

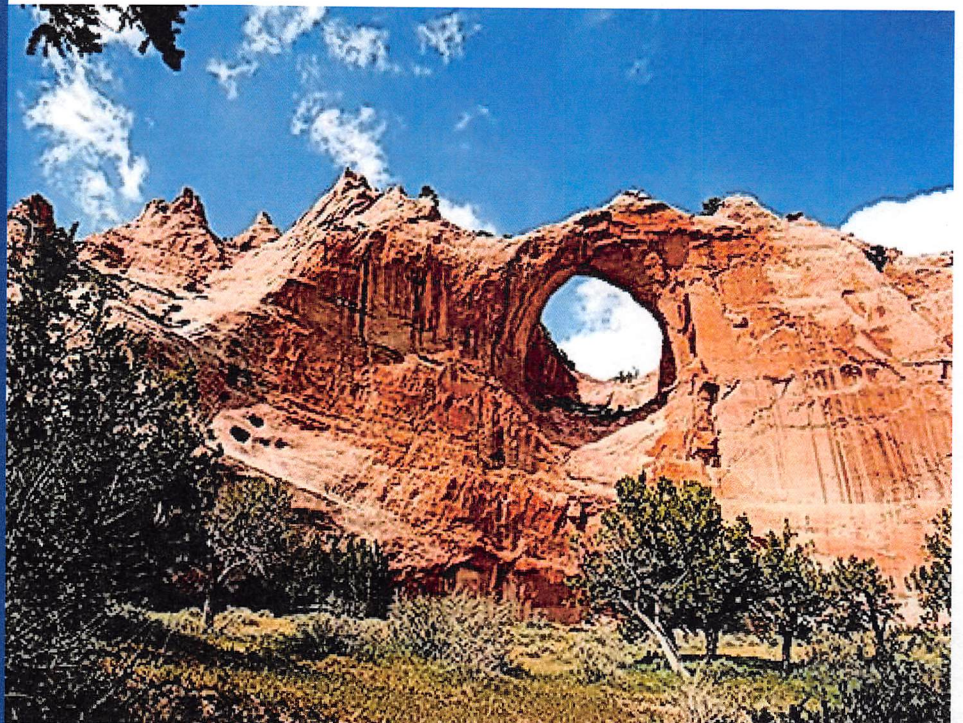
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Third Follow-Up Review of the Mexican Springs Chapter Corrective Action Plan Implementation

**Report No. 17-31
May 2017**

**Performed by:
Summer Tracy, Associate Auditor
Karen Briscoe, Principal Auditor**



May 1, 2017

Richard Bowman, President
MEXICAN SPRINGS CHAPTER
P.O. Box 689
Tohatchi, NM 87325

Dear Mr. Bowman:

The Office of the Auditor General herewith transmits Audit Report No. 17-31, a Third Follow-up Review of the Mexican Springs Chapter Corrective Action Plan Implementation. The objective for this third follow-up review was to determine whether Mexican Springs Chapter fully implemented their corrective action plan. To meet the objective, we reviewed Chapter records for the six-month period of October 1, 2016 through March 31, 2017.

An audit of the Mexican Springs Chapter was conducted in 2011 and audit report no. 12-10 and the resulting corrective action plan developed by the Mexican Springs Chapter were approved by the Budget and Finance Committee on May 15, 2012.

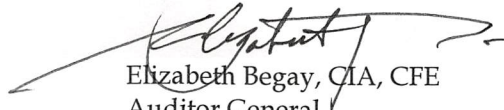
The first follow-up review report, released in December 2015, concluded that the Chapter failed to implement its corrective action plan. Therefore, sanctions were imposed by withholding 10% of the Mexican Springs Chapter operating budget and 20% of the Chapter officials' stipends.

The second follow-up review report, released in November 2016, concluded that the Chapter has not fully implemented their corrective action plan, therefore, the sanctions remained in place.

This third follow-up review concluded the Mexican Springs Chapter has implemented all of the corrective actions outlined in their corrective action plan. As a result, the Chapter has resolved the outstanding audit issues from the 2011 audit report. See Exhibit for the review results.

In conclusion, the Mexican Springs Chapter has strengthened internal controls and complied with policies and procedures, laws and guidelines. More important, the Chapter has demonstrated improvements to ensure accountability and safeguarding of Chapter assets and resources. Therefore, the Office of the Auditor General concluded to lift the sanctions against the Mexican Springs Chapter and Chapter officials and will provide a memorandum to the Office of the Controller to release all withheld funds to the Mexican Springs Chapter and Chapter officials in accordance with 12 N.N.C. Section 9.

Sincerely,



Elizabeth Begay, CIA, CFE
Auditor General
Office of the Auditor General

xc: Roberta Becenti, Vice-President
Carol B. Muskett, Secretary / Treasurer
Christine Sam, Community Service Coordinator
Steven Begay, Council Delegate
MEXICAN SPRINGS CHAPTER
Chrono

**REVIEW RESULTS
PRIOR FINDINGS, CORRECTIVE ACTIONS AND CURRENT STATUS**

Prior Finding: Chapter did not consistently comply with applicable laws and fund guidelines.

Issue 1: Non-compliance with housing discretionary fund policies and procedures.	
1. The Community Services Coordinator will complete follow-up reviews of approved housing assistance to verify funds are used for their intended purpose.	Implemented
Audit Issue Resolved? Yes	
Issue 2: Use of Emergency Funds cannot be justified	
2. The Community Services Coordinator will ensure emergency funds are used to provide relief services to chapter members in the event of an emergency and based on priority in accordance to the funding guidelines, Five Management System policies and procedures, and emergency response plan.	Cannot be determined due to no activity
3. In the event of an emergency, the Community Services Coordinator and the chapter officials will implement the plan.	
Audit Issue Resolved? No	
Issue 3: Monitoring by Chapter Officials is insufficient.	
4. The Chapter President will ensure the chapter staff are carrying out all duties and responsibilities as stated in the Local Governance Act.	Implemented
5. The Chapter Secretary/Treasurer will monitor chapter finances and ensure funds are expended in accordance to policies.	Implemented
Audit Issue Resolved? Yes	
Issue 4: Contrary to LGA, the Chapter has not fully implemented a Five Management System.	
6. The Chapter officials will work closely with the chapter staff to implement the Five Management System policies and procedures.	Implemented
Audit Issue Resolved? Yes	