

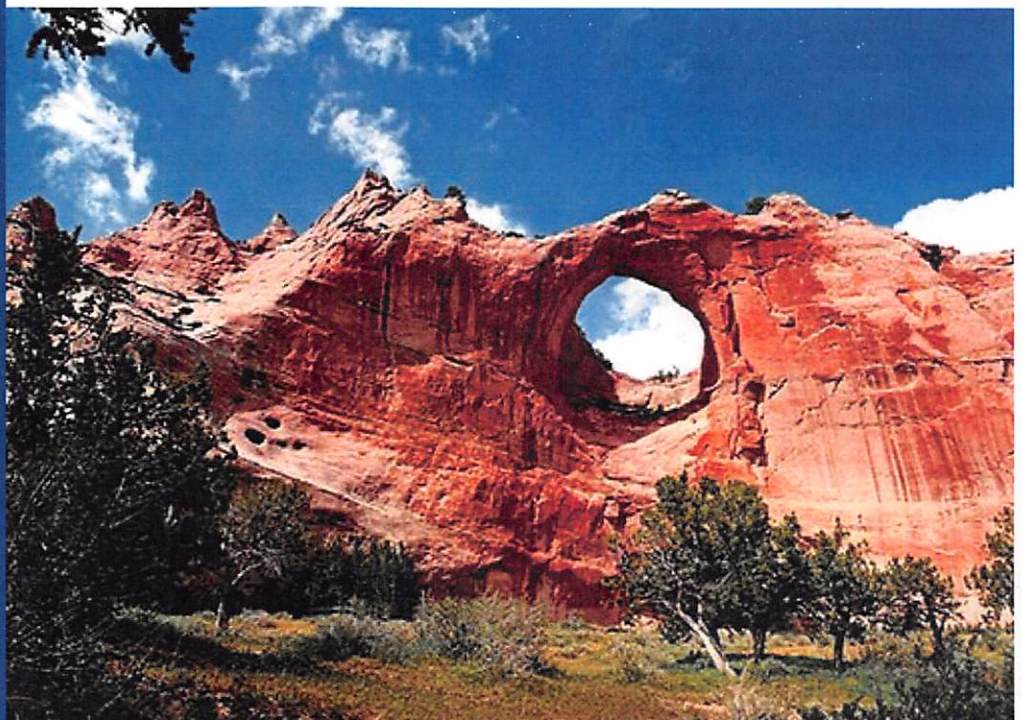
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Internal Audit of Tolani Lake Chapter

**Report No. 21-04
March 2021**

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



March 17, 2021

Leland K. Dayzie, President
TOLANI LAKE CHAPTER
HC 61 Box 3001
Winslow, AZ 86047

Dear Mr. Dayzie:

The Office of the Auditor General, in conjunction with Heinfeld Meech & Co., P.C. herewith transmits audit report no. 21-04, Internal Audit of Tolani Lake Chapter. The audit objective was to determine whether the Chapter maintains adequate internal controls to safeguard assets, ensure reliability of its financial reporting, and comply with applicable laws, regulations, policies and procedures. During the 12-month audit period ending June 30, 2020, our review has revealed the Chapter needs to strengthen controls with activities addressed by its five-management system. The following issues were identified:

- Finding I: Asset items were not properly tracked or safeguarded.
- Finding II: Payroll Activities were not being properly tracked, recorded or documented.
- Finding III: Travel Activities were not being calculated, tracked, or documented appropriately.
- Finding IV: Cash Disbursements were not properly supported by documentation, were in excess of approved amounts, were not included in the budget, or were approved subsequent to executing the purchase.
- Finding V: Cash Receipts were not supported by complete or proper documentation, deposited in a timely manner, consistently charged, or fully reconciled.

