

**Travel Expenditure Observations**—Several travel expenditures tested were either not supported, not approved, or did not agree to the Travel Authorization (TA) form. Consider implementing a formal tracking process through the use of pre-numbered TAs and a TA log to ensure all travel expenditures are adequately supported and approved.

**Timekeeping Observations**—Documented requirements were not in place for the submission of activity reports for exempt OLS employees. As a result, none of the exempt employee payroll disbursements tested were supported by a properly authorized activity report. Formally adopt and implement P&Ps specifying the requirements for activity reports and the approval process.

Further details on these observations, as well as low risk observations, are included in the attached report.

REDW LLC

Albuquerque, New Mexico  
May 11, 2015

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**Office of the Auditor General – Navajo Nation**  
**Office of Legislative Services Internal Audit**

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# Office of Legislative Services Internal Audit Report

Elizabeth Begay, Navajo Nation Auditor General  
Office of the Auditor General – Navajo Nation

## INTRODUCTION AND BACKGROUND

We performed the internal audit services described below to assist the Office of Legislative Services (OLS) department in evaluating the department's ability to provide services to the Navajo Nation's elected officials and ensure compliance with Title 2 of the Navajo Nation Code (NNC), The Rules of Order for Standing Committees of the Navajo Nation Council, and the Navajo Nation Council Rules of Order. We held an entrance conference with management on October 14, 2014, to discuss the timing and scope of the audit. We held an exit conference on March 25, 2015, to discuss the observations and recommendations. Client responses to the findings below are presented at the end of this report.

## Department Purpose and Organization

The OLS is established within the Legislative Branch and is responsible for providing a complete and full range of professional, technical and administrative support services to the Navajo Nation Council, Standing Committees of the Navajo Nation Council, unstaffed Commissions, Task Forces or Boards of the Navajo Nation Council, Council Delegates and the certified Chapters of the Navajo Nation. Services provided including general services, advising, reporting and clerical services, legislative research, and support services.

## OBJECTIVE, SCOPE, AND METHODOLOGY

### The objectives of this internal audit were to:

- Assess the overall performance of the OLS as a functional department;
- Determine the level and quality of support services the department and staff provide;
- Evaluate processes and controls in place for processing legislation, documenting committee and Council meetings, preparing and submitting committee reports, authorizing travel expenses, and recording time worked; and,
- Evaluate the coverage of policies and procedures and identify opportunities for best practice implementation and improved operational performance.

**Policies and Procedures and Interviews:** In order to gain an understanding of processes and controls in place for the OLS department's primary functions, we read Title 2 of the NNC, The Rules of Order for Standing Committees of the Navajo Nation Council, and the Navajo Nation Council Rules of Order, and interviewed or received information from the following personnel:

- Tom Platero, Executive Director OLS
- Marvin Allison, Legislative Policy Analyst OLS
- Lisa Begay, Accounting Technician OLS
- Mary J Nez, Legislative Secretary OLS

**Sample Selection and Testing:** We selected samples of closed legislations, meetings, and transactions between April and September 2014. We selected several different samples in order to increase the chance of identifying problems in areas identified as moderate to higher risk. Our combined samples resulted in testing 70 total items.

1. *Legislation Processing:* We selected a random sample of 20 closed out legislations that were finalized during the audit period. For each approved legislation selected, we performed the following:
  - a. Determined if the Office of Legislative Counsel performed research and documented their proposal of the legislation signifying they believed it was in accordance with applicable laws and did not contradict laws from federal, state, county and tribal areas. (NNC Section 164 (A)(1))
  - b. Determined if the Legislative Policy Analyst reviewed the proposed legislation to verify that there were no discrepancies, which is documented by an Engrossing Form. (OLS Internal Best Practice)
  - c. Determined if the Speaker of Council reviewed the proposed legislation and assigned it to the appropriate committee for action, signifying that the legislative process may begin. (NNC Section 164 (A)(5))
  - d. Assessed whether the proposed legislation was presented to the public, that there was a five day comment period, the comments received were analyzed by the OLS Executive Director and Chief Legislative Counsel, and the analysis was affixed to the proposed legislation, if applicable. (NNC Section 164 (A)(6-7))
  - e. Determined if the legislation was routed to the correct Standing Committee or the Council and if it was properly added to the corresponding meeting agenda. (NNC Section 164 (A)(8))
  - f. Assessed whether action on the legislation was appropriately voted on by a meeting quorum. (NNC Section 169 (B))
  - g. Verified that the Chairperson of the Committee or Speaker of Council did not vote on Resolutions unless there was a tie by the voting members. (Navajo Nation Council Rules of Order #4C and the Rules of Order for Standing Committees of the Navajo Nation Council #4D)
  - h. Determined if the approved Resolution was signed by the Chairperson of the approving Committee. (OLS Internal Best Practice)

