



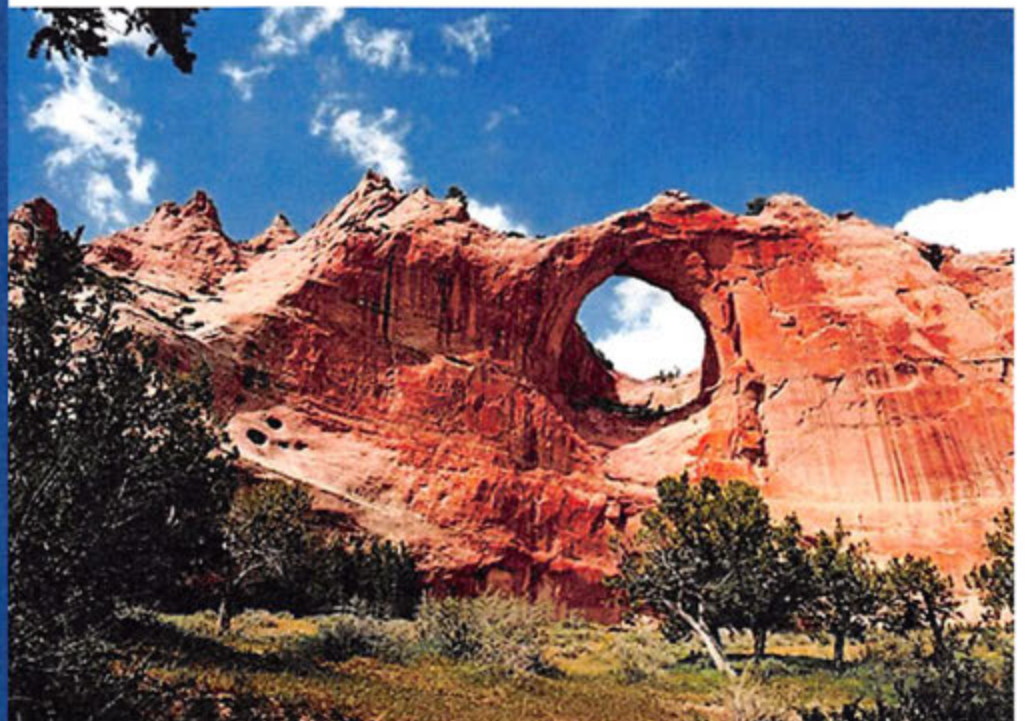
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Internal Audit of Standing Rock Chapter

**Report No. 20-01
December 2019**

**Performed by:
HEINFELD, MEECH & CO, P.C.**



December 31, 2019

Johnny Johnson, President
STANDING ROCK CHAPTER
P.O. Box 247
Crownpoint, NM 87313

Dear Mr. Johnson:

The Office of the Auditor General, in conjunction with Heinfeld Meech & Co., P.C., herewith transmits Audit Report No. 20-01, Internal Audit of the Standing Rock Chapter. The audit objective was to verify whether the Chapter funds were spent in accordance with Navajo Nation laws and regulations and Chapter policies and procedures. During the audit period of July 1, 2018 to June 30, 2019, our review revealed the Chapter has not implemented appropriate controls to provide reasonable assurance it complies with applicable laws, regulations, policies and procedures. Listed below are the issues identified:

- Finding I: Payroll activities were not being properly tracked, recorded and/or documented.
- Finding II: Travel activities were not being calculated, tracked, or documented appropriately.
- Finding III: Cash disbursements were not properly supported by documentation, coded in accordance with the Chart of Accounts, and duties were not segregated.
- Finding IV: Cash receipts were not deposited in a timely manner, did not always agree to supporting documentation, and were not coded correctly or fully reconciled.
- Finding V: One budget transfer was made prior to obtaining Chapter approval.

Other issues noted:

1. Conflict of interest issues were not disclosed to Ethics & Rules office.
2. Most chapter funds are related to administrative expenses.
3. Donations were not posted to the accounting system.

Detailed explanations on all audit issues can be found in the body of the report. The audit report provides recommendations for remediation of the reported findings.

If you have any questions about this report, please call our office at (928) 871-6303.

