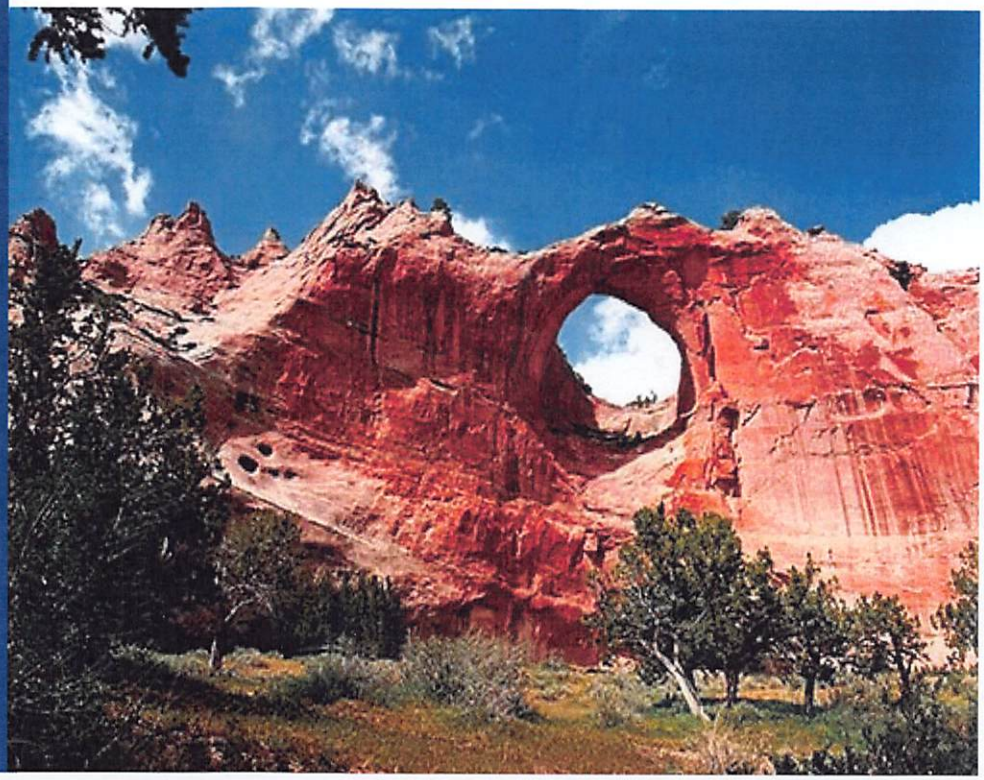
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the Round Rock Chapter Corrective Action Plan Implementation



Report No. 25-15
August 2025

Performed by:
Danielle Allison, Auditor
Beverly Tom, Principal Auditor

Office of the Auditor General
The Navajo Nation

Jeanine M. Jones, CFE, MFA
Auditor General

August 5, 2025

Crystal Littleben, Vice President
ROUND ROCK CHAPTER
P.O. Box 10
Round Rock, AZ 86547

Dear Ms. Littleben:

The Office of the Auditor General herewith transmits audit report no. 25-15, a Follow-up Review of the Round Rock Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2019, the Office of the Auditor General performed a Special Review of the Round Rock Chapter and issued audit report 19-32. A corrective action plan (CAP) was developed by the Round Rock Chapter in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on May 4, 2021, per resolution no. BFMY-14-21.

OBJECTIVE AND SCOPE

The objective of the follow-up review is to determine whether the Round Rock Chapter fully implemented its CAP based on a six-month review period from November 1, 2024 to April 30, 2025.

SUMMARY

Of the 42 corrective measures, the Round Rock Chapter implemented 16 (38%) corrective measures, leaving 26 (62%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION

Title 12 N.N.C Section 8 imposes upon the Round Rock Chapter the duty to implement the CAP according to the terms of the plan. As for this follow-up review, the Round Rock Chapter did not fully implement its CAP. Therefore, some audit issues remain unresolved.

It has been five years since the issuance of the initial audit report. Although the Chapter had an ample opportunity to implement the corrective action plan, we also recognize the Chapter has newly elected officials and the Accounts Maintenance Specialist is also newly hired. Considering this, the Auditor General hereby grants the Round Rock Chapter a six-month extension from the date of this report to continue implementing its CAP. The Office of the Auditor General will conduct a 2nd follow-up review after January 2026 and based on those results, an appropriate recommendation will be made in accordance with 12 N.N.C Section 9 (B) and (C).

We thank the Round Rock Chapter administration and officials for assisting in this follow-up review.