- i. Assessed whether action taken was supported by the signatures required to close out the legislation within ten days so that the legislation could be sent to the President's office for review. (OLS Internal Best Practice)
  - j. Determined if Committee resolution files were maintained and archived by the Legislative Reporter Supervisor. (OLS Internal Best Practice)
2. *Meeting Documentation:* We selected a judgmental sample of 20 meetings that occurred during the audit period ensuring coverage of the five Standing Committees and the Navajo Nation Council. For each meeting selected, we performed the following:
- a. Determined if the meeting was held in Window Rock. If the meeting was held outside of Window Rock, we determined if permission was granted by the Speaker of the Council. (NNC Section 161(A) and Section 183 (A))
  - b. Determined if the meeting was called to order at 10am, unless otherwise approved by Council. (NNC Section 162 (A) and the Rules of Order for Standing Committees of the Navajo Nation Council #4A)
  - c. Determined if the meeting packet contained a sign in sheet, a roll call sheet, and approved and formally adopted agenda, and a journal. (The Rules of Order for Standing Committees of the Navajo Nation Council #8A and the Navajo Nation Council Rules of Order #6A)
  - d. Assessed whether roll call was performed by the OLS, and it was documented in the meeting journal. (The Rules of Order for Standing Committees of the Navajo Nation Council #5 and the Navajo Nation Council Rules of Order #6A)
  - e. Determined if the meeting agenda was prepared and approved by majority. (The Rules of Order for Standing Committees of the Navajo Nation Council #8D and Navajo Nation Council Rules of Order #7C)
  - f. Determined if the meeting agenda was posted to the Council website three days in advance for regular meetings and one day in advance for special meetings. (NNC Section 164 (A)(15))
  - g. Analyzed whether the Committee/Council met for a minimum of three hours for each meeting and there were at least two meetings that month. (NNC Section 183(B))
  - h. Assessed whether a motion to adjourn was made only when the agenda had been completed or when other reasons existed to end the meeting. (Navajo Nation Council Rules of Order #4A and The Rules of Order for Standing Committees of the Navajo Nation Council #24)
  - i. Determined if a quorum was present and there was documentation that a quorum was met. If a quorum was not met, that is documented in the minutes. (NNC Section 183(A))
  - j. Determined if the journals were approved within the required timeframe (after 30 days of the prior session for Council sessions and by the next meeting for Standing Committee meeting sessions). (Navajo Nation Rules of Order #5 and the Rules of Order for Standing Committees of the Navajo Nation Council #8(A)(4))



