



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the Becenti Chapter Corrective Action Plan Implementation

**Report No. 16-16
March 2016**

**Performed by:
Beverly Tom, Senior Auditor
Karen Briscoe, Principal Auditor**





March 18, 2016

Harry Hubbard, President
BECENTI CHAPTER
P.O. Box 708
Crownpoint, NM 87313

Dear Mr. Hubbard:

The Office of the Auditor General herewith transmits Audit Report No. 16-16, a Follow-up Review of the Becenti Chapter Corrective Action Plan Implementation. The Office of the Auditor General conducted the follow-up review with the following objectives:

- To determine the status of the Becenti Chapter corrective action plan.
- To identify the barrier(s), if any, that hindered implementation efforts.

To meet the objectives, we reviewed the six month period of January 2015 to June 2015.

Background

A compliance audit of the Becenti Chapter was conducted in 2011, and the Auditor General issued audit report no. 11-36. The audit report and the corrective action plan developed by the Becenti Chapter were approved by the Budget and Finance Committee on March 06, 2012, per resolution no. BFMA-16-12. With Budget and Finance Committee approval, the Becenti Chapter has the duty to implement the corrective action plan.

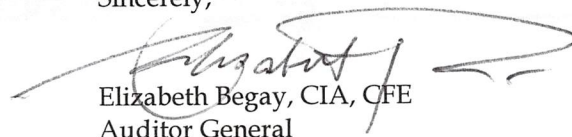
Review Results

The Becenti Chapter has implemented the corrective actions outlined in the correction action plan. The Becenti Chapter has resolved 26 of 26 issues reported in audit report no. 11-36.

Conclusion

The Becenti Chapter has strengthened its internal controls and complied with policies and procedures, laws and guidelines. More important, Becenti Chapter has demonstrated improvements to ensure accountability and safeguarding of chapter assets and resources. Therefore, the Office of the Auditor General does not recommend sanctions on the Becenti Chapter and officials in accordance with 12 N.N.C. Section 9.

Sincerely,



Elizabeth Begay, CIA, CFE
Auditor General

xc: Pauleen Billie, Vice-President
Charles Long, Secretary/Treasurer
Jonathan Perry, Council Delegate
Andrew Martin, Community Services Coordinator
BECENTI CHAPTER
Robert Begay, Department Manager II
ADMINISTRATIVE SERVICES CENTER/DCD
Chrono

2015 REVIEW RESULTS

Finding I: Chapter internal controls are deficient.

2011 Audit Issue 1: The Chapter travel activities cannot be justified.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist and Community Services Coordinator will ensure a pre-numbered travel authorization form is completed and approved prior to travel.	Implemented
2. The Accounts Maintenance Specialist will ensure there is a budget in place and funds are available for travel.	Implemented
3. The Community Services Coordinator will verify reimbursement requests have all supporting documents prior to authorizing payment.	Implemented
4. All travel checks will be co-signed by authorized signatories.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 2: Unaccounted and untimely deposits of cash receipts.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will record all cash receipts on pre-numbered cash receipt tickets and input into the accounting system on a daily basis.	Implemented
2. The Community Services Coordinator and Secretary/Treasurer will reconcile the cash receipt tickets and cash receipts journal to the actual cash before each deposit.	Implemented
3. The Community Services Coordinator and Secretary/Treasurer will deposit on a weekly basis or when the cash reaches \$100.	Implemented
4. The Community Services Coordinator and Accounts Maintenance Specialist will safeguard all cash revenue in a safe or locked cash box at all times.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 3: The Chapter approval of budget cannot be verified and no carryover budget was found on file.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator will present the proposed fiscal year and carryover budget for community membership approval.	Implemented
2. The Chapter Secretary/Treasurer will ensure chapter resolutions documenting community approval are on file at the Chapter.	Implemented
3. The Accounts Maintenance Specialist will input all approved fiscal year and carryover budgets into the accounting system.	Implemented
	Audit Issue Resolved? Yes

