

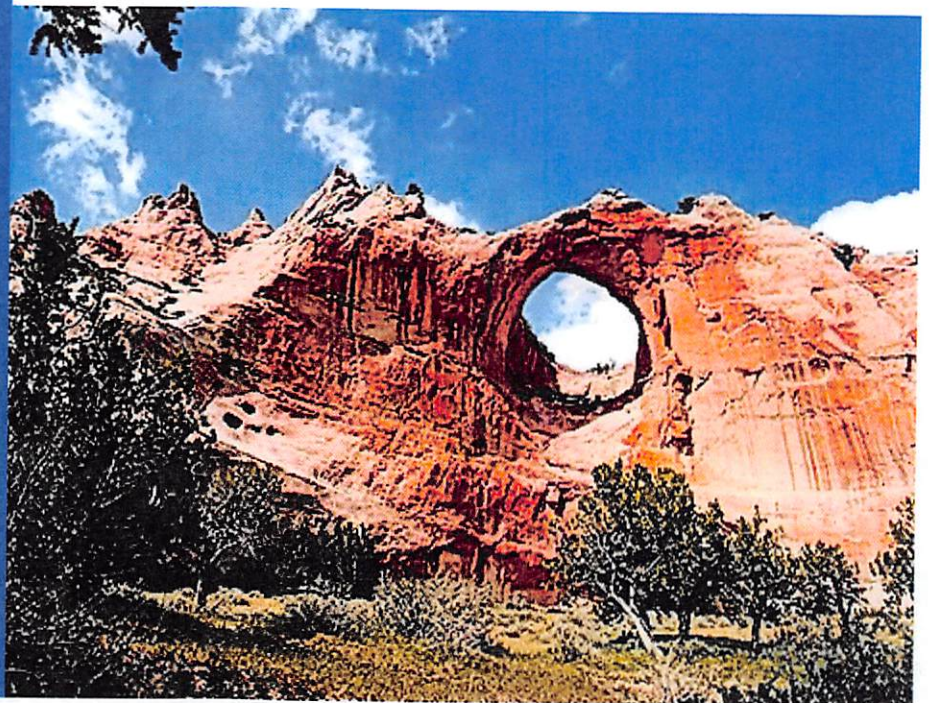
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

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

**Report No. 18-03
October 2017**

Performed by:
Stacy Manuelito, Auditor
Derek Echohawk, Associate Auditor
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October 18, 2017

Eugene L. Hasgood, President
JEDDITO CHAPTER
P.O. Box 798
Keams Canyon, AZ 86034

Dear Mr. Hasgood,

The Office of the Auditor General herewith transmits Audit Report No. 18-03, a Follow-up Review of the Jeddito Chapter Corrective Action Plan Implementation. The follow-up was conducted in accordance with 12 Navajo Nation Code (N.N.C.) Section 7 to determine the current status of the corrective action plan. The Jeddito Chapter developed their corrective action plan in response to the September 8, 2015 audit report no. 15-31. The audit report and the corrective action plan were approved by the Naabik'iyáti Committee on July 7, 2016, per resolution no. NABIY-62-16. The resolution directed the Jeddito Chapter to implement their corrective action plan and for the Office of the Auditor General to conduct a follow-up review.

We reviewed the Jeddito Chapter's records for the six month period of January 1, 2017 to June 30, 2017. The Corrective Action Plan listed 24 corrective measures to address the 9 audit findings. Of the 24 corrective measures, the Chapter implemented 19 (or 80%) corrective measures. The Chapter did not implement 5 (or 20%) corrective measures. A summary of the current status of the corrective measures is presented below. See attached Exhibit A for the detailed explanation of the follow-up results.

CONCLUSION

The Jeddito Chapter has reasonably addressed the audit findings from the 2015 audit of the Chapter. Therefore, the Office of the Auditor General does not recommend sanctions on the Jeddito Chapter in accordance with 12 N.N.C. Section 9.

Sincerely,


Elizabeth Begay, CIA, CFE
Auditor General

xc: Rodger R. Paul, Vice-President
Toni Mina, Secretary/Treasurer
Donna M. Boyd, Community Services Coordinator
Alton Joe Shepherd, Council Delegate
JEDDITO CHAPTER
Johnny Johnson, Department Manager II
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

PRIOR FINDINGS, CORRECTIVE ACTIONS AND CURRENT STATUS

Prior Finding I: Lack of controls over hay inventory.

Issue 1: There were a lack of controls over the physical hay inventory.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist and Community Services Coordinator will maintain hay physical inventory Log on a monthly basis consistently.	<i>Implemented</i>
B. The Accounts Maintenance Specialist and Community Services Coordinator will maintain daily hay log and end of the day reconciliation sheet.	<i>Implemented</i>
C. Purchase camera for daily monitoring in the hay barn on a continuous basis of all activities.	<i>Implemented</i>
Audit issue resolved: Yes	

Prior Finding II: Missing documentation for hay inventory purchases.

Issue 1: Hay inventory purchases were not adequately documented.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist and Community Services Coordinator will maintain supporting documentation for all hay purchases such as all quotations, documented phone inquiries, invoices, etc.	<i>Implemented</i>
B. The Accounts Maintenance Specialist, Community Services Coordinator and Secretary/Treasurer will ensure a fund approval form for hay purchases with supporting documentation for authorized signatures is complete.	<i>Implemented</i>
Audit issue resolved: Yes	

Prior Finding III: Lack of controls over hay sales including cash receipts.

