

## SUMMARY

The Navajo Nation Office of the Auditor General conducted a 3rd follow-up review of the Red Valley Chapter corrective action plan (CAP) implementation in accordance with 12 N.N.C. Section 7. The 3rd follow-up review was conducted to determine whether Red Valley Chapter has implemented its CAP to resolve the findings presented in the initial audit of the Chapter, report no. 01-12.

Our 3rd follow-up review found:

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<b>AUDIT FINDING:</b>	The Chapter 's Accounting System and Internal Control Structure Need Improvement
<b>STATUS:</b>	Not Implemented

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In addition, we found deficiencies during our follow up review that adversely affected Chapter operations:

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<b>ADDITIONAL AUDIT FINDINGS:</b>	<ul style="list-style-type: none"><li>• Checks issued did not have all required documents</li><li>• Follow up visits were not conducted on housing assistance to ensure materials were used as intended</li><li>• Non-compliance with IRS payroll taxes, state unemployment and Navajo Nation Workers' Compensation</li><li>• No property/equipment insurance coverage</li><li>• Incomplete inventory of Chapter property/equipment</li><li>• No segregation of duties in accounting Chapter revenue and expenditures</li><li>• No monitoring of the Chapter staff and operation by the Chapter Officials</li><li>• Blank checks were pre-signed by the Chapter Officials</li></ul>
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The Red Valley Chapter has not implemented the corrective measures within its CAP to resolve the findings noted in the audit report 01-12. Of the four outstanding corrective measures from the corrective action plan that was approved by the Budget and Finance Committee (BFC) per resolution no. BFJY-86-02, the Chapter did not implement all four corrective measures. In addition, during our follow up review, we found other issues of materiality that have an adverse effect on Chapter operations and hinder the achievement of Chapter goals and objectives.

Additional training for the Chapter staff and routine monitoring by Chapter officials are needed to fully implement the corrective measures and resolve the deficiencies in Chapter operations. With the corrective measures not fully implemented, the Red Valley Chapter has not made improvements to ensure proper accountability and safeguard of the Chapter assets and resources. Accordingly, the sanctions against the Red Valley Chapter and Officials remain and the Office of Controller will continue to withhold Chapter funds pursuant to Title 12§ 9 (B) and (C) until such time as the Red Valley Chapter officials fully implemented its CAP.