



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Internal Audit of the Newcomb Chapter

**Report No. 22-13
September 2022**

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



September 29, 2022

David Randolph, Sr., President
NEWCOMB CHAPTER
P.O. Box 7946
Newcomb, NM 87455

Dear Mr. Randolph:

The Office of the Auditor General, in conjunction with Heinfeld, Meech & Co., herewith transmits Audit Report No. 22-13, an Internal Audit of the Newcomb 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 March 31, 2022, 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: The Chapter hired employees for positions that were not authorized by the budgets.
- Finding II: Payroll activities were not executed properly and supporting documentation was not on file.
- Finding III: Banking activities were not administered to ensure Chapter financial activity was reconciled, reviewed, and recorded.
- Finding IV: The monthly financial report was not presented at several Chapter meetings and Chapter meeting minutes were not signed to note approval
- Finding V: The Chapter has not updated asset and depreciation data in MIP or the financial statements since fiscal year 2015
- Finding VI: Written quotations were not obtained by the Chapter on applicable purchases.
- Finding VII: The Chapter's audits are not current and have not been issued timely.
- Finding VIII: The Chapter processed a vendor payment prior to the receipt of goods.
- Finding IX: The Chapter's accounting records contain activities that were not recorded in accordance with the chart of accounts.
- Finding X: The application packet for one housing discretionary disbursement did not include all of the required items to verify eligibility.
- Finding XI: Travel disbursements were not supported or tracked appropriately.

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: Willamena Smith, Vice President
Donna L. Benally, Secretary/Treasurer
Norman Benally, Chapter Manager
Rickie Nez, Council Delegate
NEWCOMB CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Eliza-Beth Washburne, Senior Program and Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Sara Kirk, CPA, CFE, Partner
HEINFELD, MEECH & CO., P.C.
Chrono

Office of the Auditor General - The Navajo Nation
Newcomb Chapter

The internal audit of Newcomb Chapter for the 12-month period ended March 31, 2022 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 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, and policies. 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.
Phoenix, Arizona
September 28, 2022

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Findings and Recommendations

Finding I: The Chapter hired employees for positions that were not authorized by the budgets.

Criteria

The Fiscal Management Policies and Procedures IV A states that no expenditure of Chapter funds shall be made without an approved annual budget and that no expenditures shall exceed the budgeted amounts without prior approval by the Chapter community members. Additionally, V H 1(a) indicates the Chapter shall maintain a salary and wage schedule. Further, the Personnel Management Policies and Procedures VII A indicates the Chapter shall pay wages and salaries commensurate with the type of work and degree of responsibility required for each job and/or comparable to rates being paid for similar work within the Navajo Nation and in other organizations.

Condition

The Chapter did not adhere to the approved budget.

- An Office Assistant was paid \$15,940 out of the Personnel Fund, however this position was not budgeted in this or any other fund.
- An Accounts Maintenance Specialist was hired at \$12.81 using the Personnel Fund but this position was not approved in the budget; only the Administrative Assistant position was authorized.
- The Office Assistant and Accounts Maintenance Specialist were paid from the Administrative Assistant position budget.
- Chapter officials did not adhere to the Navajo Nation salary schedules and approved budgets when establishing and approving the pay rates of applicants.

Effect

The hiring of the Office Assistant and Accounts Maintenance Specialist using the Administrative Assistant budget is an unauthorized use of funds. Chapter employees were not compensated appropriately by position based on salary schedules in place at the Navajo Nation and on the Chapter approved budget. This contributed to the turnover in employees during the audit year.

Cause

The Chapter does not know the procedures to accurately create new positions and obtain community approval to amend the budget prior to funding new positions. Also, Chapter officials wanted to utilize the salary savings to hire other positions.

Recommendation

1. The Chapter Manager and Chapter officials should not authorize the hiring of positions that are not included in the budget and approved by the community.
2. Chapter officials and the Chapter Manager should adhere to the salary schedule and approved budget when establishing pay rates and account codes for wage and benefit payments to employees.

Finding II: Payroll activities were not executed properly and supporting documentation was not on file.

