

**OFFICE OF THE AUDITOR GENERAL**

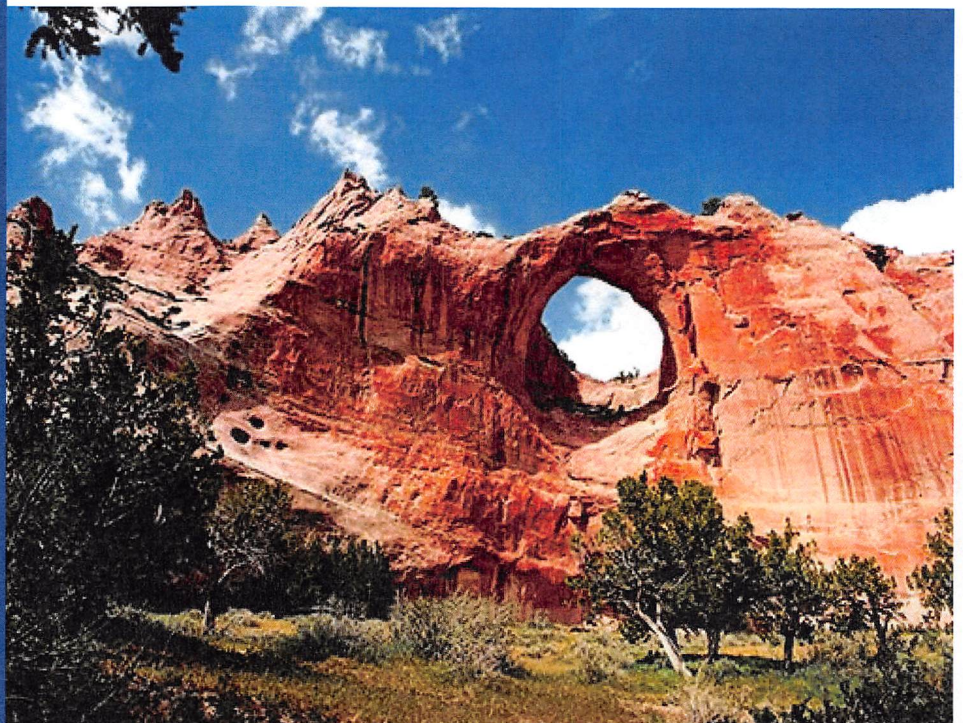
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**The Navajo Nation**

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

**Report No. 19-01  
October 2018**

**Performed by:  
WIPFLI/JOSEPH EVE CPAs**





October 1, 2018

Larry Tuni, President  
**DENNEHOTSO CHAPTER**  
P.O. Box 2301  
Dennehotso, AZ 86535

Dear Mr. Tuni,

The Office of the Auditor General herewith transmits Audit Report No. 19-01, a Second Follow-up Review of the Dennehotso Chapter Corrective Action Plan Implementation. The second follow-up was conducted in conjunction with WIPFLI/JOSEPH EVE CPAs and Consultants.

**BACKGROUND**

In 2015, the Office of the Auditor General performed an internal audit of Dennehotso Chapter and issued audit report no. 15-22. A corrective action plan was developed by the Dennehotso Chapter in response to the internal audit. The audit report and corrective action plan were approved by the Budget and Finance Committee on March 1, 2016, per resolution no. BFMA-01-16.

In 2017, the first follow-up review report no. 17-47, concluded that the Dennehotso Chapter failed to implement its corrective action plan. Accordingly, the Office of the Auditor General recommended sanctions to be imposed against the Dennehotso Chapter. However, rather than impose sanctions, the Budget and Finance Committee approved BFN-35-17 to extend the Dennehotso Chapter implementation of their corrective action plan to 12 months after the Chapter officials were sworn-in to allow the newly elected Chapter officials sufficient time to implement their corrective action plan.

**OBJECTIVE AND SCOPE**

The objective of this second follow-up review is to determine whether the Dennehotso Chapter fully implemented its corrective action plan based on a six-month review period of December 1, 2017 to March 31, 2018. Our review was based on inquiries, interviews, review of records and audit test work.

**SUMMARY**

Of the 39 outstanding corrective measures, the Chapter implemented 37 (95%) corrective measures and 2 (5%) corrective measures could not be determined implemented due to no activity. See enclosed Exhibit A.

