

SUMMARY

The Office of the Auditor General has completed the follow-up review of the Nahata Dziil Chapter's governance certified five management system (FMS) policies and procedures pursuant to the Transportation and Community Development Committee (TCDC) resolution no. TCDCAU-66-02. The TCDC resolution directed the Auditor General to review Nahata Dziil Chapter operations after obtaining governance certification.

The Nahata Dziil Chapter five management system is intended to provide reasonable assurance that chapter financial reporting is reliable and accurate, chapter assets are safeguarded from loss and the chapter complies with applicable laws and regulations. Based on this premise, the Chapter's FMS was governance certified on August 16, 2002 by TCDC. In our follow-up review, we found some deficiencies. However, these deficiencies do not compromise the overall integrity of the system. Nevertheless, we report on these deficiencies as feedback to the chapter management and officials and offer some recommendations on how to correct these deficiencies.

We noted the following deficiencies:

- FMS policies and procedures are not consistently implemented.
- Automated accounting system is not fully implemented.
- Chapter financial statements need further improvement.
- Cash receipt summaries and revenue journals do not agree.
- Petty cash fund could be improved.
- Bank reconciliations involve duplicate effort.
- Quotation requirements for purchasing goods/services are not being met.
- Prepayments of travel per diems are erroneously recorded as travel advances.
- Stipend advances were made contrary to the Local Governance Act.
- Documentation for housing assistance was incomplete and inconsistent.
- There was no resale inventory for rugs produced by PEP workforce.
- Chapter property and equipment inventory is incomplete.

Overall the system continues to operate effectively and still meets its intended purpose. However, the Chapter was advised to implement appropriate corrective measures to address the deficiencies. With the corrective measures, the Chapter can further enhance its FMS in terms of effectiveness and efficiency. The chapter officials and staff acknowledged the deficiencies and agreed to develop a corrective action plan to guide the chapter in addressing these deficiencies. This plan will be developed by the chapter management for its internal use.