

## SUMMARY

The Office of the Auditor General has conducted a compliance audit of Crownpoint Chapter for the 24-month period beginning October 1, 2008 through September 30, 2010. The audit determines the extent to which the Chapter has established appropriate internal controls and general accounting practices to ensure proper accountability for Chapter assets and resources, and compliance with applicable laws and regulations.

Finding I: The Chapter lacks adequate internal controls over accounting of revenue and expenditures.

- Lack of oversight over cash receipts contributed to missing cash of approximately \$25,000
- Chapter cannot account for hay resale activities
- Unsupported Chapter operating expenditures led to \$83,000 questioned costs
- Lack of documentation to support travel expenditures led to approximately \$13,000 questioned costs
- Lack of documentation to support Chapter funds disbursed for financial assistance
- Chapter payroll expenditures were not properly documented
- Chapter cannot support stipend payments to Chapter officials and committee members

Finding II: The Chapter was not in compliance with laws, rules and regulations.

- Chapter was not reporting and remitting Navajo sales taxes
- Chapter was not reporting and remitting payroll taxes
- Financial reports were not provided to the Chapter membership
- Chapter lacks compliance with Housing funding guidelines
- Chapter lacks compliance with PEP funding guidelines
- Chapter lacks compliance with Emergency funding guidelines
- Chapter lacks compliance with Veterans funding guidelines
- Chapter budgets were not community approved
- The Chapter had not formally adopted a FMS policies and procedures
- Chapter did not establish personnel files for temporary employees

Finding III: Lack of Management and Monitoring Over the Chapter Operation

- There was a lack of oversight by the Chapter officials
- The Chapter lacks accurate and reliable accounting ledgers
- Bank reconciliations inaccurate and unreliable
- The bank account was poorly managed
- Chapter property/equipment was not accounted for and safeguarded
- The Chapter does not have an effective record-keeping system