**CONCLUSION**

Dennehotso Chapter has reasonably addressed and resolved the audit issues. Therefore, the Office of the Auditor General concluded to rescind the recommended sanctions against the Dennehotso Chapter and Chapter officials.

Sincerely,

Elizabeth Begay, CIA, CFE  
Auditor General

xc: Chapter officials  
Chrono

**RESULTS**  
**Dennehotso Chapter**  
**Period: December 31, 2017 through May 31, 2018**

Issues	Total of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Issue Resolved?	Review Details
1. Financial assistance was approved despite missing support documentation.	8	8	0	Yes	Attachment A
2. \$4,500 in housing assistance may not have been used as intended by recipients.	6	6	0	Yes	
3. All 16 emergency fund disbursements (totaling about \$31,000 were unsupported/unjustified).	5	3	2	Cannot be determined	
4. \$68,000 wages paid may have been for hours not worked.	5	5	0	Yes	
5. Staff earned and used leave hours that were not due to them.	4	4	0	Yes	
6. \$19,000 incurred for travel may not have benefitted the chapter.	4	4	0	Yes	
7. Value of chapter's fixed assets is unknown and therefore uninsurable against loss.	4	4	0	Yes	
8. The Chapter's financial status is not disclosed to chapter membership.	3	3	0	Yes	
<b>TOTAL:</b>	<b>39</b>	<b>37</b>	<b>2</b>	<b>7-Yes 1-No</b>	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided. Corrective measures were tested through inquiry with Chapter management, review of documents, and detail testing of expenditure transactions.

**RESULTS**  
**Dennehotso Chapter**  
**Period: December 31, 2017 through May 31, 2018**

◆ 2018 STATUS	<b>Issue 1: Financial assistance was approved despite missing support documentation.</b> <b>RESOLVED</b>
Inquired of chapter management, reviewed supporting documentation, and performed detailed test of expenditure items. During the engagement scope, the Chapter did not have any housing assistance distributions. However, there were applications submitted, reviewed, and approved. The corrective actions related to this issue appear fully implemented.	
◆ 2018 STATUS	<b>Issue 2: \$4,500 in housing assistance may not have been used as intended by recipients.</b> <b>RESOLVED</b>
For the housing assistance applications submitted, reviewed, and approved during the period, no work had commenced as of May 31, 2018. As such, application files from the fall 2017 application period were reviewed for follow-up procedures. Although the applications for this housing assistance distribution were outside of the scope of the engagement, the work performed related to them did occur during the scope of the engagement. Spring 2018 applications were reviewed for pre-construction assessments and scope-of-work development. The corrective actions related to this issue appear fully implemented.	
◆ 2018 STATUS	<b>Issue 3: All 16 emergency fund disbursements (totaling about \$31,000 were unsupported/unjustified).</b> <b>CANNOT BE DETERMINED TO BE RESOLVED DUE TO NO ACTIVITY</b>
As there were no distributions of emergency funds made during the period, implementation of corrective measures to this item could not be fully determined. Additionally, the Chapter Emergency Response Plan has been drafted, but has not yet been implemented and adopted. The corrective actions related to this issue cannot be determined to be resolved.	
◆ 2018 STATUS	<b>Issue 4: \$68,000 wages paid may have been for hours not worked.</b> <b>RESOLVED</b>
The corrective actions related to this issue appear fully implemented.	
◆ 2018 STATUS	<b>Issue 5: Staff earned and used leave hours that were not due to them.</b> <b>RESOLVED</b>
The corrective actions related to this issue appear fully implemented.	
◆ 2018 STATUS	<b>Issue 6: \$19,000 incurred for travel may not have benefitted the chapter.</b> <b>RESOLVED</b>
The corrective actions related to this issue appear fully implemented.	
◆ 2018 STATUS	<b>Issue 7: Value of chapter's fixed assets is unknown and therefore uninsurable against loss.</b> <b>RESOLVED</b>
The documents to insure the Chapter's fixed assets have been submitted to the Navajo Nation to obtain and pay coverage. The corrective actions related to this issue appear to be fully implemented.	
◆ 2018 STATUS	<b>Issue 8: The Chapter's financial status is not disclosed to chapter membership.</b> <b>RESOLVED</b>
The corrective actions related to this issue appear fully implemented.	