

## SUMMARY

The Office of the Auditor General conducted a financial audit of Whitehorse Lake Chapter for the 27-month period beginning October 01, 2009 through December 31, 2011. The audit determines the extent to which the Whitehorse Lake 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 Whitehorse Lake Chapter five management system are deficient in several areas:

- Chapter travel activities cannot be justified
- Not all cash receipts were recorded
- Budgets were not prepared for all funds
- Chapter approval of budgets cannot be verified
- Controls over resale activities are inadequate
- Chapter property records are unreliable
- Chapter property lack identification numbers
- No proper valuation of the Chapter property
- Inadequate controls over personnel records
- Wages paid to employees cannot be justified
- Financial statements are unreliable

### **FINDING II: Chapter Does Not Consistently Comply with Applicable Laws and Funding Guidelines**

Compliance with funding guidelines, 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 Whitehorse Lake Chapter, we noted several compliance issues:

- Reports submitted to the Internal Revenue Service (IRS) were erroneous
- State unemployment tax remitted were inaccurate
- Non-compliance with Procurement Code and regulations
- Non-compliance with Officials Stipend policies and procedures
- Non-compliance with Student Assistance policies and procedures
- Non-compliance with Public Employment Project and Student Youth Employment Training Project policies and procedures
- Non-compliance with Housing Discretionary policies and procedures
- Non-compliance with Veterans Fund financial assistance
- Veterans Organization Commander received 60% of the Veterans Fund disbursements
- Use of Emergency funds cannot be justified
- Financial reports are not presented to the Chapter membership
- No monitoring by Chapter Officials
- Contrary to LGA, the Chapter has not adopted and fully implemented a five management system

In addition to the findings summarized above, the audit report contains recommendations for improving internal controls and compliance with applicable laws and funding guidelines.