Detailed explanation of 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: Anna M. Begay, Vice President
Rena M. Edwards, Secretary/Treasurer
Thomas Walker, Jr., Council Delegate
TOLANI LAKE CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Eunice Begay, Senior Program & Project Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Melanie Askew, CPA, Manager
HEINFELD, MEECH & CO., P.C.
Chrono

Office of the Auditor General - The Navajo Nation
Tolani Lake Chapter House

The internal audit of Tolani Lake Chapter House for the 12-month period ended June 30, 2020 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 System policies and procedures 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
March 12, 2021

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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 Tolani Lake Chapter House for the 12-month period ended June 30, 2020.

Tolani Lake Chapter is a political subdivision of the Navajo Nation and is considered a general purpose local government for reporting purposes. The Tolani Lake Chapter is located within the Western 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 (AMS). 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 (ASC).

The Tolani Lake 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 Tolani Lake 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. Tolani Lake Chapter's fiscal year 2020 operating budget was approximately \$447,000.

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. Internal controls are designed, implemented and operated appropriately.
2. Activities related to payroll, including hiring practices and time reporting are appropriate and comply with policies and procedures.
3. Travel activities comply with the policies and procedures.
4. Financial transactions are authorized, valid, and properly recorded to permit the preparation of financial statements and other financial reports.
5. Cash receipts are received, recorded and deposited according to policies and procedures.
6. Assets are safeguarded against loss or misuse.
7. Chapter activities addressed by the five-management system comply with applicable laws and regulations.

Audit Methodology

In meeting the audit objectives, we interviewed the Chapter administration and officials and examined available records. More specifically, we tested samples of cash receipts, payroll and nonpayroll disbursements including housing discretionary disbursements and travel disbursements for internal controls and compliance requirements by using a non-statistical, judgmental method.

Findings and Recommendations

Finding I: Asset items were not properly tracked or safeguarded.

Criteria

Pursuant to 26 N.N.C. § 101 (A), as noted in the Property Management Policies and Procedures Manual, Section IV, the Chapter staff and Chapter Officials shall be charged with responsibility to ensure accurate inventory control and safekeeping of all Chapter Property. The chapter shall maintain adequate insurance coverage. Liability insurance coverage shall be mandatory, where required by law. All Chapter property is for Chapter business only. All property and equipment of a value of more than \$1,000 shall be capitalized and recorded in the Chapter's Capital Asset ledger. At year end, the capitalized asset shall be transferred to the Capital Assets Account Group ledger. As noted in the Property Management Policies and Procedures Manual, Section VII, all Chapter property should be classified into categories of expendable, non-expendable, property and real property and either capitalized or expensed accordingly. Further, as noted in the Property Management Policies and Procedures Manual, Section VIII, the Chapter shall conduct and maintain a complete, detailed and accurate physical inventory of the Chapter property assigned and shall reconcile the entire property list annually, or upon a change of the Community Services Coordinator within the Chapter Administration. At the beginning of each fiscal year the Community Services Coordinator shall provide a copy of the most current inventory listing to the Navajo Nation Risk Management Department, or whenever there is any new acquisition or disposition of any equipment, vehicles, etc. and any real property such as land, buildings and improvements. Lastly, per the Fiscal Policies and Procedures Manual, Section VII, F, expected lifetime and depreciation records shall be maintained.

Condition

Although the Chapter has General Fixed Asset accounts recorded in the general ledger, no Physical Inventory Equipment listing or property insurance information was available to review. Additionally, no depreciation expense had been calculated for the current year and no accumulated depreciation was noted in the general ledger. Finally, during a review of disbursements incurred in fiscal year 2019-20, we noted disbursements for a waterline project that may have been appropriate to capitalize as an asset. However, there was no indication a review or determination was made regarding this.

Effect

Assets not properly safeguarded are at risk of loss, theft or damage. Lack of appropriate asset documentation could result in the Chapter having insufficient insurance coverage that could result in liabilities for the Chapter and loss of funds. Items not being tracked or monitored could be used for purposes outside of approved chapter activities. Chapter financial statements may be misstated.