Sincerely,

Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Phyllis Willetto-Lancer, Vice President
Arlene Coan, Secretary/Treasurer
Janice Padilla, Community Services Coordinator
Mark Freeland, Council Delegate
STANDING ROCK CHAPTER
Sonlata Jim-Martin, Delegated Department Manager II
Shirleen Jumbo-Rintila, Senior Programs & Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

Office of the Auditor General - The Navajo Nation
Tse'ii'ahi (Standing Rock) Chapter House

The internal audit of Tse'ii'ahi (Standing Rock) Chapter House for the 12-month period ended June 30, 2019 was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To meet our audit objectives, Chapter administration and officials were interviewed, data was analyzed and documents were examined. Additionally we:

- Considered the Chapter's internal controls as outlined in the Chapter Five Management policy and procedure manual.
- Tested compliance with certain provisions of laws, regulations, and policies as outlined in the internal audit.

As a result of the internal audit, we noted certain matters that are opportunities for strengthening internal controls and instances of noncompliance with laws, regulations, contracts, and grant agreements and policies. Management should address these items to ensure it fulfills its responsibility to establish and maintain adequate internal controls and comply with laws, regulations, contracts, and grant agreements. Those items and our related recommendations are described in the accompanying summary. The items discussed in the accompanying summary are a result of audit procedures performed based on a risk based assessment, and therefore, not all deficiencies or weaknesses in controls may have been identified.

This information is intended for the Navajo Nation Auditor General's Office and is not intended to be and should not be used by anyone other than the specified party. However, this information is a matter of public record, and its distribution is not limited.

Sincerely,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
December 5, 2019

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Introduction and Background

The Navajo Nation Office of the Auditor General engaged Heinfeld, Meech, & Co. P.C. to perform an internal audit of the Tse’ii’ahi (Standing Rock) Chapter House for the 12-month period ended June 30, 2019.

Standing Rock Chapter is a political subdivision of the Navajo Nation and is considered a general purpose local government for reporting purposes. The Standing Rock Chapter is located within the Eastern Agency of the Navajo Nation.

The local chapter government is managed by the Community Services Coordinator (CSC) with administrative support provided by an Accounts Maintenance Specialist (ASC). Oversight is provided by the elected chapter officials comprising of the President, Vice-President and Secretary/Treasurer. Additional oversight is provided by the Navajo Nation Division of Community Development/Administrative Service Centers.

The Standing Rock Chapter operates under a five-management system with policies and procedures addressing five key system components: fiscal management, personnel management, property management, records management, and procurement. The authorities, duties and responsibilities of the Standing Rock Chapter are enumerated in Title 26, Local Governance Act of the Navajo Nation Code.

The majority of the Chapter’s resources are provided through appropriations from the Navajo Nation central government. Other revenue is generated from miscellaneous user charges assessed by the Chapter for services and/or goods provided to its community members. Standing Rock Chapter’s fiscal year 2019 operating budget was approximately \$401,302.

The objective of the internal audit was to examine the following areas where there were identified concerns of weak internal controls and poor accountability:

1. Payroll activities
2. Travel activities
3. Cash disbursements
4. Cash receipt activities
5. Budget transfers
6. CSC consulting activities

Audit Methodology

In meeting the audit objectives, we interviewed the Chapter administration and officials, observed Chapter operations, and examined available records. More specifically, we tested samples of expenditures for internal controls and compliance requirements by using a non-statistical, judgmental method.

Findings and Recommendations

Finding I: Payroll Activities were not being properly tracked, recorded and/or documented.

Criteria

Pursuant to 26 N.N.C. § 101 (A), the Chapter shall develop and follow Payroll Control Policies to ensure effective control over payroll and disbursements. Fiscal Policies and Procedures, Section VII, (H) 1-2 includes the following: appropriate segregation of duties shall be maintained to ensure that chapter employees are not in a position to authorize, execute and approve all aspects of payroll processing and departments. The Chapter will follow all applicable Navajo Nation, state and Federal laws and regulations relating to payroll including the Fair Labor Standards Act (FLSA) as defined in Sec. 203(s)(1)(C). Personnel records on each employee shall be maintained at the Chapter administration on authorized chapter forms. These forms include but are not limited to items such as a Personnel Action Form (PAF), I-9 Form, Employment Application Form, and Parental Consent Form. The immediate supervisor is responsible to maintain an attendance sheet on all Chapter employees. This sheet shall be signed by chapter employees each day to record employees' time of arrival and departure. Timesheets shall also document regular and overtime hours worked, and any leave earned or taken each pay period.