Criteria

The Fiscal Management Policies and Procedures V H 1(e), states the Chapter shall follow applicable Navajo Nation, federal and state laws and regulations relating to payroll. VII H 3 (a), (c) and (d) indicate that (Personnel Action Form) PAF information of the employee will be entered onto the Employee's Earnings Subsidiary Ledger Form. Time and hours worked for each employee will be calculated and entered based on the total hours on the timesheet based on attendance. The Chapter Manager will review and approve payroll prior to preparing checks. Further, per section VII (H) (g) personnel records on each employee shall be maintained at the Chapter Administration office. These records include a PAF and a copy of the social security card. Lastly, VII H 3 (a) indicates Form 941 will be filed with the Internal Revenue Service (IRS) on a quarterly basis according to the due dates set forth by the IRS.

Condition

A sample of 13 individual payroll transactions totaling \$10,285 and 12 individual personnel files were reviewed and the following was noted:

- For one employee, no timesheet was on file and for one employee, the timesheet was not signed by the employee or supervisor.
- The PAFs for two employees were prepared after the Public Employment Program (PEP) laborers started performing work for the Chapter.
- One employee personnel file did not include a social security card.

Lastly, the Form 941 for the quarter ended June 30, 2021 was not on file at the Chapter and the Form 941 for the quarter ended December 31, 2021 was not filed timely.

Effect

Amounts paid to employees were not always supported by appropriate documentation, which can lead to erroneous or improper payroll distributions.

The late or improper filing of tax reports resulted in the Chapter being assessed \$474 in a failure to make a proper federal tax deposit penalty and interest, which is an unnecessary use of funds.

Cause

The Chapter did not have an Administrative Assistant position from May 2020 until an Accounts Maintenance Specialist was hired in September 2020 in addition to experiencing employee turnover during the audit year.

Recommendation

1. The Administrative Assistant and Chapter Manager should ensure all employee timesheets are obtained, reviewed, approved, and retained on file at the Chapter. A timesheet should not be processed for payment without the required signatures.
2. The Chapter Manager should verify a fully approved PAF is in place prior to authorizing an employee to commence work at the Chapter.
3. The Chapter Manager and Administrative Assistant should verify employee files contain all required documents. This could be accomplished through the use of a comprehensive document checklist.
4. The Chapter Manager should verify all payroll reports are prepared and submitted timely to avoid the payment of penalties and interest.

Finding III: Banking activities were not administered to ensure Chapter financial activity was reconciled, reviewed, and recorded.

Criteria

The Fiscal Management Policies and Procedures V F 2(g, h, and i) indicates the preparer shall sign and date the reconciliation. Once completed, the reconciliation, check register, bank deposit tickets and bank statements shall be forwarded to the Chapter Manager for review. The Chapter Manager shall verify for accuracy and initial to acknowledge review. The Chapter Manager shall return the documents for filing in accordance with the Chapter’s Record Management Policies and Procedures Manual. The Fiscal Management Policies and Procedures V L 1(f) also indicates all interest income received from interest bearing accounts shall be recorded in the General Activities Fund. This shall apply to all restricted and/or unrestricted funds, unless otherwise stipulated. Additionally, per V L 1(g), all documents shall be secured in a locked safe at the Chapter in accordance with the Chapter’s Record Management Policies and Procedures Manual. Per V F 1(b), the reconciliation shall be performed within three (3) days upon receipt of the bank statement. Lastly, per V B 5, each check issued shall have two required signatures.

Condition

The following was noted during the review of the Chapter’s bank accounts and reconciliations for the year:

- There was no bank statement and reconciliation on file at the Chapter for May 2021 for the checking account or for April 2021, May 2021 and December 2021 for the savings account.
- The checking account bank reconciliations were not signed by the preparer/reviewer for the following months:

| | |
|------------|----------------|
| April 2021 | August 2021 |
| June 2021 | September 2021 |
| July 2021 | October 2021 |
- The *Monthly Compliance Review Form* or *Monitoring Tool Form* established for Chapter officials to verify compliance with policies were either not on file or were blank for the following months:

| | |
|---------------|---------------|
| April 2021 | December 2021 |
| June 2021 | January 2022 |
| July 2021 | February 2022 |
| August 2021 | March 2022 |
| November 2021 | |
- The Chapter’s bank statements for the three Certificate of Deposit (CD) accounts were not maintained on file at the Chapter.
- The CD account balances in asset accounts 1150-1152 on the Balance Sheet at March 31, 2022 were not updated for interest earned.
- Two savings account reconciliations were not performed timely.
 - The October 2021 reconciliation was performed on February 25, 2022.
 - The November 2021 reconciliation was performed on February 14, 2022.
- One check only contained one signature.

