

SUMMARY

The Office of the Auditor General has conducted a performance audit of Rough Rock Chapter in response to concerns raised by community members regarding the management of Chapter finances. This audit provides an assessment of the Chapter's accounting system and internal control structure and evaluates Chapter's compliance in expending Chapter funds.

Rough Rock Chapter has not established an adequate accounting system and internal controls to provide reasonable assurance that chapter funds are used appropriately. Our review identified deficiencies in all areas of financial management. These deficiencies suggest that the community's concerns about chapter finances are well founded. Examples of the deficiencies include:

- Cash receipts are not handled in a manner that ensures all receipts are recorded and deposited. Over \$3,100 (or 40%) of cash receipts during our audit period were not deposited and are missing.
- Disbursements lack the required two signatures and supporting documentation.
- Balances for chapter bank accounts and individual funds are not maintained in an up-to-date manner.
- The chapter does not monitor expenditures against an approved budget.
- The chapter does not provide complete and accurate monthly financial reports to the community as required by the Local Governance Act.
- The chapter's property inventory is incomplete and some chapter equipment is stored outside the chapter premises.
- The chapter does not monitor compliance with applicable laws in disbursing funds. In one case, a chapter official was hired for temporary employment under the Public Employment Program. The chapter also failed to conduct needs assessments for housing assistance as required by the fund expenditure guidelines.
- The chapter has made little effort to develop a five management system as required by the Local Governance Act.

As a result of these deficiencies, we questioned \$18,744 (or 38%) of disbursements we tested. Rough Rock Chapter needs to take immediate action to strengthen its financial management and internal controls. An important first step toward this goal will be to develop and implement a five management system.