Condition

During the review of payroll processes and a sample of 25 payroll transactions totaling \$16,326, the following was noted:

1. The Chapter did not require employees to sign time sheets. It was noted that there is no location on the current time sheet template for employee signature. Of the 22 time sheets reviewed, 21 did not contain an employee signature. Additionally, it was noted that on several of the time sheet transactions reviewed, changes were made to the hours reported during processing, with no indication of employee approval or notification.
2. For 16 of 25 payroll transactions reviewed, the employee time sheet reported different hours worked in comparison to the hours worked utilized for the employees' pay calculation. The Chapter appears to have taken out the lunch hour from each day for most employees when calculating pay; however, the period representing lunch was not documented on the time sheets. This resulted in a net difference in hours worked per the time sheets versus hours paid of approximately 75 hours. Additionally, the Chapter did not pay overtime at time and one-half for applicable hours worked or provide compensatory time for any employees. As a result, nine of 25 payroll transactions reviewed appear they should have included overtime payments based on the time sheets as written. This resulted in a total difference of approximately \$1,831 in payments.
3. For two of 25 payroll transactions reviewed, the coding was not appropriate based on the chart of accounts. For one, the employee was providing services for a burial, which was coded to, however not budgeted in, a capital projects fund. The other item was payment for an office temp position which should have been paid out of the PEP fund.
4. For all 15 employee files reviewed, I-9 forms were included in the files, however did not have the Part II completed and/or signed. 12 of the 15 employees reviewed did have a Certificate of Indian Blood (CIB) on file.

5. For one of 25 payroll transactions reviewed, no time sheet was retained, resulting in an unsupported payment of \$119.
6. We reviewed five payroll transactions where the checks were voided; however, documentation was not retained regarding the purpose of the void in two instances.
7. For four of 15 employee files reviewed, certain required documents were missing. In three of the four, the parental consent form was missing, and in one of the four, the employment application was missing. (A different employee's application was included in the file.)

Effect

Amounts paid to employees were not always supported by appropriate documentation. As a result, employees may have received erroneous pay amounts and the salary and related benefit expenses within the Chapter's reported financial activity may not be properly stated.

Cause

Processes were not properly implemented or put in place. Employees did not receive adequate training. The Chapter did not pay overtime if it was not pre-approved or included in the budget.

Recommendations

1. The Chapter should implement a new time sheet template including fields for both the employee and the supervisor with firsthand knowledge of the work performed to review, sign and date. Additionally, the Chapter should update procedures to include steps to inform employees of any corrections made to the time sheets during processing.
2. Pay calculations should be reviewed prior to the printing of checks to ensure hours used to calculate employee pay agree to actual time worked per the approved time sheets. Additionally, the Chapter should follow Fair Labor Standards Act guidelines and pay overtime suffered or permitted to be worked at time and one-half either as part of direct pay or as compensatory time. The Chapter should also implement policies regarding compensatory time that would include disciplinary measures should employees continue to work unapproved overtime.
3. Coding for wage and related payments should be reviewed to ensure items are being paid from the appropriate budget line item.
4. The Chapter should ensure Form I-9 is completed for all employees, including temporary or seasonal workers and that both sections 1 and 2 are filled out completely.
5. All voided checks should include proper documentation. The Chapter should implement a void check form to document the reason and to attach any relevant information regarding the void for support.
6. Increased care should be made to ensure documentation is retained in employee files, including time sheets to support amounts paid, applications, parental consent forms if required, and other support. Personnel files should be maintained in a locked file cabinet with access limited to only those personnel necessary.

Finding II: Travel Activities were not being calculated, tracked, or documented appropriately.

Criteria

Pursuant to 26 N.N.C. § 101 (A), as noted in the Fiscal Policies and Procedures, Section VII, (I) 1-10 is the following: Only reasonable and necessary travel expenses are reimbursed, Authorized travel expenses will include transportation, lodging, meals, and other costs directly related to Chapter business travel. Travel that benefits multiple chapters or agencies should be shared across those agencies proportionally. All requests for travel funds are only reimbursable if funds are available in the Chapter's approved budget. All travel costs shall require receipts in support of costs. Meal expenses shall be reimbursable when incurred beyond a five hour travel period or beyond a fifty mile radius from the Chapter house. Meals provided at no additional cost to the traveler (such as meals included in conference fees) shall not be reimbursed. Travel authorization forms must be completed for all reimbursement requests and must be submitted within 10 calendar days of return. Additionally, Internal Revenue Service (IRS) regulations require that amounts reimbursed for meals for travel that does not require a period of substantial rest be treated as a taxable employee benefit.