Effect

Risk of theft and misuse of Chapter resources is increased when duties are not segregated, when reconciliations are not performed timely, or when checks do not contain two signatures. Further, interest revenue and CD account balances are understated.

Cause

The Chapter experienced significant turnover in personnel during the audit year and duties may not have been segregated. There were two Chapter Managers and one Administrative Assistant during this time, as well as a period of time when the Administrative Service Center (ASC) personnel were providing support to the Chapter.

The Chapter Manager did not verify the banking functions outlined above were performed and the Chapter officials did not perform their review and monitoring responsibilities. The Chapter Manager was unaware of the need to record the change in the value of the CD accounts balances.

Recommendation

1. The Chapter Manager should designate the Administrative Assistant, who is not a check signor to reconcile all bank accounts within three days of the receipt of the bank statement and sign off as evidence.
2. The Chapter Manager should review the reconciliations for accuracy and sign off as evidence of approval.
3. The Chapter officials should ensure monthly monitoring functions are performed to detect compliance issues as evidenced by the completion of the *Monthly Compliance Review Form* or *Monitoring Tool Form*.
4. The Administrative Assistant and Chapter Manager should ensure all banking related documents are maintained on file at the Chapter.
5. The Chapter Manager should verify annual interest earnings on the Chapter's CD accounts are recorded in the Chapter's financial statements.
6. The Chapter Manager should ensure all checks contain two signatures prior to the issuance to employees or vendors.

Finding IV: The monthly financial report was not presented at several Chapter meetings and Chapter meeting minutes were not signed to note approval.

Criteria

The Fiscal Management Policies and Procedures V P 1 indicates the Chapter shall generate a Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types to report to the Chapter on a monthly basis. Meeting minutes should be signed by the Chapter Secretary/Treasurer as evidence of approval.

Condition

1. A Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types was not presented and attached to the meeting minutes for the following meetings:
 - April 8, 2021 Regular meeting – The presentation of the financial report was deferred.
 - May 5, 2021 Regular meeting – The presentation was undeterminable, as no report was referred to in the minutes or attached to the minutes.
 - September 8, 2021 Regular meeting – The presentation was undeterminable, as no report was referred to in the minutes or attached to the minutes.
 - December 5, 2021 Regular meeting – The presentation of the financial report was deferred.
 - January 9, 2022 Regular meeting – No financial report was presented.
 - February 10, 2022 Regular meeting – No financial report was presented.
 - March 17, 2022 Regular meeting – The meeting minutes indicated the report was approved but the report was not filed with the meeting minutes.
2. The following meeting minutes were not signed by the Chapter Secretary/Treasurer:
 - September 8, 2021 Regular meeting
 - October 3, 2021 Planning meeting
 - October 5, 2021 Regular meeting
 - November 1, 2021 Planning meeting
 - November 10, 2021 Regular meeting
 - January 2, 2022 Planning meeting

Effect

Financial information was not communicated by the Chapter administration and officials to the community as required, which impacts their ability to make informed decisions. A lack of transparency can impact the public's trust in the Chapter and in the officials and management.

Cause

There was a lack of consistent administrative personnel at the Chapter to prepare reports to provide for the meetings. The Chapter Secretary/Treasurer did not follow up with either Chapter administrative personnel or the ASC to ensure the reports were generated. Further, the Chapter Secretary/Treasurer did not verify all minutes were signed as evidence of approval.

Recommendation

1. The Chapter Manager should provide the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types to the Secretary/Treasurer and verify it is presented to the community at each monthly meeting.
2. The Chapter Secretary/Treasurer should transcribe and sign the minutes for all meetings.
3. The Chapter Secretary/Treasurer should attach the financial reports to the meeting minutes.