2011 Audit Issue 4: Use of airtime internet cards is questionable.	
Chapter Corrective Actions	Status of Corrective Action
1. The airtime internet service contract will end on January 30, 2011 and airtime internet cards will no longer be allowed.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 5: Water revenues are not used to offset water utility expenditures.	
Chapter Corrective Actions	Status of Corrective Action
1. The water revenue will be deposited to the Claims Trust fund Account to be used to offset the water utility expenditures.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 6: The Chapter provides poor accountability over the watering point service.	
Chapter Corrective Actions	Status of Corrective Action
1. Research will be completed on the feasibility of a separate meter or coin operated watering point to monitor the water distribution.	Implemented
2. The Chapter will fence off the watering point or the chapter premises will be closed off with a fence.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 7: In the absence of the Chapter Activity fund budget, the restrictions on the investment accounts are unclear.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter will research the savings and certificate of deposit accounts to identify when the accounts were opened and the origin of the funds used to open the accounts.	Implemented
2. The Chapter will follow the Fiscal Policies and Procedures and budget the funds according to chapter need if research on the origin of the account is not successful.	Implemented
3. The Chapter will budget the funds according to chapter need and obtain community approval.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 8: Bank reconciliations are not reviewed for accuracy.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will complete bank reconciliations on a monthly basis and void stale dated checks and account for spoiled checks.	Implemented
2. The Community Services Coordinator and Secretary/Treasurer will review all bank reconciliations for accuracy.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 9: The Chapter property inventory records are unreliable and lack identification numbers.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator will account for property on an inventory form.	Implemented

2. The Chapter Vice President and Community Services Coordinator will conduct an annual physical inventory of property and reconcile to the inventory form and ensure all property is tagged with identification numbers.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 10: There is no proper valuation of the Chapter property.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter will create general fixed assets ledgers for fixed assets of \$1,000 or more.	Implemented
2. The Chapter will disclose the value of all fixed assets to the financial statements.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 11: The Chapter property is not adequately insured.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator will ensure property, including any loss due to theft of chapter property, is documented on the annual exposure summary form submitted to Navajo Nation Risk Management Department.	Implemented
2. The Community Services Coordinator will coordinate with Navajo Nation Risk Management to pay its annual insurance premium and periodically monitor insurance to ensure there is no lapse in coverage.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 12: Payroll journals are inaccurate.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will use the daily sign in sheets to prepare timesheets and the Community Services Coordinator will verify the accuracy of payroll prior to authorizing the processing of payroll checks.	Implemented
2. The Accounts Maintenance Specialist will prepare and record payroll to the accounting system by pay period.	Implemented
3. The Chapter Secretary/Treasurer will periodically review the payroll journal to ensure payroll is accurately posted.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 13: Accounting records are unreliable.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist and Community Services Coordinator will ensure the accounting system has accurate and reliable accounting ledgers based on the approved budget.	Implemented
2. The Accounts Maintenance Specialist will use the chart of accounts to accurately classify and post all transactions.	Implemented
3. The Community Services Coordinator and Secretary/Treasurer will periodically review and reconcile the accounting records to timely detect and correct errors and ensure transactions are properly classified and posted.	Implemented

Finding II: The Chapter did not consistently comply with applicable laws and funding guidelines.

	Audit Issue Resolved? Yes
2011 Audit Issue 14: IRS reports are erroneous and submitted late.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will use reports generated from the accounting system to report and remit payroll taxes.	Implemented
2. The Community Services Coordinator and Secretary/Treasurer will review for accuracy and approve the Internal Revenue Service payroll tax reports each quarter.	Implemented
3. The Accounts Maintenance Specialist will electronically remit payroll taxes to the Internal Revenue Service before the due date of each month.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 15: State unemployment tax reports were inaccurate.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will use reports generated from the accounting system to report and remit State unemployment taxes.	Implemented
2. The Community Services Coordinator and Secretary/Treasurer will review for accuracy and approve the State unemployment tax report each quarter.	Implemented
3. The Accounts Maintenance Specialist will electronically remit unemployment taxes to the New Mexico Workforce Solutions before the due date of each quarter.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 16: Chapter employees are subsidizing State Unemployment Tax Act liabilities.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter will no longer deduct State unemployment taxes from employee wages.	Implemented
2. The accounting system will be programmed to only include the employer's contribution of the State unemployment taxes.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 17: Non-compliance with Procurement code and regulations.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter officials and staff will implement the Navajo Nation procurement code.	Implemented
2. The Accounts Maintenance Specialist will verify funds availability and ensure a requisition form, fund approval form and supporting documents are forwarded to the Community Services Coordinator and Secretary/Treasurer	Implemented