Condition

During review of Chapter travel including a sample of 35 transactions totaling \$7,787, the following was noted:

1. For six of 35 travel reimbursements reviewed, the mileage reimbursement calculation did not appear to be appropriate. For three, individuals were reimbursed in excess of the allowable amount by an identifiable amount of \$61, and in four, they were under reimbursed by an identifiable amount of \$19.
2. For five of 35 travel reimbursements reviewed, the amount reimbursed for meals and/or lodging/hotel was in excess of the Continental United States (CONUS) rate resulting in an identifiable overage of \$99.
3. For one travel reimbursement reviewed totaling \$206, there was no travel authorization form available to review. Additionally, the board minutes attached with the transaction are from the Lake Valley Chapter. Other support included is regarding procurement training that was held at Huerfano Chapter House which is not located near the hotel listed. Further, receipts provided account only for \$101, which is less than half of the amount requested for reimbursement.
4. For one travel reimbursement reviewed totaling \$79, the individual was reimbursed in excess of the amount calculated and approved on the form of \$74. Additionally, the travel destination may be within 50 miles of the employee's home base which would not meet the Chapter policy requirements. Additionally, there was no indication that amounts reimbursed were included as a taxable benefit as required under IRS regulation. The travel destination was Farmington, New Mexico, and the employee's mailing address was also Farmington, New Mexico.

5. For four of 35 travel reimbursements reviewed, the estimates for travel advance amounts do not appear to be appropriate. In two, meals are marked as provided by the conference, however the advance estimate was not reduced for these. If this is the case, then the employee would have been over reimbursed by approximately \$92. In the other two, the amounts listed appears to be in excess of the CONUS rates. If this is the case, then the employees would have been over reimbursed by approximately \$62.
6. For one of 35 travel reimbursements reviewed, a full day meal allowance was provided for travel that did not require an overnight stay or "period of substantial rest". Amounts do not appear to have been included as a taxable employee benefit.
7. During the review of the Chapter's financial activities, it was noted that travel costs represent 16 to 25% of the total disbursements excluding depreciation. Additionally, further analytical review of travel expenditures identified approximately 82.74% or \$31,578 in costs were affiliated with the travel activities of three individuals. Additionally, the average travel cost per individual was \$2,726. This is reduced from the prior year average per individual of \$6,047 due to the moratorium on travel set by the Chapter starting in March 2019.

Effect

Financial activity related to travel may be misstated. Unauthorized travel poses a risk of improper use of Chapter funds. Travelers could incur expenses unrelated to Chapter business and receive reimbursements based on improper travel claims.

Cause

Policies and processes were not always followed. The Chapter did not actively monitor travel activities.

Recommendations

1. The Chapter should ensure all travel reimbursements are reviewed to ensure the amounts calculated for reimbursement agree to the support and are within the approved rates.
2. Travel authorization forms and receipts should be reviewed prior to payment and compared to the current CONUS rates to ensure amounts paid are within those limits.
3. Supporting documentation should be obtained and retained including approved travel authorization forms, receipts for hotel and meal reimbursements, and any other support for amounts being requested for reimbursement prior to payment. If personnel are being paid for travel by other entities, the Chapter should not also reimburse, unless there is an agreement between the entities to share the costs. In these situations, extra care should be taken to ensure the Chapter is only reimbursing for their portion of the cost and documentation should be retained regarding the agreement between the two entities.
4. Lodging or meal reimbursements made for items not meeting the IRS guidelines (i.e. are for travel less than 50 miles and not requiring substantial rest), should be included as a taxable benefit.
5. Conference documentation (brochures, etc.) should be obtained and reviewed thoroughly to ensure meals provided by either the hotel or conference are removed from the approved and reimbursed amount.

6. Further steps should be taken to ensure travel is necessary and beneficial to the Chapter and community served. The Chapter has equipment to allow for video conferencing which could be utilized to reduce travel by requesting remote meetings with Navajo Nation Officials or other granting agencies. The Chapter should also determine a reasonable travel budget at the beginning of the year based on travel that must be made during the year, and remain within that budget.