Finding V: The Chapter has not updated asset and depreciation data in MIP or the financial statements since fiscal year 2015.

Criteria

The Property Management Policies and Procedures Section II J, states Chapter property and equipment of significant value (\$500 and over) shall be capitalized and recorded in the Chapter's fixed asset accounts. Additionally, Section XI A indicates proper disposal of Chapter property and equipment shall involve not only the physical disposition but also the reconciliation of the accounting records to reflect such disposal. Lastly, per Section II E, property shall be marked and/or tagged, unless such marking would impair the usage of the item.

Condition

Asset and accumulated depreciation amounts have not been updated in the MIP system or in the General Fixed Assets Fund on the Balance Sheet since the fiscal year ended September 30, 2015.

During the review of \$8,386 in expenditures coded to capital expenditures, the Chapter purchased three computers for a total of \$5,000 that were included on the property inventory but were not individually tagged or posted to the MIP system.

Effect

Without proper financial reporting, the Chapter is understating the value of assets and understating annual depreciation expense and accumulated depreciation. Further, Chapter property could be uninsured or underinsured, as the total cumulative asset balance cannot be derived from the Balance Sheet. Lastly, without property tags, Chapter property has a greater risk of loss, due to lack of tracking and because a tag serves as a theft prevention control.

Cause

Chapter personnel lack an understanding of the asset reporting requirements. The Chapter Manager was not aware assets needed to be entered into MIP and depreciated.

Recommendation

1. The Administrative Assistant and Chapter Manager should obtain training in the area of property control and assets.
2. The Administrative Assistant and Chapter Manager should identify all assets requiring capitalization purchased since September 30, 2015 for entry into MIP.
3. The Administrative Assistant and Chapter Manager should review the existing asset listing in MIP to determine if any assets require removal.
4. The Administrative Assistant and Chapter Manager should calculate depreciation expense on assets for proper Balance Sheet reporting.
5. The Administrative Assistant and Chapter Manager should tag each property item with a sequentially numbered property control tag.

Finding VI: Written quotations were not obtained by the Chapter on applicable purchases.

Criteria

Per the Procurement Policies and Procedures Manual Section II I 3, on any check disbursed that is equal to or greater than \$ 2,500, the Chapter shall obtain (3) written quotations.

Condition

We reviewed four purchases totaling \$17,348 for adherence to the procurement policy. Purchases totaling \$8,449 were executed without following policy. During the review of disbursement transactions, three written quotations were not on file for two purchases between \$2,500 and \$50,000.

Effect

When procurement procedures are not followed, the Chapter prohibits competition and transparency, which may lead to the purchase of less effective or more costly goods and services.

Cause

There was a lack of consistent administrative personnel at the Chapter to obtain quotations. The Chapter Manager did not verify quotations were received prior to approving payments. Chapter officials did not note the absence of quotations during their review prior to signing checks.

Recommendation

1. Written quotations should be obtained in accordance with the Chapter procurement policy. The Chapter Manager and Administrative Assistant should obtain, maintain, and file written quotations appropriately to support Chapter procurement activities.
2. Checks should not be signed by designated Chapter officials until the receipt of three quotations is verified.
3. The Chapter Manager and Administrative Assistant should verify all vendor files contain all required documents. This could be accomplished through the use of a comprehensive document checklist.

Finding VII: The Chapter's audits are not current and have not been issued timely.

Criteria

The Fiscal Management Policies and Procedures V Q 1 indicates the Chapter shall require an audit of its financial operations at least every two years including funds received from the Navajo Nation, federal, state, county, and other sources.

Condition

The Chapter's most recent audit report was for the year ended September 30, 2010, which contained a report issuance date of January 6, 2016. As of this report, the Chapter is overdue on its financial statement audits by 11 years.

Chapter management and officials did not adhere to Chapter policy.

Effect

The Chapter did not adhere to policy and as a result, did not receive regular feedback on the financial statements adherence to the accounting principles generally accepted in the United States (GAAP) and *Government Auditing Standards* (GAS).