Cause

Chapter policies were not always followed. The CSC position at the Chapter was vacant for the majority of the year under audit. Additionally, the Chapter did not have an AMS for the entire fiscal year under audit. The ASC office experienced turnover impacting the Chapter as well.

Recommendations

1. An annual inventory should be conducted by the CSC and reconciled to the property lists and capital asset subledgers. If this cannot be completed for safety or other reasons, a reasonable alternative should be put in to place. For example another individual could conduct the count, or it could be done at a later date or in parts.
2. All items that are either owned by the Chapter or are the responsibility of the Chapter should be maintained on the property listing and included in the insurance policies to reduce the risk to the Chapter in terms of loss, theft, damage or liability regardless of their operating condition.
3. Assets meeting the Chapter's capitalization threshold should be transferred to the Capital Asset Account Group ledger, and depreciation should be calculated on the assets at least annually.
4. Chapter personnel should classify property acquired into categories (expendable, non-expendable, property, and real property) and ensure applicable items are recorded in the Chapter's accounting records and financial statements.
5. During periods of turnover, Chapter officials should seek the assistance of the ASC to ensure asset records are completed and filed and accessible to the individuals filling the vacant positions.

Finding II: Payroll Activities were not being properly tracked, recorded 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 disbursements. The Chapter will follow all applicable Navajo Nation, state and Federal laws and regulations relating to payroll. 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 \$14,138, and seven related employee files, the following was noted:

1. For three 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 resulting in an overpayment for a total of 96 hours amounting to \$960.
2. For four of 25 payroll transactions reviewed, no time sheet was retained, resulting in unsupported disbursements of \$1,044. A Fund Approval Form (FAF) and a copy of the check were provided for one of the transactions. For the other three transactions, no supporting documentation was provided.
3. For three of 25 payroll transactions reviewed totaling \$750, the stipend claim form was missing one or more required approval signatures.
4. For one of 25 payroll transactions reviewed in the amount of \$500, the check was written to and signed by a primary signatory with no memorandum or justification attached as to why no other signer was available.
5. For one of 25 payroll transactions reviewed, an employee's pay was split between Fund 15 Public Employment Program (PEP) and Fund 51 (US Department of Agriculture Grant) funds. It is unclear as to why PEP funds were used to pay \$352 of the wages.
6. For 17 of 25 payroll transactions reviewed totaling \$11,088, it could not be determined if items were carried forward correctly to the Form 941, as the corresponding 941 Forms were not available to review.
7. For one of seven employee files reviewed, the file did not contain a Personnel Action Form.

Effect

Payroll transactions were not properly supported resulting in unsupported transactions in the amount of \$2,004. 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. High turnover and lack of consistent management and personnel throughout the audit period resulted in controls not being put in place or followed to the extent that the ASC office took possession of the computer housing the Chapter's accounting software. A thorough review of transactions may not have been performed.

Recommendations

1. Pay calculations should be reviewed prior to the printing of checks by the CSC to ensure hours used to calculate employee pay by the AMS agree to actual time worked per the approved time sheets.
2. Reviews of transactions should also include a comparison to budget and other policies to ensure amounts are being coded to the correct funding source by the CSC.
3. The Chapter administration should ensure that if there are no other secondary check signers available to properly and fully document why a primary signer is required to sign a payment to themselves. This justification should be maintain with the payment in question.
4. Increased care should be made to ensure documentation is retained in employee files, including time sheets to support amounts paid.
5. All applicable federal form filings should be documented and retained.

Finding III: 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. Internal Revenue Service (IRS) *Publication 5137 Fringe Benefit Guide* indicates that meals away from the tax home but not overnight are generally taxable wages to the employee because travel expenses must be away from home overnight to be excludable.