Finding III: Cash Disbursements were not properly supported by documentation, coded in accordance with the Chart of Accounts, and duties were not segregated.

Criteria

Pursuant to 26 N.N.C. § 101 (A), as noted in the Fiscal Policies and Procedures, Section VII, (B) 1-2, includes the following: appropriate segregation of duties shall be maintained to ensure that chapter employees are not in a position to authorize, execute and approve all aspects of cash disbursements, the Chapter Manager and Chapter Secretary/Treasurer will co-sign all checks for payment. In the event the Secretary/Treasurer is unavailable for co-signature, the Chapter President or Vice-President will be authorized to co-sign as the secondary signatory. (This will require a justification memorandum). Additionally, when a check is written to a primary signatory, the President or the Vice-President shall substitute as co-signer. The Chapter chart of accounts shall be used to determine the appropriate account to which the disbursement will be charged. Disbursements of funds which are not budgeted are prohibited. Fund Approval Forms must be prepared for all disbursements prior to check preparation.

Condition

During our review of a sample of 30 disbursements totaling \$19,853, the following was noted:

1. Information Technology (IT) controls did not appear to agree to the separation of duties controls as outlined in the general procedures. The CSC had access to print checks and is also a check signer.
2. For three of 30 disbursements reviewed totaling \$5,061, the coding was not correct according to the chart of accounts.
3. For 14 of 30 disbursements reviewed totaling \$8,718, the Fund Approval Form (FAF) was missing one or more of the following: signature of requestor, approval signature, or was dated after the goods or services were received with no other indication of prior approval. Additionally, all dates on FAFs were printed rather than being hand dated when signed.
4. For two of 30 disbursements reviewed totaling \$3,213, the disbursement was not supported by a vendor invoice. Additionally, for one of 30 disbursements reviewed in the amount of \$325, no FAF, invoice or other information was available to review.
5. For one of 30 disbursements reviewed in the amount of \$80, coding was incorrect, as the item actually purchased differs from the item originally approved. The purchase approved was for diesel fuel, whereas the receipt provided as supporting documentation is for unleaded fuel.
6. For four of 30 disbursements reviewed totaling \$5,566, the disbursements did not fall under an approved budget line item.
7. For one of 30 disbursements reviewed in the amount of \$500, the check was written to an approved signer on the account for a regular meeting stipend, but the check was not signed by the Chapter president and no justification memorandum was included.

Effect

Payments were made outside of the approved budgets or were not properly supported by documentation resulting in improper payments to vendors and misstated expenditure related financial activity.

Cause

Processes were not properly implemented or put in place. Employees did not receive adequate training.

Recommendations

1. The Chapter's accounting software access should be updated so the segregation of duties as outlined in policy is executed as established.
2. Disbursements should be reviewed to ensure they are coded to be paid from the appropriate funds and according to the adopted chart of accounts.
3. The Chapter should ensure FAFs are printed with the date line blank so as to better track when the documents are signed as evidence of timely approval. Additionally, the forms should be reviewed and checks should not be written until all required information is received including approval signatures.
4. Documentation to support amounts paid should be maintained for all disbursements. This should include a vendor invoice and/or a receiving report.
5. Disbursements should not be made unless there is approved budget. The Chapter should institute a requisition or purchase order process to ensure items have approval prior to being ordered/received.
6. Finally, checks written to an approved signer should be signed by a separate signer and the Chapter president and a justification memorandum should be included.

Finding IV: Cash Receipts were not deposited in a timely manner, did not always agree to supporting documentation, and were not coded correctly or fully reconciled.

Criteria

Pursuant to 26 N.N.C. § 101 (A), as noted in the Fiscal Policies and Procedures, Section VII, (A) 1-2, includes the following: appropriate segregation of duties shall be maintained to ensure that no one employee is in a position to solely collect, deposit, safeguard and reconcile all cash receipts; a two-copy receipt form will be used to record all cash received; cash receipts shall be deposited weekly (if practical); all cash receipts will include the following recorded information: the payer's name, the purpose of the cash receipt, the amount received, the check or money order numbers, date received and the initials of the person receiving the money; deposit amounts will be reconciled to the total cash receipts in the cash receipts journal; the chapter manager will deposit all monies within ten days of receipt; monthly cash receipts and deposits are to be reconciled.