Cause

The Chapter Manager was unaware of the requirements and that the Chapter's financial audits were not current.

Recommendation

1. The Chapter Manager should obtain the services of an independent auditor to audit the Chapter's financial statements.
2. The Chapter Manager should seek assistance from ASC, as needed, to procure the audit services.

Finding VIII: The Chapter processed a vendor payment prior to the receipt of goods.

Criteria

The Fiscal Management Policies and Procedures V E 2(c & d) indicates that the Office Specialist shall review invoices to ensure that goods and/or services have been received and submit the documents to the Chapter Manager. The Chapter Manager shall ensure that the check is payable to the vendor and review all supporting documentation before signing the check. The Chapter Secretary/Treasurer shall review the supporting documents before co-signing.

Condition

During the review of twelve disbursement transactions totaling \$8,999, it was noted that for one transaction in the amount of \$629, the Chapter processed the payment to the vendor prior to the receipt of the goods. The payment was made on January 27, 2022, however the goods were not received until February 4, 2022.

Effect

When a good is paid for prior to receipt, there is a risk that the good may not be received and that the funds provided to the vendor may not be returned.

Cause

The Chapter utilized a vendor that did not allow the order of goods to be processed before payment was received. The Administrative Assistant and Chapter Manager were unaware that goods and services must be received prior to payment.

Recommendation

1. Chapter policies and procedures should be communicated to vendors prior to executing business transactions.
2. The Administrative Assistant, Chapter Manager and Chapter officials should verify goods and services are received prior to initiating and processing payments.

Finding IX: The Chapter's accounting records contain activities that were not recorded in accordance with the chart of accounts.

Criteria

Fiscal Management Policies and Procedures V E 1(f) states the Chapter chart of accounts shall be used to determine the appropriate accounts to which the disbursement will be charged.

Condition

The following was noted during the review of general ledger transactions:

- Three expenditures were erroneously coded to capital (Chapter Renovation 6807 and Infrastructure – Land Improvements 6813) rather than as a repair (Repair and Maintenance – Buildings 6504 or Repair and Maintenance – Others 6505).
- The Chapter recorded an adjusting journal entry for State Unemployment Tax Act (SUTA) and Workers Compensation in the amount of \$43.92 in the Housing Discretionary Fund, however there is no related payroll expenditures recorded in that fund.

Effect

Lack of accuracy in coding results in misstated reporting to internal stakeholders and misstated financial statements.

Cause

There was a misapplication and misunderstanding of the chart of accounts by the Administrative Assistant. Additionally, the coding errors were not detected by the Chapter Manager or designated Chapter officials when reviewing the FAF or monthly financial reports.

Recommendation

1. The Chapter Manager should consult the chart of accounts when approving FAFs.
2. The Chapter Manager should perform an independent review of posted transactions for adherence to the chart of accounts.

Finding X: The application packet for one housing discretionary disbursement did not include all of the required items to verify eligibility.

Criteria

Housing Discretionary Funds Policies and Procedures IV A states that to be eligible to receive housing discretionary funds, and applicant must be (1) a registered voter of the Chapter and (2) in possession of a Certificate of Indian Blood (CIB).

Condition

During the review of six housing discretionary disbursement transactions totaling \$7,407, one application packet for a \$1,549 disbursement did not include a voter registration card or CIB.

Effect

Housing discretionary funds may have been awarded to individuals that do not meet the eligibility criteria.

Cause

The Administrative Assistant and Chapter Manager did not ensure all components of an application were submitted prior to authorizing the housing disbursement.

Recommendation

1. The Chapter Manager and Administrative Assistant should verify all housing application files contain all required documents prior to approving assistance. This could be accomplished through the use of a comprehensive document checklist.
2. Documentation that ensures all applicant criteria were met should be maintained at the Chapter by the Administrative Assistant.

Finding XI: Travel disbursements were not supported or tracked appropriately.