Sincerely,

Jeanine Jones, CFE, MFA
Auditor General

xc: Tashina Nelson, President
Sevaleah Tsosie, Secretary/Treasurer
Deanna Yazzie, Community Services Coordinator
Carl R. Slater, Council Delegate
ROUND ROCK CHAPTER
Jaron Charley, Department Manager II
Edgerton Gene, Senior Programs & Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

Exhibit A

REVIEW RESULTS
Round Rock Chapter Corrective Action Plan Implementation
Review Period: November 1, 2024 to April 30, 2025

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	*Audit Issue Resolved?*	Review Details
1. Sensitive files were not safeguarded or routinely backed up.	5	3	2	**Yes**	Attachment A
2. Unauthorized check signers were on the bank signature authority form.	3	3	0	**Yes**	
3. The Chapter did not verify that all housing assistance recipients had evidence of home ownership.	4	4	0	**Yes**	
4. Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter.	6	3	3	**No**	Attachment B
5. Professional services were not procured competitively.	6	1	5	**No**	
6. Professional services were not secured with a properly executed contract.	5	2	3	**No**	
7. Travel requests were not approved and expenditures were not supported with documentation.	5	0	5	**No**	
8. The Chapter did not verify that housing assistance projects were completed.	4	0	4	**No**	
9. Accounts Maintenance Specialist had complete control over the accounting system with no controls.	4	0	4	**No**	
TOTAL:	42	16	26	**3 – Yes** **6 – No**	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

◆ 2025 STATUS	**Issue 1: Sensitive files were not safeguarded or routinely backed up.** **RESOLVED**
Sensitive files such as personnel, payroll and financial assistance records are stored in locked cabinets with access limited to the Accounts Maintenance Specialist (AMS) and Community Services Coordinator (CSC). Additionally, computers have been relocated to Chapter staff offices, secured with password protection and safeguarded by security cameras. We found the AMS and Office Assistant maintain the electronic filing system on an external hard drive. However, there is no log documented to demonstrate the CSC reviews or verifies scheduled system backups. Although, the Chapter has taken reasonable steps to secure sensitive files. It is recommended that the Chapter implement a log for its weekly backup schedule and sign with a date after verification by the CSC. Overall, the audit issue has been reasonably resolved.	

◆ 2025 STATUS	**Issue 2: Unauthorized check signers were on the bank signature authority form.** **RESOLVED**
The Chapter provided chapter resolutions and bank signature cards confirming that the CSC and current Chapter officials are authorized check signers. The former AMS and CSC have been removed from the account. Additionally, the Chapter has demonstrated a consistent practice of updating the bank signature card promptly when changes in CSC or Chapter official positions occur. Therefore, the audit issue has been resolved.	

◆ 2025 STATUS	**Issue 3: The Chapter did not verify that all housing assistance recipients had evidence of home ownership.** **RESOLVED**
For the review period, two housing assistance requests were approved, totaling $4,000. Recipients' files show valid evidence of home ownership are given to the Chapter and are verified by the CSC prior to approval of window replacements and roofing materials. The audit issue has been resolved.	

◆ 2025 STATUS	**Issue 4: Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter.** **NOT RESOLVED**

The Chapter developed and approved heavy equipment rental policies and a rental agreement form outlining renter roles and responsibilities. However, the Chapter staff did not implement the rental agreement to safeguard the use of the Chapter backhoe. Instead, the Chapter used work order forms as rental agreement.

For this review we selected six backhoe rentals totaling $600. The following deficiencies were found:

- AMS did not ensure renters met the requirements of being a registered voter and acknowledging their roles and responsibilities.
- CSC did not review and approve the rental agreement with a signature and date.
- CSC did not review and approve the inspection form before and after the rental of equipment with signature and date.
- Heavy Equipment Operator was hired without providing his certification.
- One renter was overcharged by $5.00.
- Four renters were undercharged totaling $40.

Overall, controls over heavy equipment rentals remain weak. The Chapter's lack of adherence to approved policies and insufficient verification of hiring a certified heavy equipment operator continue to pose risks of noncompliance and potential financial loss. The audit issue remains unresolved.

◆ 2025 STATUS	**Issue 5: Professional services were not procured competitively.** **NOT RESOLVED**

For the review period, we found two professional services:

- A xerox rental agreement has been in place since October 2016 for printing services. The Chapter is billed based on the number of prints and has paid $281 for this service.
- An electrical and maintenance service agreement for the Senior Center is currently under Navajo Nation 164 review for $6,700.

The following deficiencies were noted:

- The xerox rental agreement did not have quotes or adequate documentation to show the vendor was selected based on research, experience, or costs for the services. Rather the agreement is renewed year to year, and the prior AMS remains the contact person.
- The electrical and maintenance services for the Senior Center were supported with quotations and bid tabulation sheets. However, the procurement process was completed by the Senior Center Supervisor rather than the CSC.
- Xerox vendor was not listed on the Navajo Nation preference listing and there is no justification to explain the reason for selecting a non-priority vendor.

The CSC could not demonstrate her knowledge of how to procure for professional services and should contact Chinle Administrative Service Center for procurement training. Overall, there is a continued risk the Chapter are paying higher prices for services by vendors. The audit issue remains unresolved.