- k. Determined if the Committee Chairperson signed all legislation, committee reports, correspondences, writs, warrants, and subpoenas, as authorized in the meeting minutes, within five days. (Rules of Order for Standing Committees of the Navajo Nation Council #4E)
3. *Committee Reporting:* We selected a sample of five Committee reports, one from each of the Standing Committees and performed the following:
    - a. Determined if the reports contained the following common elements: a) statistical data report, b) listing of reports accepted by the Committee, c) listing of all actions taken by the Committee, and d) listing of all approved resolutions.
    - b. Agreed the reports to the underlying data to determine if they appeared correct and adequately supported.
    - c. Inspected documentation to determine if the reports were submitted in a timely manner by the understood deadline dates (*general expectation is 3 days*).
    - d. Determined if the reports were approved by the appropriate level of authority (*e.g. Legislative Advisor or Committee Chair*).
  4. *Travel Expenses:* We selected a random sample of 15 travel expenses for business unit #101019 (OLS), and an additional 22 travel expenses processed specifically for LDA's, processed between April and September 2014. For each travel expense selected, we performed the following:
    - a. Determined if a Travel Authorization (TA) form was properly completed and approved;
    - b. Assessed whether the travel appeared reasonable and provided benefit to the department;
    - c. Determined if expense reports were submitted with supporting receipts upon return from travel;
    - d. Analyzed mileage rates applied to determine if they were at the approved rates maintained by the Navajo Nation Office of the Controller;
    - e. If a travel advance was received, determined if the corresponding portion of the TA form was completed and approved; and,
    - f. Determined if any unsupported charges (*e.g. no receipts*) were deducted from the employee's expense reimbursement or paycheck if the expense reimbursement exceeded the authorized charges.
  5. *Timesheet/Timecard Processing:* We selected a sample of ten OLS payroll disbursements for business unit #101019 (OLS), and an additional 21 payroll disbursements specifically for LDA's, processed between April and September 2014. For each corresponding timecard (nonexempt employees) or activity report (exempt employees), we tested to determine if:
    - a. Timesheets were approved by the Executive Director of the OLS;
    - b. Hours approved on the timesheet agreed to the hours paid on the paycheck; and,
    - c. Properly approved activity reports were submitted by exempt employees to substantiate department goals were being accomplished.

6. *Other Procedures:*

- We assessed the audit areas described above for adequate policies and procedures (P&Ps) to allow for consistent processes and documentation throughout the various Committees and Council.
- We selected four Council Delegates and performed interviews to gather their input on the OLS function to assess whether the OLS is meeting Council's needs and expectations and if there were areas where improvements could be made.

## **FINDINGS AND RECOMMENDATIONS**

### **Legislation Processing Findings**

#### **Finding I: Lack of Approved P&Ps over Legislation Processing**

***Issue: There was a lack of approved P&Ps over legislation processing.***

<i>Criteria:</i>	All significant functions of the OLS department should be supported by adequate, documented, and approved P&Ps.
<i>Condition:</i>	The OLS did utilize the process flow that is documented in Title 2, Section 16 of the NNC and created a flowchart to help guide the legislative process; however, the OLS does not recognize the flowchart as an adopted P&P, but instead views the flowchart as a best practice.
<i>Effect:</i>	Failure to adopt formal P&Ps has resulted in inconsistent legislative processing and documentation across the various Committees and Council.
<i>Cause:</i>	The OLS was utilizing the flowchart as a guide; therefore, they had not created and adopted P&Ps.
<i>Recommendation:</i>	The OLS should develop, formally adopt, and implement documented P&Ps that describe the requirements and steps involved in initiating, processing, documenting and approving legislation and consider implementing a standard process for tracking legislation as it moves between the various departments involved. This will allow all OLS personnel to have one P&P to guide the legislative process as it flows through the various Committees, Council and Legal, and result in consistent documentation to support all denied and approved legislation. This will also help to mitigate the risk of approving legislation that is in violation of the NNC or other regulations or P&Ps.

#### **Finding II: Legislation Processing and Documentation**

***Issue: There were inconsistencies in legislation processing and documentation maintained.***

<i>Criteria:</i>	Legislation should be consistently processed and documented in accordance with Title 2 of the NNC and OLS best practices.
<i>Condition:</i>	During our analysis of 20 closed-out legislations, we identified several inconsistencies in the processes followed and the documentation maintained to support passed legislation. Specifically, we identified the following: a) In all instances, we could not verify if the ten day close-out timeline was met due to insufficient documentation.

- b) In 16 instances, there was no supporting documentation to verify that the Chairperson of the Committee did not vote on the legislation, other than to break a tie. Voting results were documented in total, not by how each member voted.
- c) In 14 instances, there was no documentation on the Engrossing Form that the Legislative Policy Analyst reviewed the proposed legislation for discrepancies.

*Effect:* Adequate support was not on file to support that legislation timelines were achieved, votes were in compliance with the NNC, and that required reviews occurred.

*Cause:* There were no formal documented P&Ps to guide the legislation process and to require a consistent documentation approach.

