

SUMMARY

The Office of the Auditor General has conducted a financial audit of the Low Mountain Chapter (Chapter) for the 12-month period ending September 30, 2011. The audit is conducted pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, § 1 - 10. 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: Chapter Internal Controls Are Deficient

Internal controls need to be sufficient and effective to ensure proper accountability of resources and activities. However, the internal controls within the Low Mountain Chapter five management system are deficient in several areas:

- Bank reconciliations were not properly completed and reviewed.
- Cash deposits are not properly posted in the accounting system.
- Lack of segregation of duties within Chapter operations.
- Store account activities lack proper accountability.
- Chapter buildings were not adequately insured.
- Chapter property lack proper identification numbers.
- Financial data is not adequately safeguarded from loss.
- Chapter reliance on consultant rather than LGSC resulted in additional costs.
- IRS 1099 form was not issued to an independent contractor for services rendered.

FINDING II: Chapter Does Not Consistently Comply With Applicable Laws and Regulations

Compliance with laws and regulations is imperative not only for accountability purposes but to ensure resources are used properly and the costs of services are justified. For the Low Mountain Chapter, we noted several compliance issues:

- Non-compliance with Navajo Nation Procurement Code and regulations.
- State unemployment quarterly tax reports and payments were not remitted.
- Monitoring by Chapter Officials is inconsistent with LGA.

In addition to the audit findings, the report provides recommendations on how to improve controls and compliance.