



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A 3rd Follow-Up Review of the Oljato Chapter Corrective Action Plan Implementation

**Report No. 24-10
June 2024**

**Performed by:
Kimberly Jake, Senior Auditor**





June 28, 2024

Willis Begay, President
OLJATO CHAPTER
P.O. Box 360455
Monument Valley, UT 84536

Dear Mr. Begay,

The Office of the Auditor General herewith transmits audit report no. 24-10, a 3rd Follow-up Review of the Oljato Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2019, the Office of the Auditor General performed a Special Review of the Oljato Chapter and issued audit report no. 19-23. A corrective action plan (CAP) was developed by the Oljato Chapter in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on December 3, 2019 via resolution no. BFD-56-19.

In 2021, a follow-up review of the Oljato Chapter CAP implementation was completed, and report no. 21-14 was issued. The review determined the Chapter did not fully implement the CAP. As such, the Office of the Auditor General recommended sanctions be imposed on the Oljato Chapter and Officials for failure to fully implement the CAP. However, on September 21, 2021, the Budget and Finance Committee tabled the legislation and requested the Auditor General to perform another review after six months.

In 2023, a 2nd follow-up review of the Oljato Chapter was completed and report no. 23-08 was issued. As of this review, the CAP was still not fully implemented and consequently, the Auditor General revised its initial recommendation for sanction to impose only Section 9(B) which would cause ten percent of monies payable from any government fund to be withheld until the CAP is implemented. However, on January 17, 2024, the Budget and Finance Committee tabled the legislation for 120 days ending May 17, 2024.

OBJECTIVE AND SCOPE

The objective of this 3rd follow-up review is to determine whether the Oljato Chapter fully implemented its CAP based on a six-month review period of November 1, 2023 to April 30, 2024.

SUMMARY

Of the three outstanding corrective measures, the Oljato Chapter implemented two (67%) corrective measures, leaving one (33%) not fully implemented. See attached Exhibit A for the details of our follow-up review results.

CONCLUSION

Overall, the Oljato Chapter has implemented a majority of its corrective action plan and as a result, has reasonably resolved the audit findings from the 2019 audit. Therefore, the Auditor General rescinds the recommendation for sanction made in accordance with Section 9(B).

Ltr. to Willis Begay
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We wish to thank the Oljato Chapter for assisting in this 3rd follow-up review.

Sincerely,

A handwritten signature in black ink, appearing to read 'Helen Brown', written over the word 'Sincerely,'.

Helen Brown, CFE, Principal Auditor
Acting Auditor General

Attachment

xc: Jean Holiday, Vice President
Marietta Bedonie, Secretary/Treasurer
Karilyn Begay, Community Services Coordinator
Herman Daniels Jr., Council Delegate
OLJATO CHAPTER
Jaron Charley, Department Manager II
Calvin Tsosie, Senior Programs & Projects Specialist
ADMINISTRATIVE SERVICES CENTER/DCD
Chrono

REVIEW RESULTS
Oljato Chapter Corrective Action Plan Implementation
Review Period: November 1, 2023 to April 30, 2024

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details
1. Controls over chapter property need improvement to ensure property is reliable, adequately identified, and well documented.	3	2	1	Yes	Attachment A
TOTAL:	3	2	1	1 - Yes	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the department provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

<p>◆ 2024 STATUS</p>	<p>Controls over Chapter property need improvement to ensure property is reliable, adequately identified and well documented. RESOLVED</p>
<p>In October 2023, the Underwriting Exposure Summary Report was submitted to the Risk Management Program by the Kayenta Administrative Services Center (ASC) Senior Programs and Projects Specialist (SPPS) who was the Acting Community Services Coordinator at the time for the Oljato Chapter. Prior chapter staff had resigned in July and August 2023. However, the ASC SPPS used the previous year's property inventory which had deficiencies as noted in our 2nd follow-up review.</p> <p>Since then, the Chapter hired the new CSC in April 2024 and the Accounts Maintenance Specialist (AMS) in November 2023. The new CSC made it a priority to update the property inventory as of June 2024. During our onsite visit to the Oljato Chapter, the updated property inventory was examined and the following improvements were noted:</p> <ol style="list-style-type: none"> 1. The Chapter purchased prenumbered asset tags in January 2024, affixed them to chapter property/equipment and recorded the asset tag number to the property inventory. 2. 14 of 15 property items were physically inspected and all had property identification tags, but one property item could not be located. 3. The Chapter added new purchases to their property inventory. 4. The Chapter procured a vendor to appraise the chapter buildings in January 2024. The appraised values for the buildings were updated in the property inventory. 5. The Chapter approved resolutions in May 2024 to accept the donation of two buildings so that the Navajo Nation Property Management Department can assign building property numbers. 6. The current CSC is developing a more comprehensive property inventory by including property information that was previously reported as missing. For heavy machinery/equipment, the CSC includes details such as make, model, year, VIN#, and license plate. For other property items, she is adding details such as acquisition date, condition and location. With additional property information, the Chapter is in a better position to fully account for its property and equipment. 7. Rather than estimating or making assumptions about property values, the current CSC is using Chapter records such as invoices, appraisals, and searching the internet to identify the value for items that do not have supporting documentation. In doing so, the Chapter is providing more realistic and supportive values for its property, but these documents need to be properly filed with property records. 8. The Chapter still has not disposed of old and inoperable equipment since our last follow-up review. However, the new CSC has contacted the Property Management Department for assistance with the disposal and will be addressing this issue. The Chapter Officials and ASC should follow up with the CSC to ensure this task is completed. <p>Although the Chapter is improving its property management controls, there are still opportunities for improvement with the following:</p> <ol style="list-style-type: none"> 1. The updated property inventory lacks signatures to identify who prepared and reviewed the document. In addition, the CSC needs to train the AMS to complete the annual physical inventory count and update the property inventory so that the CSC can be the reviewer to verify the accuracy of the inventory. 	

2. The Chapter Officials did not conduct quarterly inspections as required by the corrective action plan to ensure the property inventory remains up-to-date, items are tagged and on chapter premises. The Chapter President agreed to take on this responsibility and a signature on the inventory should confirm quarterly inspections.
3. A property item previously reported as missing has not been located and another item was deemed missing during this review. The current CSC is in the process of identifying and documenting all missing property. Thereafter, she will report these items as missing in accordance with policies and procedures. The Chapter Officials and ASC should follow up with the CSC to verify these tasks are completed.

Overall, the Oljato Chapter has made reasonable improvements with its property management. The current staff is credited for improving property controls to adequately identify, account for, and report property inventory. Although improvements remain a work in progress, the audit issue is deemed reasonably resolved.