*Recommendation:* In order to ensure consistency in legislation processing and documentation, consider the following:

- a) The OLS has recognized the best practice of ensuring that legislation is closed-out within ten days of approval by the appropriate Standing Committee or by the Council. OLS should formalize this as a requirement in the P&Ps and assign personnel to oversee the process to ensure the ten day timeframe is either adhered to or there is adequate documentation justifying the delay.
- b) The OLS should consider requiring all Committees to utilize the system currently in place for Council meetings in order to document how each individual Committee member voted. This will ensure that adequate support is on file to support the vote and that the Chairperson abstained from voting unless a tie occurred.
- c) The OLS should require that the Legislative Policy Analysts document their legislation review on the Engrossing Form, which should be maintained with the final legislation documentation. This review ensures that all information in the legislation is accurate and consistent and is the last review prior to the submission to the Speaker of Council for introduction into the legislative process. This requirement should be included in the documented P&Ps.

### **Finding III: Custody of Closed-out Legislation Documentation**

#### ***Issue: The OLS did not consistently maintain copies of closed-out legislation.***

*Criteria:* The NNC Section 166 (A-B) requires that all Council, Standing Committee, board and Commission records shall be provided by the OLS and Central Records Department, and the expectation is that closed-out legislation documentation should be maintained in the OLS department by the Legislative Reporter Supervisor.

*Condition:* Through discussions with OLS personnel, we found that copies of closed-out legislation and supporting documentation were not consistently maintained at the OLS.

*Effect:* Legislation packets will not be complete and readily available for public inspection if there is an information request from the general public.

*Cause:* The typical process was to send closed-out legislation records to the Central Records Department for safeguarding and copies were not being retained within the OLS department.

*Recommendation:* The OLS should keep a copy of all support for closed out legislation within the OLS department. This will ensure that complete legislation packets are readily available for public inspection if there is an information request from the general public.

### **Meeting Documentation Findings**

#### **Finding IV: Lack of Approved P&Ps over Meeting Documentation**

***Issue: There were not approved and documented P&Ps to cover meeting documentation.***

*Criteria:* All significant functions of the OLS department should be supported by adequate, documented, and approved P&Ps.

*Condition:* There was a lack of approved P&Ps to govern the documentation that is required for Standing Committee and Council meetings.

*Effect:* There was no consistency in meeting documentation that was being prepared for the various Standing Committee and Council meetings resulting in a lot of important and required documentation not being captured.

*Cause:* The NNC Title 2 does require that certain documentation be prepared, such as a journal and meeting agenda, for each Committee and Council meeting; however, there was not a consistent definition or requirement regarding the specific elements of each meeting packet and how important aspects (e.g. meeting start and end times, approval of the meeting journals, etc.) of each meeting must be documented.

*Recommendation:* The OLS should develop, formally adopt and implement P&Ps to describe the specific documents required for each Committee and Council meeting and the important elements of each of those documents. A formalized P&P will help to achieve consistency across the various Committees and Council to ensure that all required elements and actions are appropriately documented. Consideration should be given to those inconsistencies identified during this audit in the observations below. In addition, developing standard templates for preparing common meeting documentation such as journals, minutes and agendas, would increase consistency across the various Committees and Council.

#### **Finding V: Meeting Process Noncompliance with Title 2 of NNC**

***Issue: Certain meetings did not meet the specific requirements of Title 2 of the NNC.***

*Criteria:* Meetings must be held in compliance with Title 2 of the NNC which requires, among other things, meetings to be called to order at 10am and to occur in Window Rock unless permission otherwise is granted, to meet a minimum length of time requirement, and meeting notices to be posted online within required timelines.

*Condition:* During our analysis of the supporting documentation for 20 committee and Council meetings, we identified several instances where the meetings were not held in a manner that was in compliance with Title 2 of the NNC. Specifically, we identified the following:

- a) Thirteen instances where the meeting was not called to order at 10 am, as required;
- b) Two instances where the meeting was held outside of Window Rock and there was not documentation that permission was granted by the Speaker of Council;
- c) Five instances where the meeting did not meet the required length of time (e.g. three hours) to qualify as a meeting;
- d) Five instances in which the start time for the meeting was not documented; therefore, we could not determine if the 10am or three hour length requirements were met; and,
- e) Six instances where the meeting notice was not publicly posted online within the required timelines.

