

SUMMARY

The Office of the Auditor General has conducted a financial audit of the Alamo Chapter (Chapter) for the 15-month period ending December 31, 2013. The audit is conducted pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, sections 1 through 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 Alamo Chapter five management system are deficient in several areas:

- Chapter funds were expended without an approved budget.
- Tri-State Fund was not utilized for direct services to the Chapter members.
- Bank reconciliations were not properly reviewed.
- Unaccounted for building materials purchased through a store prepaid account.
- Chapter travel activities are not properly authorized.
- Chapter property/equipment inventory is incomplete.
- Chapter property is not adequately insured.
- Personnel Action Forms were not processed for Chapter employees.
- The Chapter Community Services Coordinator is not carrying out assigned responsibilities.

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 Alamo Chapter, we noted several compliance issues:

- Non-compliance with Navajo Nation Procurement Code and regulations.
- FY 2012 appropriations were used to pay unpaid payroll taxes in 2006 and 2007.
- State unemployment quarterly tax reports and payments were not remitted.
- Non-compliance with Housing Discretionary policies and procedures.
- Use of Emergency funds cannot be justified.
- Capital outlay appropriations were not used as intended.
- Financial reports are not consistently reported to the community membership.
- 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.