Condition

A sample selection of 25 cash receipts totaling \$2,426, was reviewed. During this review, the following was noted:

1. For 11 of 25 cash receipts reviewed, the amount recorded in the accounting records did not agree to the bank deposit records.
2. For 16 of 25 cash receipts reviewed, the deposit was not made in a timely manner (at least weekly).
3. For three of 25 cash receipts reviewed, the revenue did not appear to be coded correctly according to the chart of accounts. Two cash receipts were coded to 4101 and one was coded to 4503, whereas it appears the proper revenue codes are 4104 and 4203, respectively.
4. For 14 of 25 cash receipts reviewed, the cash receipt did not include the check or money order numbers.

A general review of cash balances and cash accounts was performed and the following was noted:

5. The Chapter had unreconciled differences and balances showing in their trial balance as "in cash drawer" that the Chapter did not have included in either the bank account or the cash drawer totaling \$1,165 as of June 30, 2019. During discussions with the CSC and AMS, it was revealed the amounts were written off by the ITG consultant in September 2018. Amounts appear to be due to differences in deposits for multiple years prior to and including the period being audited.

Cash receipts recorded in the prenumbered carbon copy receipt book were compared to amounts reported in MIP, the Chapter's accounting system during the period under audit.

6. The following was noted:
 - a. Two receipts (185854 and 185855) totaling \$318 were not located in MIP and therefore, do not appear to have been recorded.
 - b. Several items noted in MIP were recorded at a different amount than the sum of the receipts from the prenumbered carbon copy receipt book. Differences were less than one dollar off in all but one, which was different by \$7.

- c. Several items appear to have been coded incorrectly in MIP. Two receipts were recorded to a liability account code rather than a revenue code, and a water related receipt was recorded to the hay revenue account.

Effect

All payments received may not have been recorded resulting in misstated cash and revenue related financial activity. Further, all revenue may not be reported in the proper account code.

Cause

Policies were not always followed. Cash overages were not documented or investigated although amounts did appear to be deposited. Deposits were not always taken to the bank the day they were prepared and sometimes were not taken to the bank for several weeks. Reconciliations were not performed for most of the time period reviewed. Once they began to be performed, the differences were greatly reduced or did not exist.

Recommendations

1. The Chapter has implemented some changes in the period following the audit period under audit. These changes have included reconciling amounts collected per the receipt book to the amounts included in the deposit. The Chapter should continue with this procedure.
2. The Chapter should ensure deposits are made in a timely manner; the day they are created if possible.
3. Receipts should be reviewed to ensure monies are coded into the appropriate account code.
4. More care should be taken to ensure all required information is included on the receipt forms.
5. During the monthly reconciliation process, deposits should be reconciled from the accounting system through to the bank statements, and missing amounts or differences should be fully investigated and resolution should be documented.

Finding V: One budget transfer was made prior to obtaining Chapter approval.

Criteria

Fiscal Policies and Procedures, Section VI (C) 10 requires all modifications or revisions to the budget during that fiscal year will be by budget transfers, and shall require Chapter membership approval.

Condition

Budget transfers as reported in the Posted Budget Report from MIP were reviewed. Two were properly supported by Resolutions. One was input into the accounting software prior to having the proper approvals. When this was identified by the Chapter, the budget transfer was reversed in the software system in the next ID session.

Effect

Transfers input into the accounting software prior to Chapter approval could result in funds being spent for unauthorized and unbudgeted purchases.

Cause

Transfers were made in the accounting software system prior to approval.

Recommendation

Controls should be put in place to ensure transfers are only entered after appropriate approvals are made.

Other Items

Criteria

Pursuant to 26 N.N.C. § 101 (A), as noted in the Fiscal Policies and Procedures, Section VII, (N) All Chapter officials and Chapter employees shall refrain from making, participating in or influencing decisions where there is any real or potential conflict of interest. In the event of a real or potential conflict of interest where the Chapter official or employee is required to participate as part of his or her official duties, the individual shall write a justification memorandum disclosing the real or potential conflict of interest and the necessity for that individual's continued participation, a copy of which shall be provided to the Navajo Nation Ethics and Rules Office and the Chapter Administration. Additionally as noted in the Fiscal Policies and Procedures, Section VII, the Chapter is to establish internal controls to ensure its assets and resources are protected against waste, fraud and inefficiency, and to ensure that accounting data are accurate, dependable and compliant with any regulations, terms and conditions, assurances, and certification requirements of funding agencies.