*Effect:* Meetings that occurred did either not meet, or there was not adequate documentation on file to support that they met, the requirements of Title 2 of the NNC.

*Cause:* Committees were not aware of these specific Title 2 requirements. Documentation was not adequate to support that requirements had been met.

*Recommendation:* Management should review Title 2 of the NNC and enforce the requirements as they relate to Committee and Council meetings. Specifically:

- a/b) If there are instances where a Committee/Council must deviate from the requirements of Title 2, such as requiring a different start time or location, sufficient documentation should be made in the meeting journal to justify the noncompliance and required approvals should be obtained and documented.
- c/d) In order for a meeting to have been deemed to occur, it must have lasted a minimum of three hours. Meeting agendas should be analyzed by the Chairperson prior to the meeting to assess whether or not it is expected to meet the three hour requirement or if it should be postponed until additional items can be added. In the event that meetings are completed earlier than expected, it should be documented that all business has been completed and it is acceptable to end the meeting.
- e) The OLS should implement procedures to ensure that meeting announcements are posted in accordance with the NNC.

## **Finding VI: Missing Meeting Documentation and Approval**

### ***Issue: Required meeting documentation and approvals were not on file.***

*Criteria:* Meetings must be documented in compliance with Title 2 of the NNC.

*Condition:* During our analysis of the supporting documentation for 20 committee and Council meetings, we identified several instances where required documentation was not on file and/or required approvals were not documented. Specifically, we identified the following:

- a) Six instances where documentation that journals were approved by the Standing Committee or Navajo Nation Council was not on file.
- b) One instance in which the meeting adjourn time was not documented and there was no documentation to indicate that the meeting was complete or other reasons for ending the meeting.
- c) Two instances, related to one meeting, where the legislations presented at the meeting did not contain a committee report documenting the committee Chairperson's signature.
- d) Eight instances of missing committee reports and one that was incomplete.
- e) Three instances in which an agenda for the meeting was not on file.
- f) Seven instances in which a roll call sheet was not on file.
- g) Six instances in which a sign-in sheet was not on file.
- h) Eight instances in which a journal documenting the meeting was not on file. In most of these instances, documentation that a roll call was performed, that the agenda was approved by a majority, or that the meeting was formally adjourned was not on file given that there was no journal documenting the actions of the meeting.
- i) One instance in which a journal was on file; however, the performance of roll call was not documented.
- j) One instance in which there was no documentation that a quorum was met.

*Effect:* Required documentation and approvals were not on file to support the committee and Council meetings.

*Cause:* There were no P&Ps to guide the meeting documentation process, which resulted in inconsistent and incomplete documentation. There was no organization process for maintaining finalized meeting packets.

*Recommendation:* All meeting packets should be kept in a binder with the name of the Committee/Council and start date/end date for the meeting period covered. These should be organized in chronological order and stored in a central area. If originals are not required, an electronic storage system should be developed. After formal P&Ps are drafted and adopted, management should develop a meeting documentation checklist to help maintain consistency among all Committees and Council meeting packets and to ensure compliance with Title 2 of the NNC and the Rules of Order. The checklist should be placed on the first page of each meeting packet to ensure all of the following meeting documents are included:

1. Approved Journals (with approval date)
2. Approved Agenda
3. Roll Call Sheet
4. Sign-In Sheet(s)
5. General Claims
6. Minutes (as requested)
7. Other items as determined by management

To comply with the NNC, journals should be completed and approved within 30 days after a Navajo Nation Council session and by the next meeting for Standing Committee meetings. A standard journal format should be developed and implemented to help increase consistency and make it easy to ensure that all required elements are captured including:

1. Location of the meeting. If other than Window Rock, AZ, a memo granting permission by the Speaker of the Council shall be attached.
2. Time the meeting began.
3. Roll call performed and the names of the members present.
4. Documentation that a quorum was/was not present.
5. Approval of the agenda.
6. Approval of the journal from the preceding meeting.
7. A motion to adjourn at the conclusion of the meeting and the result of the vote for adjournment. At the loss of a quorum, a motion to adjourn must be documented.
8. The time the meeting adjourned and, if applicable, the reason for adjourning prior to the three hour requirement.

