

## SUMMARY

The Office of the Auditor General has conducted a follow-up review to the Churchrock Chapter audit (report no. 97-23) which was issued on November 17, 1997. The follow-up review provides an assessment of the Chapter's progress in resolving the audit findings and developing and implementing a five management system pursuant to the Navajo Nation Local Governance Act (LGA).

### **Churchrock Chapter Needs to Adequately Implement All the Audit Recommendations to Ensure Proper Accountability over Chanter Assets and Property.**

Churchrock Chapter has made only a modest effort to implement the recommendations presented in audit report 97-23. Of the twenty recommendations made in that audit, only four have been fully implemented. Eleven recommendations were partially implemented and five have not been implemented. Recommendations that have been partially or not implemented include:

- Ensuring cash revenues are deposited intact.
- Summarizing and reconciling cash receipts in the cash receipts journal.
- Ensuring chapter disbursements have proper approval and supporting documents.
- Ensuring PEP project reports are completed.
- Ensuring chapter disbursement checks have authorized signatures.
- Maintaining an imprest petty cash fund.
- Providing monthly financial reports to the community members.
- Ensuring the chapter property listing is complete and all chapter property is tagged.
- Maintaining a log book for property that is removed from the chapter premises.
- Exercising prudence in the expenditure of chapter funds and in accordance with funding guidelines.
- Maintaining a separate accounting for each chapter fund.
- Preparing monthly bank reconciliations.
- Collecting all personal loans.
- Maintaining a perpetual inventory system for resale items.

Churchrock Chapter must fully implement all recommendations to provide reasonable assurance that it properly accounts for and safeguards all assets, complies with applicable laws and regulations and uses resources efficiently and effectively. Addressing the audit recommendations is the initial step in demonstrating the Chapter's accountability for its assets and resources.

### **Churchrock Chapter Must Fully Implement its Five Management System Before an LGA Certification Review can be Considered.**

Churchrock Chapter has not fully implemented its five management system policies and procedures. In addition, the Chapter's accounting system is not generating financial statements. Until the Chapter has fully implemented its five management system and generates financial statements, it will not be prepared for local governance certification review.