Condition

1. No conflict of interest file was maintained at the Chapter. Two potential conflicts of interest were mentioned during the audit that do not appear to have been properly investigated by the Chapter and disclosed to the Navajo Nation Ethics and Rules Office. The first involves the Chapter president being related to the AMS, (niece) and the second involves the CSC being related to the owner of the septic services vendor used by the Chapter (brother). Total amounts paid to this vendor during the review period was \$12,004. Additionally, it appears the CSC is not removing themselves from participating in items involving the related party, as for one disbursement reviewed for this vendor the FAF and check was signed by the CSC.
2. Approximately 35.7% of total disbursements, excluding depreciation, are management or administrative related. Additionally, stipends are 15 to 17% of the total disbursements excluding depreciation. Another approximately 31.8% are related to temporary employee salaries.
3. The Chapter received donated coal during the period under review. This transaction was not recorded in MIP.

Effect

Potential conflict of interest items were not documented and reported as required. As a result, transactions could be initiated that are not arm's length, which could result in procurement violations and Chapter funds not being used in the most prudent manner.

Cause

The Chapter did not seek to resolve the conflicting statements regarding potential conflicts of interest and did not evaluate all purchases to ensure funds were utilized in the most prudent manner.

Recommendations

The Chapter should implement a conflict of interest file. All Chapter officials and employees should complete a conflict of interest form annually documenting potential conflicts of interest. If a potential conflict is identified, these should be disclosed to the Navajo Nation Ethics and Rules Office, and the person in question should remove themselves from participating in any manner. This should include decisions regarding the purchase of items, the signing of checks or approval forms, or receiving goods.

1. Budgets should be reviewed to ensure amounts being paid for management or administrative items are appropriate and necessary. Further, current year to date financial activity should be analyzed and reviewed periodically to assist in making responsible purchasing decisions.
2. Donations should be recorded in the software system as a better tracking mechanism to ensure assets are not misappropriated.

CLIENT RESPONSE



THE NAVAJO NATION
TSE'II'AHÍ' (Standing Rock) CHAPTER
P.O. BOX 247
CROWNPOINT, NEW MEXICO 87313
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FAX: (505) 786-2249
standingrock@navajochapters.org

Jonathan Nez, Navajo Nation President

Myron Lizer, Navajo Nation Vice-President

December 23, 2019



Helen Brown, Delegated Auditor General
Navajo Nation Office of the Auditor General

RE: Response to the Audit of Tse'ii'ahi' Chapter

Dear Ms. Brown,

We are in receipt of your draft copy, dated December 16, 2019, of the Special Review of the Tse'ii'ahi' Chapter (Standing Rock) on December 17, 2019. Pursuance to 12 NNC SS 7A, we agree to the audit findings and have already begun the process of correcting the findings identified within the report and have started creating the Corrective Action Plan based on the recommendations made by your office.

If you should have any questions, please feel free to contact Tse'ii'ahi' Chapter (Standing Rock) at (505) 786-2247/2248 or email at standingrock@navajochapters.org. Thank you.

Sincerely,

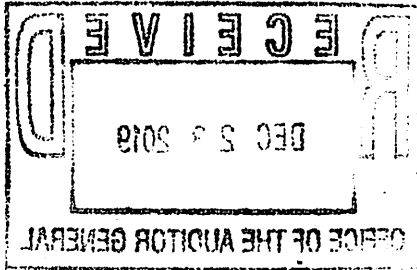
A handwritten signature in black ink, appearing to read "Johnny Johnson".

Johnny Johnson
Tse'ii'ahi' Chapter (Standing Rock), Chapter President

CONCURRENCE:

A handwritten signature in black ink, appearing to read "Phyllis Willetto-Lancer".
Phyllis Willetto-Lancer
Tse'ii'ahi' Chapter (Standing Rock), Vice-PresidentA handwritten signature in black ink, appearing to read "Arlene Coan".
Arlene Coan
Tse'ii'ahi' Chapter (Standing Rock), Secretary/Treasurer

CC; Karen Briscoe, Principal Auditor
Mark Freeland, Council Delegate
Tse'ii'ahi' Chapter (Standing Rock)
Solansta Jim-Martin, Delegated Department Manager II
Shirleen Jumbo-Rintila, Delegated Senior Program & Projects Specialist
Administrative Service Center/DCD



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Handwritten signature or text.