The Committee Chairperson, or assigned designee, should ensure a quorum is maintained throughout the meeting, keeping track of all members present. As soon as the Chairperson/designee notices a quorum will not be present, the member(s) breaking the quorum should be recalled to immediately adjourn the meeting. When a member is planning to leave the meeting that results in the loss of a quorum, the member breaking the quorum should notify the Chairperson to call for an immediate adjournment.

### **Committee Reporting Findings**

#### **Finding VII: No Approved P&Ps Over Committee Reporting**

***Issue: There were no P&Ps covering Committee reporting requirements.***

*Criteria:* All significant functions of the OLS department should be supported by adequate, documented, and approved P&Ps.

*Condition:* There were no approved P&Ps that set out guidelines to define what information is required in the Standing Committee and Council quarterly reports. Depending on who the Reporter and Advisor were for a particular Standing Committee or Council, the report provided would be different and typically only contained a few common elements. Additionally, the Navajo Hopi Land Commission Office was not fully recognized as a Standing Committee by the OLS; therefore, the Committee was not following the current reporting requirements of the recognized Committees, as it was outside of the scope of the OLS department.

*Effect:* Several of the reports analyzed during the audit were missing important elements such as statistical data.

*Cause:* There were no approved P&Ps that set out guidelines to define what information is required in the Standing Committee and Council quarterly reports.

*Recommendation:* The OLS should develop, formally adopt, and implement documented P&Ps that describe the requirements for Committee and Council quarterly reporting. Management should identify what information is needed by the various Committees and Council to ensure that the quarterly reports are meeting their needs and that the reports are being consistently prepared. In addition, the OLS should perform an analysis on whether or not the Navajo Hopi Land Commission should be recognized as a legitimate Committee and subject to the same requirements of all other Standing Committees.

## **Finding VIII: Incomplete Committee Reporting Packets**

### ***Issue: Several reporting packets were incomplete.***

*Criteria:* Title 2, Section 188 of the NNC requires all Committees, boards and commissions of the Navajo Nation Council to report quarterly and in writing to the Council concerning their areas of oversight. Reports must be submitted timely, must be approved, and must include certain required elements.

*Condition:* During our analysis of six Committee reporting packets, we identified several instances where the packets were incomplete including:

- a) Three instances (9/30/14 report for the Law and Order Committee, Budget and Finance Development Committee and the Naa bik'iyati' Committee) where there was no documentation that the Legislative Advisor or the Committee Chairperson had reviewed and approved the report prior to submission to the Speaker of Council's office.
- b) One instance (9/30/14 report for the Resource and Development Committee) where the required quarterly Committee report was not prepared.
- c) Two instances (9/30/14 reports for the Budget & Finance Committee and the Naa bik'iyati' Committee) where there was not documentation that the report was submitted timely (e.g. within 3 days of the quarter-end).
- d) Three instances (9/30/14 report for the Law and Order Committee, Budget & Finance Development Committee and the Naa bik'iyati' Committee) where the statistical data report was not included with the quarterly report.

*Effect:* Reports across the various Committees were inconsistent and incomplete.

*Cause:* There were no P&Ps to guide the reporting process and a lack of accountability and oversight to ensure the Legislative Advisors were submitting complete and timely reports.

*Recommendation:* In order to ensure consistent and timely reporting to all Standing Committees and Council, the OLS should formally document the approval and submission requirements in a P&P and specify the timeframe in which reports should cover (e.g. monthly or quarterly). These P&Ps should also document the specific elements of the reporting packages and what is required to ensure the consistency of the information that each Committee and Council receive. The Legislative Advisor should be held responsible for ensuring that all approvals and reviews occur and are documented and that reports are submitted timely.



## Travel Expenditure Findings

### **Finding IX: Missing Travel Expenditure Documentation**

#### ***Issue: Several OLS travel expenditures were not properly supported.***

*Criteria:* The Navajo Nation Travel Policy requires all travel expenses to be properly supported by an approved Travel Authorization form and receipts.

