

SUMMARY

The Office of the Auditor General (OAG) has completed the follow-up review of the Newcomb Chapter's (chapter) governance certified five management system (FMS) policies and procedures pursuant to the Transportation and Community Development Committee (TCDC) resolution no. TCDCJN-06-04. The resolution directed the Auditor General to review the chapter's compliance in maintaining an effective FMS.

In our follow-up review, we found significant weaknesses and determined these weaknesses compromise the overall integrity of the system. Therefore, we report on these weaknesses to the chapter management and officials and offer recommendations to improve chapter operations.

We noted the following deficiencies:

- The chapter has not revised FMS policies and procedures to reflect roles and responsibilities of the newly hired staff.
- Accounting over cash receipts needs improvement.
- Adherence to travel procedures could be improved.
- Public Employment Program policies and procedures are not followed.
- Documentation for housing assistance was incomplete and inconsistent.
- Payroll practices could be improved
- Reporting of payroll taxes to the Internal Revenue Service could be improved
- Reporting to governmental entities could be improved.
- Chapter property and equipment inventory is incomplete.
- Financial records are inaccurate and unreliable.
- Budget process could be improved.
- Reliability of chapter financial statements could be improved.
- Financial reporting to the community could be improved.

Overall, the system is not operating effectively and does not meet its intended purpose. Therefore, pursuant to TCDC resolution no. TCDCN-94-98 §6B, OAG advises the chapter to take corrective actions to address the weaknesses within 90 days. Thereafter, the OAG will review the system to determine if the chapter has implemented corrective actions.

If the chapter fails to implement the corrective actions, the Auditor General will make a recommendation to the Budget and Finance Committee to withhold future funding allocations until the weaknesses are corrected. By implementing the corrective measures, the chapter can further enhance and restore the effectiveness of its FMS. The chapter officials and staff acknowledged the weaknesses and agreed to develop a corrective action plan to guide the chapter in addressing these weaknesses. This plan will be developed by the chapter management for its internal use.