for review and approval. The Accounts Maintenance Specialist will ensure supporting documents are filed at the chapter.	
3. The Accounts Maintenance Specialist will process a check through the accounting system and forward to the Community Services Coordinator and Secretary/Treasurer for approval. The Accounts Maintenance Specialist will remit payment to the vendor and ensure the expense is posted to the accounting system.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 18: Non-compliance with Public Employment Program policies and procedures.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator will implement Public Employment Program policies and procedures.	Implemented
2. The Community Services Coordinator will present project applications for approval at a chapter meeting.	Implemented
3. The Community Services Coordinator and Chapter officials will monitor projects to ensure completion.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 19: Non-compliance with Housing Discretionary policies and procedures.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator and Chapter officials will develop, adopt, and implement a Housing Discretionary policies and procedures.	Implemented
2. The Community Services Coordinator will ensure each housing assistance request is documented on an application with required documentations.	Implemented
3. The Chapter and housing committee will implement a ranking system to evaluate each housing application to determine eligibility and award based on applicant need.	Implemented
4. The Accounts Maintenance Specialist will verify funds availability and prepare a fund approval form for approval by the Community Services Coordinator and Secretary/Treasurer.	Implemented
Audit Issue Resolved? Yes	
2011 Audit Issue 20: Non-Compliance with Veteran Fund guidelines.	
Chapter Corrective Actions	Status of Corrective Action
1. The Becenti Chapter and Veterans organization will develop, approve and implement a Veteran policies and procedures.	Implemented
2. The Community Services Coordinator will ensure each veteran financial assistance request is documented on an application, has required documentation, is evaluated and meets established criteria prior to approval.	Implemented
3. The local veteran's committee will recommend approval to	Implemented

4. the community membership.	
	Audit Issue Resolved? Yes
2011 Audit Issue 21: Use of Emergency Funds cannot be justified.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator and officials will obtain approval of the Becenti Chapter Emergency policies and procedures and Response Team.	Implemented
2. The Chapter administration and officials will adhere to emergency funding guidelines.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 22: Capital project funds were used contrary to funding restrictions.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter officials and staff will obtain an understanding of the capital outlay funding guidelines and comply with the policies.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 23: Non-compliance with the Navajo Nation Sales Tax regulations.	
Chapter Corrective Actions	Status of Corrective Action
1. The Accounts Maintenance Specialist will report and remit sales tax collected from all chapter revenue to the Navajo Nation Tax Commission each quarter.	Implemented
2. The Community Services Coordinator and Secretary/Treasurer will review the report for accuracy and approve the processing of payment.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 24: Monitoring by Chapter officials is inconsistent with the Local Governance Act.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter officials will implement a monitoring tool to oversee chapter activities and ensure there are segregation of duties and internal controls in place for chapter operations.	Implemented
2. The Chapter staff and officials will establish and schedule a regular monthly staff meeting for chapter activities.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 25: Contrary to LGA, the Chapter has not fully implemented a five management system.	
Chapter Corrective Actions	Status of Corrective Action
1. The Chapter will adopt and implement the standard five management system manual.	Implemented
	Audit Issue Resolved? Yes
2011 Audit Issue 26: Financial reports were not consistently presented to the Chapter membership.	
Chapter Corrective Actions	Status of Corrective Action
1. The Community Services Coordinator will prepare financial reports each month.	Implemented

2. The Secretary/Treasurer will present the monthly financial reports to the Chapter membership at duly called chapter meeting, document the reporting in the meeting minutes, and attach a copy of the approved financial report to the meeting minutes.	Implemented
	Audit Issue Resolved? Yes