*Condition:* In total, for the time period of April through September 2014, the OLS department (including LDAs) incurred \$131,560 of travel expenses. LDAs incurred approximately \$62,000 of this expense. During our analysis of the supporting documentation for 15 general OLS travel expenditures, we identified missing documentation including:

- a) One instance where there was no documentation (e.g. receipts, Travel Authorization (TA) form, etc.) in the OLS files to support the travel expenditure;
- b) One instance where the travel expense was not supported by receipts and the TA was not approved by the OLS Executive Director; however, it was processed for reimbursement. This particular travel expenditure was submitted by a LDA.
- c) One instance where a meal was charged to the OLS P-Card by an LDA despite the fact that the TA was only for mileage reimbursement. It was determined that LDAs are not permitted to have meal reimbursements.
- d) One instance where the TA showed approval for lodging at the rate of \$83 for two nights (\$166 total). However, the actual lodging receipts showed \$300 for one night. Upon discussion with the OLS Executive Director, he was aware that this particular lodging expenditure exceeded the approved lodging on the TA. In instances such as these, the TA should note that lodging may exceed the initial approved amount. However, this was not documented on the TA.

In addition, during our analysis of the supporting documentation for 22 LDA travel expenditures, we identified missing documentation including:

- a) Three instances where there was no documentation (e.g. receipts, TA form, etc.) to support the travel expenditure.
- b) Nine instances where a meal was charged to the OLS P-Card by an LDA despite the fact that the TA was only for mileage reimbursement. The charge was not deducted from the mileage amount paid to the LDA.
- c) Twelve instances where the TA was approved for a set estimated mileage of 1,000 miles; however, the actual reimbursement exceeded the 1,000 miles approved.
- d) Three instances where expenditures were approved for a period of time outside of the authorized dates on the TA.

*Effect:* Travel expenses were not properly supported and approved in compliance with the Navajo Nation Travel Policy.

*Cause:* There was not a consistent process for tracking travel expense approvals and documentation. In addition, typically LDAs get their travel expenses approved by their respective Council Delegate rather than following the standard OLS approval process.

*Recommendation:* In order to ensure that all travel expenditures are appropriately supported and approved, consider implementing a formal tracking process where all pre-numbered TAs are recorded in a TA log. A designated employee should be responsible for ensuring that all TAs recorded on the TA log are properly completed, supported by receipts upon return from travel and are properly authorized. Management should reiterate to all OLS department employees that the Executive Director's approval is required for all OLS travel expenditures.

If an exception will be made for the approval of LDA expenditures, that should be communicated and the LDA approval process should still be tracked through the TA log. Employees should be subject to a travel reimbursement deduction or a payroll deduction for unapproved or unsupported travel expenditures.

### **Timekeeping Findings**

#### **Finding X: No Approved P&Ps over Timekeeping**

***Issue: There were no documented P&Ps over OLS timekeeping resulting in inconsistent support for exempt employee time.***

*Criteria:* All significant functions of the OLS department should be supported by adequate, documented, and approved P&Ps.

*Condition:* There were no approved P&Ps that document the requirements for the use of activity reports for exempt OLS employees, which are utilized to document the progress towards department goals, and the requirement for having those activity reports approved.

Total payroll expenses for OLS employees (excluding LDAs) was approximately \$498,000 and LDA employees was approximately \$478,000 between April and September 2014. During our analysis of the supporting documentation for six exempt OLS employee payroll disbursements, we identified four instances in which an activity report was not on file, and two instances in which one was on file; however, it was not approved by the Executive Director or other authorized approver. In addition, during our analysis of the supporting documentation for 21 LDA payroll disbursements, we found that LDAs were not submitting individual time sheets for review and approval by the OLS Executive Director. Instead, their time was reported on a generic timesheet with ten or more employees reporting total hours worked. These generic timesheets were signed off on by a Speaker's Office employee. Instead they relied on their trip reports, which were often not turned in until days or weeks after payroll was paid and, in many cases, there was not documentation for the full amount of time that was paid.

*Effect:* Payroll disbursements were not adequately supported, and there were inconsistencies among the department in how exempt employee time was reported.

*Cause:* There was no documented P&P to guide OLS time reporting. It was also unclear who should be approving LDA time reports and what documentation should be submitted to substantiate time worked.