Criteria

Fiscal Management Policies and Procedures V I 7 states that each traveler shall submit a completed Travel Authorization (TA) form with attached invoices and a trip report stating the purpose of the trip, accomplishments and benefits to the Chapter, within ten (10) calendar days of return. V I 8 states that upon completion of the travel, the Chapter employee or Official shall be required to submit a Travel Authorization, lodging receipts, mileage log and trip report to the Chapter Manager. The Chapter Manager shall review all supporting documents and calculate over or underpayment. Traveler shall remit payment within ten (10) working days to the Chapter for any overpayment.

Condition

Travel advances, and the related travel expenditures, were not properly supported.

During the review of six travel disbursements totaling \$1,731, it was noted that two disbursements totaling \$1,175 were travel advances. However, the actual cost information was not obtained from the traveler after the trip was completed and reconciled to the amounts paid.

Effect

Unsupported travel expenditures poses a risk of improper use of Chapter funds, as travelers could incur expenses unrelated to Chapter business.

Cause

A thorough review of disbursement documentation was not performed as the result of turnover and a lack of consistent personnel throughout the audit period.

Recommendation

1. The Chapter Manager and Administrative Assistant should verify all required travel documentation is submitted after the completion of authorized travel.
2. The Chapter Manager should verify over or underpayments related to travel advances are either collected from the traveler within 10 working days or reimbursed to the traveler.

Appendix

Background

The Navajo Nation Office of the Auditor General engaged Heinfeld, Meech, & Co. P.C. to perform an internal audit of the Newcomb Chapter for the 12-month period ended March 31, 2022.

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

The Newcomb 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 Newcomb Chapter are enumerated in Title 26, Local Governance Act (LGA) of the Navajo Nation Code. The Newcomb Chapter is an LGA-certified chapter since 2004.

The local chapter government is managed by the Chapter Manager (CM) with administrative support provided by an Administrative Assistant (AA). 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 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. The Newcomb Chapter's fiscal year 2021 total budget was \$1,425,983 and the fiscal year 2022 total budget was \$2,109,568 which includes carryover funds from the prior fiscal year.

Objective

The objective of the internal audit was to evaluate the Chapter's internal controls; how well controls are designed, implemented, and operated to meet the Chapter's objectives in the following areas:

1. Financial transactions are authorized, valid, and properly recorded to permit the preparation of financial statements and other financial reports.
2. Assets are safeguarded against loss or misuse.
3. 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 capital disbursements, assistance disbursements, and travel disbursements for internal controls and compliance requirements by using a non-statistical, judgmental method.

Client Response



NEWCOMB CHAPTER

P.O. Box 7946 • Newcomb, NM 87455 • Telephone: 505-696-3300 • Fax: 505-696-5475

September 26, 2022

Navajo Nation
Office of the Auditor General
Attn: Helen Brown, Principle Auditor
P.O. Box 708
Window Rock, Arizona 86515



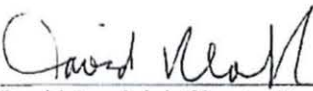
RE: Heinfield, Meech & Co. P.C., Final Draft Report


Dear Ms. Brown:

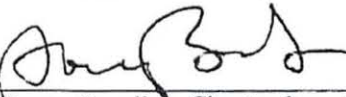
The Newcomb Chapter has received and reviewed the final draft of the Internal Audit of Newcomb Chapter dated September 19, 2022 covering April 2021 to March 2022. We agree to the audit findings and will begin the process of Corrective Action Plan based on the recommendations made by your office.

If you should have any questions, please feel free to contact the Newcomb Chapter at 505-696-3300 or email at newcomb@navajochapters.org.

Sincerely,


David Randolph Chapter President


Willamena Smith – Chapter Vice-President


Donna Benally – Chapter Secretary/Treasurer


Norman Benally Chapter Manager

CC: Honorable Rick Nez – Council Delegate
Dr. Pearly Yellowman – Director, DCD
Ms. Eliza-Beth Washburne, SPPS, Shiprock – ASC
Ms. Sonlatsa jim-Martin, Department Manager II, DCD-ASC

David Randolph Sr, President Willamena Smith, Vice President
Donna Benally Sec. /Treasurer Lawrence Gould, Grazing Representative
Rickie Nez, Council Delegate