

SUMMARY

The Office of the Auditor General has conducted a special review of the Ramah Navajo Chapter (RNC) for the 18-month period ending March 31, 2006. This review was conducted pursuant to 12 N.N.C. Section 2(A)(2) and 3(E).

FINDING I: Several factors contributed to late financial reporting.

Financial reporting is important because it provides decision makers with reliable financial data that is needed to make informed decisions. For the financial data to be reliable, it has to be accurate and timely. Several concerns were raised that RNC financial reports were often late or they were not provided to present to the chapter membership. Our evaluation verified that chapter financial reports were typically late and some were not submitted to the respective agencies. Several factors contributed to the late financial reporting.

FINDING II: Public employment and housing assistance programs could be managed more effectively.

The chapter's PEP and housing assistance programs could be managed more effectively. The chapter needs to make some changes to ensure that the PEP and Housing Discretionary funds are administered in accordance with applicable policies and procedures. Project documentation needs to be established and maintained for all projects to properly account for the funds. A ranking system needs to be used to ensure fair and equitable housing assistance and construction work needs to be monitored closely. Lastly, personnel and housing assistance programs could be merged for better efficiency and effectiveness.

FINDING III: Resale inventory controls need strengthening.

In its audit request, the chapter expressed concerns about the resale activities and the accountability of such activities. The RNC generates revenues from two key resale activities: hay and wood. For the 18-month period ending March 31, 2006, the RNC sold a total of 6,300 bales of hay which generated revenues totaling approximately \$37,058. For the same period, the chapter also generated revenues totaling \$8,480 from wood sales. Although the chapter has adequate cash controls, inventory controls need to be strengthened.

FINDING IV: Emergency fund is used for its intended purpose but emergency management could be improved.

Although the objectives for the \$70,000 Navajo Nation emergency drought allocation have not been fully met, overall the chapter emergency fund is used for its intended purpose. However, the chapter's emergency management could be improved by updating the emergency response plan and establishing a centralized recordkeeping system of the emergency activities. The chapter is commended for establishing a local emergency response team and an emergency response plan but improvements can strengthen the chapter's response to local emergencies.

In addition to the four findings summarized above, the audit report contains recommendations for improving chapter internal controls and operations.