*Recommendation:* The OLS should develop, formally adopt and implement P&Ps to describe the requirements for time/activity reporting for exempt employees. The P&P's should address what must be included in the activity reports as well as the approval requirements. The P&P's should specifically address who is required to follow the policy and whether or not it applies to LDAs. LDAs, like all other OLS employees, should be required to submit adequate support for time worked.

## **OTHER CONSIDERATIONS**

Below are matters that did not rise to the level of a finding; however, they are being provided to management for consideration and information purposes only.

- *Council Delegates Input:* We held interviews with four Council Delegates to gather their input on the OLS function as whole and areas for improvement. Below represents the key input that we obtained from those interviews:
  - *Incomplete Legislation Packets:* Delegates have seen instances where incomplete legislation packets, such as missing exhibits or amendments, have reached Standing Committees or Council for review and action. In addition, there were instances where adequate research had not been performed to verify that a proposed legislation did not contradict existing laws or P&Ps. In these instances, the action has to be postponed until the additional information and/or research was provided, which was an inefficient use of the Committee/Council's time and resulted in delays in legislation processing. A verification process should be implemented where someone is assigned the responsibility for ensuring that all legislations presented for review/action are complete and have been properly researched prior to submission.
  - *Automate Processes:* A majority of the OLS's workflows are done through the use of paper documentation. Consider automating certain workflows to increase department efficiency. Consider scanning historical documentation to make document searching, archiving and retrieving easier. Electronic documents will also allow convenient transmitting and posting to the Navajo Nation Council website so that OLS is more transparent with its constituents.
  - *Timeliness and Accuracy of Information:* There were concerns expressed regarding the accuracy and timeliness of information that is prepared by OLS for the various Committees and Council. When drafting department P&Ps, incorporate timelines for when information must be prepared by and formal checks and balances to ensure that the information being presented is accurate.

\* \* \* \* \*

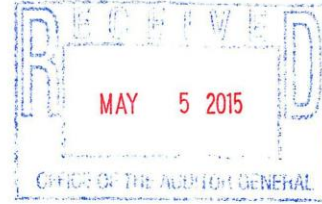
The above represents the items that constitute significant conditions. Other, less significant items were addressed with management during the audit and are not included.

We received excellent cooperation and assistance from the OLS personnel during the course of our testing. We very much appreciate the courtesy and cooperation extended to our personnel. We would be pleased to meet with you to discuss our findings and answer any questions.

REDW LLC

Albuquerque, New Mexico  
May 11, 2015

## **CLIENT RESPONSE**



## MEMORANDUM

To : Elizabeth Begay, CIA/CFE, Auditor General  
OFFICE OF THE AUDITOR GENERAL

From : Tom Platero  
Tom Platero, Executive Director  
OFFICE OF LEGISLATIVE SERVICES

Date : May 5, 2015

Subject : **Office of Legislative Services Internal Audit (Report 15-20)**

The Office of Legislative Services (OLS) acknowledges the Findings/Issues identified in the Office of the Auditor General Report 15-20 – Internal Audit of the Office of Legislative Services.

Pursuant 12 N.N.C. §7, OLS will begin preparation of its corrective action plan. We have formed an internal audit response team and anticipate that we can meet the 30 day requirement for submission of a preliminary corrective action plan to the Office of the Auditor General. We have initiated the formulation of a corrective action plan for Report 15-20. Part of the corrective action process for Report 15-20 will involve passage of legislation by the Navajo Nation Council; whereas this portion of the correction action plan will involve working with the Naabik'iyati' Committee Title 2 Reform Subcommittee. Since Title 2 can only be amended during a regular session, we have only four opportunities in any given calendar year. The success of full implementation of our corrective action plan rests with the passage of legislation by the Council and approval of the Office of the President/Vice President (OPVP) to enact law changes. Should there be any delay, we will be out of compliance with our corrective action plan due to not having full control of the actions of the Council or OPVP.

I would like to take the opportunity to thank your Office and REDW for conducting the performance audit for the Office of Legislative Services. The audit has brought clarity to the areas of improvement needed for OLS to provide more efficient and quality services.

COPIES: Honorable LoRenzo Bates, Speaker, Navajo Nation Council.  
Arbin Mitchell, Chief of Staff, Office of the Speaker  
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