

**OFFICE OF THE AUDITOR GENERAL**

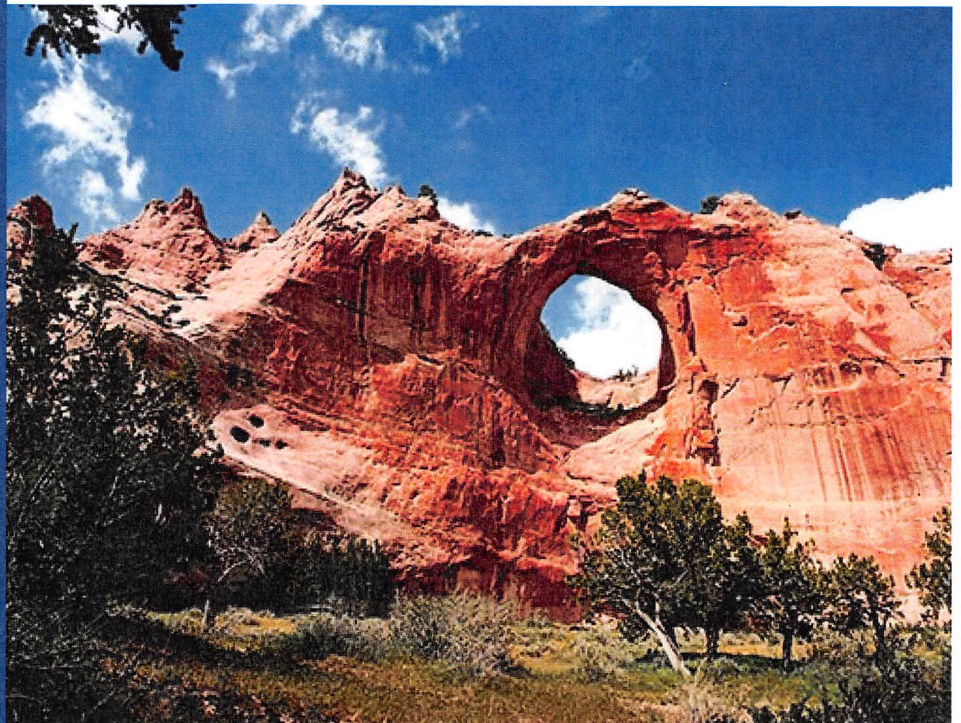
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**The Navajo Nation**

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

**Report No. 19-04  
November 2018**

**Performed by:  
Robert Jumbo, Senior Auditor**





November 15, 2018

Jonathan Lewis, President  
**WHITECONE CHAPTER**  
P.O. Box 3338  
Indian Wells, Arizona 86301

The Office of the Auditor General herewith transmits Audit Report No. 19-04, a follow-up review of the Whitecone Chapter Corrective Action Plan Implementation.

**BACKGROUND**

In 2016, the Office of the Auditor General performed a special review of the Whitecone Chapter's Cash Receipt Activities. This follow-up report provides a status report on the Chapter's progress in addressing the prior audit findings.

**OBJECTIVE AND SCOPE**

The objective of this review is to determine the status of the corrective action plan implementation based on a 6-month review period of October 1, 2017 to March 31, 2018. Our review was based on inquiries, review of records and audit test work.

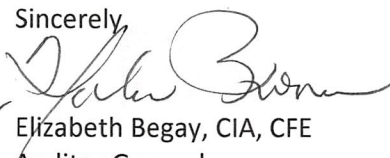
**SUMMARY**

The Whitecone Chapter did not resolve all prior audit findings. Of 20 corrective measures, the Whitecone Chapter implemented 9 (45%) corrective measures, leaving 11 (55%) not implemented. See attached Exhibit A for the detailed explanation of the follow-up results.

**CONCLUSION**

The Whitecone Chapter has not reasonably addressed the audit findings from the 2016 audit of the Chapter. Therefore, the Office of the Auditor General recommends sanctions on the Whitecone Chapter and officials in accordance with 12 N.N.C. Section 9 (B) and (C).