Condition

During the review of Chapter travel reimbursements including a sample of 15 transactions totaling \$1,257, the following was noted:

1. For 12 of 15 travel reimbursements reviewed, adequate backup was not retained to support the reimbursement resulting in a total of \$906 in unsupported reimbursements. For nine of these, there was no supporting documentation available to review to support the reimbursement. For the remaining three, there was no Mileage Report, Trip Report or key information such as approval signatures.
2. For six of 15 travel reimbursements reviewed, the mileage reimbursement calculation did not appear to be appropriate. For one of these, there was no information included regarding the actual mileage traveled, and therefore, a recalculation could not be performed. Individuals were reimbursed in excess of the allowable amount by an identifiable amount of \$6.
3. For four of 15 travel reimbursements reviewed, totaling \$400, meal reimbursements in the amount of \$83 were made when there was no overnight stay and it was determined that the reimbursement was not reported as a taxable employee benefit.
4. For three of 15 travel reimbursements reviewed, the Travel Authorization form did not have the necessary approval signatures, resulting in a total of \$295 in unapproved reimbursements.
5. For one of 15 travel reimbursements reviewed, totaling \$106, a portion of the reimbursement, \$7, was for office supplies that should not have been coded to the travel code on the general ledger.

Effect

Travel reimbursements were not properly supported resulting in unsupported reimbursements of \$1,207. 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. A thorough review of travel activities may not have been performed as the result of turnover and lack of consistent management and personnel throughout the audit period. Documentation was either misplaced or missing.

Recommendations

1. Travel authorization forms, receipts for hotel and meal reimbursements, and any other support for amounts being reimbursed should be reviewed prior to reimbursement by the CSC and compared to the current CONUS rates to ensure amounts paid are within those limits including amounts based on time of travel.
2. Lodging or meal reimbursements made for items not meeting the IRS guidelines (employee must be traveling away from the general area of the tax home substantially longer than an ordinary day's work and the employee requires an overnight stay or substantial sleep or rest to meet the demands of the work while away from home), should be included as a taxable fringe benefit.

Finding IV: Cash Disbursements were not properly supported by documentation, were in excess of approved amounts, were not included in the budget, or were approved subsequent to executing the purchase.

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 Services Coordinator (CSC) 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 25 disbursements totaling \$43,431, the following was noted:

1. For five of 25 disbursements reviewed, totaling \$2,339, there was no documentation available to support the disbursement. Three were for bank service charges, and the adjusting journal entries reviewed to post to the general ledger did not have backup attached or indication of review and approval.
2. For five of 25 disbursements reviewed totaling \$10,041, the amount paid did not agree to the invoiced amount.
3. For four of 25 disbursements reviewed, totaling \$5,324, the purchase was not approved until after the receipt of the goods or services.

Transaction	Date goods/services received	Approved date	Amount
1	9/9/2019	9/10/2019	2,700.00
2	2/27/2019	9/20/2019	1,541.85
3	Multiple dates April and May, 2019	8/5/2019	1,058.98
4	7/9/2019	7/11/2019	23.29
Total			\$5,324.12

4. For two of 25 disbursements reviewed, totaling \$715, goods or services were not received prior to payment and no documentation was retained to demonstrate need or benefit for pre-payment. Payment of goods and services prior to receipt could result in the payment of nonconforming items.

Transaction	Date goods/services received	Paid date	Amount
1	9/5/2019	8/30/2019	381.85
2	11/21/2019	11/14/2019	333.50
Total			\$715.35

5. For nine of 25 disbursements reviewed, totaling \$4,734, there was no indication on the FAF that the check had been paid or had been released to avoid duplicate payment. Additionally for one disbursement, the FAF was missing the check number and check date.
6. For two of 25 disbursements reviewed, totaling \$6,622, the disbursements were not accompanied by a fully executed Fund Approval Form.
7. One of 25 disbursements reviewed in the amount of \$1,059, the check did not have two authorized signatures.
8. For three of 25 disbursements reviewed, totaling \$1,319, the disbursements coded to general ledger account codes 6411 (other communication expense) and 6303 (operating supplies) did not fall under an approved budget line item.
9. For three of 25 disbursements reviewed, totaling \$1,485, the disbursements were not coded according to the adopted chart of accounts.

