

## SUMMARY

The Office of the Auditor General has conducted a follow-up review to the White Rock Chapter audit (report no. 98-14) which was issued on August 12, 1998. 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).

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

White Rock Chapter has made only a modest effort to implement the recommendations presented in audit report 98-14. The Chapter has fully implemented five of the 17 recommendations made in that audit. Five recommendations have been partially implemented and seven have not been implemented. Recommendations that are partially or not implemented include:

- Ensuring all cash revenues are deposited intact.
- Recording all Chapter revenues on pre-numbered receipts and summarizing in the cash receipts journal.
- Reconciling cash receipts with the recorded revenues prior to bank deposits. Obtaining approval for all expenditures.
- Ensuring all disbursements, including travel, have supporting documents.
- Strengthening procedures for awarding contracts.
- Maintaining a separate accounting for each Chapter fund.
- Establishing a perpetual inventory accounting of resale activities.
- Maintaining a complete property list.
- Ensuring all Chapter property is tagged.
- Providing monthly financial reports to the community members.

White Rock 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.

### **White Rock Chapter Must Establish an Effective Internal Control Structure and Accounting System Before Considering a Local Governance Certification Review.**

White Rock Chapter is not prepared to seek certification under the Local Governance Act (LGA) at this time. The Chapter has not adopted and is not operating under a five management system pursuant to LGA. In addition, the Chapter's accounting system is not generating financial statements. The Chapter needs to establish an internal control structure and accounting system that provides reasonable assurance of the Chapter accountability and fiscal responsibility.