Sincerely,

*for*   
Elizabeth Begay, CIA, CFE  
Auditor General

xc: Vacant, Vice-President  
Lavida Begay-Maestas, Secretary/Treasurer  
Sherry Dick, Community Services Coordinator  
Lee Jack, Sr., Council Delegate  
**WHITECONE CHAPTER**  
Johnny Johnson, Department Manager II  
Patricia D. Begay, Senior Programs & Projects Specialist  
**ADMINISTRATIVE SERVICES CENTER/DCD**  
Chrono

**REVIEW RESULTS**  
**Whitecone Chapter Corrective Action Plan Implementation**  
**Review Period: October 01, 2017 to March 31, 2018**

| <b>Audit Issues</b>   | <b>Total # of Corrective Measures</b> | <b># of Corrective Measures Implemented</b> | <b># of Corrective Measures Not Implemented</b> | <b>Audit Issue Resolved?</b> | <b>Review Details</b> |
|---|---------------------------------------|---|---|------------------------------|-----------------------|
| 1. Cash reconciliations of the cash received to the cash register receipts and to the posted cash receipts were not performed prior to deposit.             | 1                                     | 0   | 1   | <b>No</b>                    | Attachment<br>A       |
| 2. The deposit log was incomplete in recording all deposits to the bank.  | 9                                     | 8   | 1   | <b>No</b>                    |                       |
| 3. Collected cash receipts were not recorded daily in the accounting system.  | 1                                     | 0   | 1   | <b>No</b>                    |                       |
| 4. An adjustment recorded in the accounting system decreasing cash receipts in the amount of \$6,138.15 did not follow established policies and procedures. | 4                                     | 0   | 4   | <b>No</b>                    |                       |
| 5. Former Community Services Coordinator shared user credentials with the Office Aide to record transactions in the accounting system.                      | 3                                     | 1   | 2   | <b>No</b>                    |                       |
| 6. Former Community Services Coordinator had total control of the cash receipts.  | 1                                     | 0   | 1   | <b>No</b>                    |                       |
| 7. Large amounts of undeposited cash receipts (up to \$7,454 during the period of our review) were maintained in the Chapter safe for as long as 8 days.    | 1                                     | 0   | 1   | <b>No</b>                    |                       |
| <b>TOTAL:</b>   | <b>20</b>                             | <b>9</b>                                    | <b>11</b>                                       | <b>0 - Yes<br/>7 - 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.