Transaction	GL code used	GL code should be	Amount
1	23-6411	23-6417	588.49
2	23-6603	23-6404	499.63
3	23-6411	23-6404	396.96
Total			\$1,485.08

10. For seven of 25 disbursements reviewed, disbursements were not made timely. The Chapter incurred late charges or penalties totaling \$167 on two disbursements.

Transaction	Invoice date	Paid date	Amount	Late fees/ charges
1	7/29/2019	10/16/2019	13,673.00	
2	Multiple dates October, 2019 through January, 2020	2/3/2020	5,344.70	
3	Multiple dates February and March, 2020	4/16/2020	3,274.96	
4	2/27/2019	9/20/2019	1,541.85	107.55
5	Multiple dates April and May, 2020	6/23/2020	588.49	
6	12/22/2019	2/6/2020	499.63	59.27
7	Multiple dates March and August 2019	11/25/2019	396.96	
Total			\$25,319.59	\$166.82

Additionally a review of general expenditures was performed including analytical reviews. During this we noted the following:

1. The Chapter had approximately \$756 coded to Tax Penalties & Interest in the general ledger for the year, and of this, \$101 was due to bank service charges incorrectly recorded to this account code, with the remainder the result of penalties incurred for late filings.
2. Multiple coding issues were noted, some of which are included in other findings throughout the report. Total amounts noted include multiple disbursements and items throughout the audit period.

Description	GL code used	GL code should be	Total amount
Bank Service Charges and Fees	6300	6615	139.14
Bank Service Charges and Fees	6999	6615	58.32
Bank Service Charges and Fees	6603	6615	134.01
Bank Service Charges and Fees	6619	6615	101.27
Internet Expense (NTUA Choice Wireless)	6411	6417	999.54
Xerox Charges	6411	6404	396.96
Canon Financial	6603	6404	499.63
Frontier (Telephone)	6411	6410	787.97
Total			\$3,116.84

Effect

Disbursements were not properly supported resulting in unsupported disbursements of \$2,339. Disbursements were made outside of the approved budgets or were not properly supported by documentation resulting in improper disbursements to vendors and misstated expenditure related financial activity. Chapter funds used to pay penalties are no longer available to be utilized to provide support and resources to the local community.

Cause

Processes were not properly implemented. High turnover and lack of consistent management and personnel throughout the audit period resulted in controls not being put in place or followed to the extent that the ASC office took possession of the computer housing the Chapter's accounting software.

Recommendations

1. Documentation to support amounts paid should be maintained for all disbursements. This should include a vendor invoice and/or a receiving report.
2. The Chapter administration should ensure FAFs are reviewed and checks should not be written until all required information is received including approval signatures.
3. To prevent duplicate payments, the check number and check date fields should be completed on the FAF.
4. Disbursements should not be made unless there is approved budget. The Chapter administration should institute a requisition or purchase order process to ensure items have approval prior to being ordered/received.
5. More care should be taken to ensure amounts are being coded to the appropriate budget code when disbursements are entered into the system.
6. Tax and other filings should be done by the due dates to avoid penalties and interest.
7. 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 V: Cash Receipts were not supported by complete or proper documentation, deposited in a timely manner, consistently charged, 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; and deposit amounts will be reconciled to the total cash receipts in the cash receipts journal.