Issue 1: Hay sales and the related cash receipts were not adequately documented and reconciled and duties were not adequately separated.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist and Community Services Coordinator will ensure that a pre-numbered cash receipt is completed and issued to the customer.	<i>Implemented</i>
B. The Accounts Maintenance Specialist and Community Services Coordinator will ensure that cash receipts are entered daily by receipt numbers into the accounting system.	<i>Implemented</i>
C. The Community Services Coordinator and Chapter Officials will complete a daily reconciliation, and ensure that cash receipts and hay log will be completed.	<i>Implemented</i>

Audit issue resolved: Yes

Prior Finding IV: Inadequate tracking of fixed assets and inventory items.

Issue 1: Fixed assets and inventory items were not properly tagged and tracked.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist and Community Services Coordinator will perform physical inventory of all chapter property.	<i>Implemented</i>
B. The Accounts Maintenance Specialist and Community Services Coordinator will ensure the annual inventory report is signed and dated by the preparer and supervisor.	<i>Implemented</i>
C. The Accounts Maintenance Specialist and Community Services Coordinator will tag all chapter property with a pre-printed tag.	<i>Not Implemented.</i> 50 Chapter properties were reviewed for property identification tags. 23 of 50 (or 46%) chapter properties were not tagged. The Chapter administration acknowledged that not all chapter properties are tagged.
D. The Accounts Maintenance Specialist and Community Services Coordinator will maintain an annual inventory listing of all chapter property which included pertinent information such as serial number, model number, purchase price, picture, etc.	<i>Implemented</i>
E. The Accounts Maintenance Specialist and Community Services Coordinator will ensure the annual inventory is up to date to include any disposal or missing items.	<i>Implemented</i>
Audit issue resolved: No	

Prior Finding V: Missing documentation and authorization for disbursements.

Issue 1: Several purchases were missing supporting documentation and/or did not include documentation of required authorizations.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist, Community Services Coordinator and Secretary/Treasurer will ensure a fund approval form is completed with supporting documentation for authorized signatories.	<i>Implemented</i>
Audit issue resolved: Yes	

Prior Finding VI: Adequate hiring documentation.

Issue 1: Consistent documentation was not on file to support the application, interview and hiring process.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist, Community Services Coordinator and Chapter Officials will ensure Summer Youth Employment Program and Public Employment	<i>Implemented.</i>

Program policies and procedures are reviewed and updated.	
B. The Accounts Maintenance Specialist and Community Services Coordinator will ensure all vacant positions are advertised for a minimum of 10 working days.	<i>Implemented</i>
C. The Accounts Maintenance Specialist, Community Services Coordinator, Chapter Officials and interview panel will ensure an unbiased/unrelated interview will be used to select applicants.	<i>Implemented.</i>
D. The Accounts Maintenance Specialist will ensure all supporting documents are filed within each applicant's folder.	<i>Not Implemented.</i> 13 personnel files were reviewed. 13 of 13 (or 100%) had incomplete information on their personnel action forms such as employment length of time and there were no approval signatures from the Chapter Community Services Coordinator.
Audit issue resolved: Yes	

Prior Finding VII: Lack of financial assistance eligibility documentation.

Issue 1: Several financial assistance files did not contain required eligibility documentation and/or were not processed in accordance with policy.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist, Community Services Coordinator, Chapter Officials and Chapter Committee(s) will ensure the in-house (scholarship, housing and veterans) policies and procedures are reviewed and updated.	<i>Implemented</i>
B. The Accounts Maintenance Specialist, Community Services Coordinator, Chapter Officials and Chapter Committee(s) will ensure a fund approval form for financial assistance is completed with supporting documentation for authorized signatories.	<i>Not Implemented.</i> 10 housing discretionary recipients documentation were reviewed for eligibility. The Chapter Community Services Coordinator did not verify that all required documentation is collected and on file prior to approving financial assistance. The following are the results: <ul style="list-style-type: none"> • 2 of 10 (or 20%) no housing application on file. • 1 of 8 (or 13%) has no evidence of home is in need of repair, renovation, or improvement. • 4 of 10 (or 40%) did not have income verification on file. • 3 of 10 (or 30%) did not have release of information form and the (3) price quotations. • 4 of 10 (or 40%) did not have point evaluation form on file. • 5 of 10 (or 50%) of the assistance exceed the approved amount per budget.

C. The Accounts Maintenance Specialist and Community Services Coordinator will maintain recipient files at the chapter house.	<i>Implemented</i>
Audit issue resolved: No	

Prior Finding VIII: Incorrect expenditure of emergency funds.

Issue 1: Emergency fund usage requirements are not being followed and documented appropriately.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. A Declaration of Emergency shall be made by the Chapter President or Navajo Nation President.	<i>Not Implemented.</i> 34 emergency expenditures were reviewed. The Chapter Community Services Coordinator did not verify that all supporting documents were collected and on file. 7 of 34 (or 21%) expenses were incurred prior to the declaration of emergency and were not supported with documentation of emergency meeting minutes/assessment.
B. The Accounts Maintenance Specialist, Community Services Coordinator and Secretary/Treasurer shall ensure a fund approval form for emergency expenditures is completed with supporting documentation for authorized signatories.	
Audit issue resolved: No	

Prior Finding IX: Payroll tax penalties and late fees.

Issue 1: The Chapter was not filing required 941 reports by the applicable due dates resulting in penalties and fees.	
CHAPTER CORRECTIVE ACTIONS:	STATUS OF CORRECTIVE ACTION
A. The Accounts Maintenance Specialist, Community Services Coordinator and Chapter Officials shall ensure to prepare, review, and submit the quarterly 941 report by the applicable deadline.	<i>Implemented</i>
Audit issue resolved: Yes	