## RESULTS

**Whitecone Chapter Corrective Action Plan Implementation  
October 1, 2017 to March 31, 2018**

| ◆<br>2018 STATUS   | <b>ISSUE 1: Cash reconciliations of the cash received to the cash register receipts and to the posted cash receipts were not performed prior to deposit. NOT RESOLVED</b>             |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
|--|---|--------------------|------------------------|--------|--------------------|---|-------------|----|---|-------------|----|---|-------------|----|---|-------------|----|---------|-------------|----|------|-------------|---|--------------|--------------------|------------|
| <p>The Chapter did not perform daily reconciliations of the cash receipts with the cash register tape and the posted cash receipts in the accounting system. From October 1, 2017 to March 31, 2018, the Chapter's internal revenues totaled \$16,791.28. There were five (5) instances of errors totaling \$112 which were not detected due to a lack of reconciliations. While the number of instances and the dollar amounts are small, the lack of reconciliations create opportunity and the potential for larger amounts to go undetected.</p>   |   |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| ◆<br>2018 STATUS   | <b>ISSUE 2: The deposit log was incomplete in recording all deposits to the bank. NOT RESOLVED</b>  |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| <p>The Chapter maintains documentation such as cash register tapes, daily sales reports, money order receipts, cash receipt summary, deposit slips, deposit receipts, and posted entries in the accounting system. However, during the entrance meeting with the Chapter staff, documents related to half of the audit scope were not available at the Chapter. A follow-up visit after the onsite fieldwork was completed and found that the documents had been returned. Removing records from the Chapter is a violation of the Records Management policy. While the Accounts Maintenance Specialist has all of these documents, the Community Services Coordinator is not performing reconciliations of the cash receipt summary against the bank deposits. Furthermore, the bank reconciliations were completed, but were ineffective because the CSC did not detect the \$112 discrepancy reported in issue no. 1. As a result, there is still a risk of loss or theft of the undeposited cash receipts.</p> |   |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| ◆<br>2018 STATUS   | <b>ISSUE 3: Collected cash receipts were not recorded daily in the accounting system. NOT RESOLVED</b>  |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| <p>The Chapter did not record all cash receipts in the accounting system on a daily basis. From October 1, 2017 to March 31, 2018, there were 108 business days where the Chapter received cash. The following table shows the timeliness of the cash receipt posting in the accounting system:</p>  |   |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| <table border="1"> <thead> <tr> <th>Number of Days to Post</th> <th>Amount</th> <th>No. of Occurrences</th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td align="right">\$ 2,736.25</td> <td align="center">15</td> </tr> <tr> <td align="center">2</td> <td align="right">\$ 3,012.44</td> <td align="center">15</td> </tr> <tr> <td align="center">3</td> <td align="right">\$ 3,237.17</td> <td align="center">17</td> </tr> <tr> <td align="center">4</td> <td align="right">\$ 2,449.16</td> <td align="center">15</td> </tr> <tr> <td align="center">5 to 10</td> <td align="right">\$ 3,886.23</td> <td align="center">38</td> </tr> <tr> <td align="center">10 +</td> <td align="right">\$ 1,470.03</td> <td align="center">8</td> </tr> <tr> <td align="center"><b>Total</b></td> <td align="right"><b>\$16,791.28</b></td> <td align="center"><b>108</b></td> </tr> </tbody> </table>  |   |                    | Number of Days to Post | Amount | No. of Occurrences | 1 | \$ 2,736.25 | 15 | 2 | \$ 3,012.44 | 15 | 3 | \$ 3,237.17 | 17 | 4 | \$ 2,449.16 | 15 | 5 to 10 | \$ 3,886.23 | 38 | 10 + | \$ 1,470.03 | 8 | <b>Total</b> | <b>\$16,791.28</b> | <b>108</b> |
| Number of Days to Post   | Amount  | No. of Occurrences |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 1  | \$ 2,736.25   | 15                 |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 2  | \$ 3,012.44   | 15                 |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 3  | \$ 3,237.17   | 17                 |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 4  | \$ 2,449.16   | 15                 |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 5 to 10  | \$ 3,886.23   | 38                 |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| 10 +   | \$ 1,470.03   | 8                  |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| <b>Total</b>   | <b>\$16,791.28</b>  | <b>108</b>         |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| ◆<br>2018 STATUS   | <b>ISSUE 4: An adjustment recorded in the accounting system decreasing cash receipts in the amount of \$6,138.15 did not follow established policies and procedures. NOT RESOLVED</b> |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |
| <p>Our audit found five (5) instances of adjustments totaling \$3,262 without any documentation, review or approval. Policy states that adjustments should be documented, reviewed, and approved by Chapter officials. Further review by OAG determined that all of these adjustments were appropriate and correct. While these adjustments were appropriate and correct, the lack of documentation, review and approval could lead to error or inappropriate changes to the accounting system.</p>  |   |                    |                        |        |                    |   |             |    |   |             |    |   |             |    |   |             |    |         |             |    |      |             |   |              |                    |            |

## RESULTS

**Whitecone Chapter Corrective Action Plan Implementation  
October 1, 2017 to March 31, 2018**

|   |  |
|---|--|
| ◆<br>2018 STATUS  | <b>ISSUE 5: Former Community Services Coordinator shared user credentials with the Office Aide to record transactions in the accounting system. NOT RESOLVED</b>                   |
| Our review and inquiry of the accounting system found that the Accounts Maintenance Specialist was the only person with a user profile. While we found no evidence that user credentials were still being shared, there were no other user profiles set up for the Chapter Administration and other employees. As a result, no one else in the Chapter has the ability to review transactions and provide adequate segregation of duties. |  |
| ◆<br>2018 STATUS  | <b>ISSUE 6: Former Community Services Coordinator had total control of the cash receipts process. NOT RESOLVED</b>   |
| The Chapter has partially implemented several components to segregate the duties over the cash receipts process. However, there remain a number of gaps, both in the process and with the segregation of duties, which have not been implemented. Some of the gaps have already been identified in the other audit issues in this report.   |  |
| ◆<br>2018 STATUS  | <b>ISSUE 7: Large amounts of undeposited cash receipts (up to \$7,454 during the period of our review) were maintained in the chapter safe for as long as 8 days. NOT RESOLVED</b> |
| The Chapter has not established a formal threshold for the amount of cash that can be held in the safe overnight. While the Chapter has an informal threshold of \$1,000, we found five (5) instances where cash in excess of the \$1,000 (as much as \$1,600) was kept in the safe overnight.  |  |