

## SUMMARY

The Office of the Auditor General has conducted a follow-up review to the Mariano Lake Chapter special review (report no. 99-08) which was issued by our office on February 12, 1999. 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).

### **Mariano Lake Chapter Needs to Adequately Implement All Audit Recommendations to Ensure Proper Accountability over Chapter Assets and Property.**

Mariano Lake Chapter has made some effort to implement the recommendations presented in audit report 99-08. The Chapter has fully implemented one of the eight recommendations made in that audit. Four recommendations have been partially implemented and three have not been implemented. Recommendations that have not been fully implemented include:

- Providing complete financial reports.
- Ensuring supporting documents are available for all expenditures.
- Adhering to travel policies and procedures.
- Developing guidelines for awarding all types of financial assistance.
- Establishing a separate accounting record for each Chapter fund.
- Collecting or resolving all outstanding loans.
- Strengthening controls over the accounting of hay revenue.

Mariano Lake 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 that demonstrates the Chapter's accountability over its assets and resources.

### **Mariano Lake Chapter Must Establish an Effective Internal Control Structure and Accounting System Before Seeking LGA Certification Review.**

Mariano Lake Chapter is not prepared to seek certification under LGA at this time. The Chapter has adopted a five management system, however, policies and procedures need improvement and implementation. In addition, the Chapter has not established an effective accounting system and the staff have not developed the skills necessary to prepare basic financial statements. The Chapter needs to establish an internal control structure and accounting system that provides reasonable assurance of the Chapter's accountability and fiscal responsibility. Until the Chapter implements its five management system and establishes an accounting system that is capable of generating basic financial statements for its financial activities, the Chapter is not prepared for a local governance certification review.