Condition

A sample of 25 cash or revenue receipts totaling \$664, was reviewed. During this review, the following was noted:

1. For eight of 25 cash receipts reviewed totaling \$242, no supporting documentation regarding amounts received was provided for review other than the Posted General Ledger Transactions – Posted Journal Voucher report from the accounting software.
2. For three of 25 cash receipts reviewed totaling \$77, no copy of the pre-numbered cash receipt ticket was available to review. Amounts were traced from the Posted General Ledger Transactions – Posted Journal Voucher report from the accounting software to deposit slips.
3. For 13 of 25 cash receipts reviewed totaling \$321, it could not be determined if the deposit was made intact and in a timely manner (at least weekly). For ten, a deposit slip was not provided and the amounts could not be traced to a bank statement or other evidence of deposit. For three, although a deposit receipt was provided, the amounts could not be traced to this receipt.
4. For three of 25 cash receipts reviewed totaling \$73, the deposit was not made timely or within ten days of receipt.
5. For one of 25 cash receipts reviewed totaling \$4, the receipt was not coded in accordance with the chart of accounts. The cash receipt was coded to disposal revenue rather than water revenue.

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

6. The Chapter had unreconciled differences and balances showing in their trial balance that were written off to the Bad Debt Loss account in August 2019. The \$847 amount appears to be due to differences in deposits for multiple years prior to the period being audited. Additionally, the Chapter had \$700 coded to bad debt loss that was for a check in a prior period that had cleared the bank twice in a prior year. No resolution of this matter or attempt to reclaim amounts was noted.
7. Documentation to support the receipt of Navajo Nation Annual Allocation funds into the LGA Grant fund was not available to review, therefore we could not determine if amounts were included in the correct grant fund.

Effect

All cash receipts received may not have been recorded resulting in misstated cash and revenue related financial activity. When cash receipts are not deposited timely, financial activity reports used to make decisions will not be up to date, monies cannot be immediately invested and exposure to theft increases.

Cause

Policies were not always followed. The Chapter's accounting software was not maintained and utilized at the Chapter for the full year, and as a result the ASC was more involved with the processing of Chapter transactions. The CSC or AMS (when in place) did not independently review the cash receipt activities of the Chapter. For a portion of the fiscal year, no permanent Chapter personnel were in place to review cash receipts.

Recommendations

1. The Chapter administration should ensure supporting documentation is maintained to support all deposits and ensure deposits are made in a timely manner.
2. A two-copy prenumbered receipt form should be completed to record all cash received, whether by check or currency.
3. The Chapter administration should ensure cash receipts are coded consistency and accuracy in accordance with the established Chart of Accounts.
4. During the monthly reconciliation process, deposits should be reconciled from the accounting system through to the bank statements by the AMS, and missing amounts or differences should be fully investigated and resolution should be documented and approved or reviewed by a separate person.

Client Response



TOLANI LAKE CHAPTER

February 18, 2021

Navajo Nation
Office of Auditor General
Karen Briscoe, Principal Auditor

Dear Ms. Briscoe,

The internal audit of Tolani Lake Chapter for the 12-month period ended June 30, 2020, was conducted in accordance with generally accepted government auditing standards. Tolani Lake Chapter accepts the final draft as presented at the Final Audit Exit Meeting on February 10, 2021 at 10 am. Due to extenuating circumstances of the COVID-19 closure at the Tolani Lake Chapter House from January 26, 2021 to February 16, 2021, we were unable to proceed on the Compliance Action Plan. We were open for two days out of the week for three hours only to provide essential services such as water and trash.

Tolani Lake Chapter is requesting for an extension to proceed on the recommended course of Compliance Action Plan pursuant to Title N.N.C §7A as advised by your office.

Please feel free to contact Tolani Lake Chapter if you should have any questions at 928 686 3285 or tolanilake@navajochapters.org. Thank you.

Sincerely,



Leland Dayzie

Chapter President

Tolani Lake Chapter



Anna M. Begay

Chapter Vice-President

Tolani Lake Chapter

CC: Rena M. Edwards, Chapter Secretary/Treasurer
Eunice Begay, SPPS
Thomas Walker, Jr, Council Delegate

Leland Dayzie
President

Anna M. Begay
Vice-President

HC 61 Box 3001
Winslow, Arizona 86047
Phone: (928) 686-3285
Fax: (928) 686-3287

Rena Edwards
Secretary Treasurer

Thomas Walker, Jr.
Council Delegate

Leslie Williams
Grazing Official