◆ 2025 STATUS	**Issue 6: Professional services were not secured with a properly executed contract.** **NOT RESOLVED**

As previously noted, the Chapter has yet to procure for professional services. A service contract has not been fully executed for the electrical and maintenance services for the Senior Center. Currently, the Chapter forwarded the contract to the Administrative Service Center for review since the CSC did not

know the next steps to fully execute the contract. The professional service for electrical and maintenance services has not been reviewed and approved by the Navajo Nation. Therefore, we cannot determine if services were properly executed with an approved service contract.

Considering that the Chapter staff do not know the process for executing a contract and there is no activity to demonstrate complete implementation of the corrective action plan, the risk remains for potential liability to the Chapter in the event of disputes or lack of deliverables. Although the Administrative Service Center made time to provide technical assistance for procurement training, the CSC did not prioritize the technical assistance from the Administrative Service Center. The audit issue remains unresolved.

◆ 2025 STATUS	**Issue 7: Travel requests were not approved and expenditures were not supported with documentation.** **NOT RESOLVED**

For our review, 10 of 26 disbursements totaling $6,132 were examined to verify travel expenditures were supported and the following discrepancies were noted:

Type of Exception	No. of Exceptions
Travel authorizations were not approved prior to the start of travel.	2 of 10 (20%) = $1,952
Travel expenses were not supported by expense, trip and mileage reports, meal receipts, agenda, and sign in sheet.	9 of 10 (100%) = $5,846
Expense report, trip report, and mileage report are not approved by an authorized individual.	4 of 10 (40%) = $4,367

Additional discrepancies noted:

- Three travel authorizations totaling $123 were approved and paid per diem for travel under 12 hours.
- Five travel authorizations found per diem rates for the first and last day of travel were not calculated at the required 75%, rather the travelers claimed the full per diem resulting in $213 overpayment.
- Three travel authorizations were not assigned travel authorization numbers.
- One travel authorization for $437 was approved after travel commenced.
- For two travel expenses, the mileage, trip and expense reports were approved 2 to 4 days before travel commenced totaling $542.
- The Chapter paid $1,268 for lodging for the CSC and former Chapter officials; however, one room was not used, resulting in a no-show charge for the CSC.

Overall, the Chapter cannot provide reasonable assurance travel requests are consistently approved and travel expenditures were supported with documentation. The risk remains that the Chapter cannot provide assurance that $5,846 was expended for legitimate travel activities or travel benefited the Chapter. Therefore, the audit issue remains unresolved.

◆ 2025 STATUS	**Issue 8: The Chapter did not verify that housing assistance projects were completed.** **NOT RESOLVED**

Two housing assistance projects totaling $4,000 were reviewed. Since the 2019 audit, the Chapter updated its housing policies to require project completion within 45 days, followed by an inspection to confirm materials purchased were installed. The following discrepancies were identified:

- Site visits by the CSC were not documented in the recipient's files.
- Completion reports by the CSC were missing from the recipient's files.

- There was no documented evidence that Chapter officials verified the completion reports were prepared and filed in the recipient's files.
- Housing projects exceeded the 45-day completion timeline as outlined in the housing policies.

Overall, there is a risk that housing assistance projects are not properly verified with documented inspections by CSC and Chapter official's review to ensure materials are used as intended. Therefore, the audit issue remains unresolved.

◆ 2025 STATUS	**Issue 9: Accounts Maintenance Specialist had complete control over the accounting system with no controls.** **NOT RESOLVED**

For the six-month review period, it was observed that the segregation of duties between the Chapter staff and key financial processes were not resolved, as the Administrative Services Officer with Chinle Administrative Service Center managed the accounting system until May 2025. The current CSC was hired in May 2024 with the AMS employed as of January 2025. Furthermore, the CSC and AMS did not obtain access to the accounting system until May 2025 that resulted in the Administrative Service Officer assisting in maintaining the accounting system. The following are the areas reviewed and identified deficiencies:

- **Bank Reconciliation Process:**
  We selected two of the six monthly bank reconciliations and found the Administrative Service Officer prepared and signed off on the reconciliations, even after the AMS was hired. The CSC did not document her review with initials and date. The Chapter staff could not demonstrate bank reconciliations can be performed by the AMS and reviewed by the CSC.

- **Internally Generated Revenue:**
  The review of six months of internally generated revenue revealed the following:

Type of Exception	No. of Exceptions
Monthly revenues do not have a detailed budget approved by the Chapter membership.	6 of 6 (100%)
Monthly revenues are not accurately posted into the accounting system.	6 of 6 (100%)
Monthly revenues were not reviewed and verified by the CSC. A variance of $125 was not detected by the CSC and officials. The revenue was not deposited into the Chapter's bank account.	6 of 6 (100%)

- **Fixed Assets:**
  A total of fifteen fixed assets totaling $3,618,552 were identified for the review period. A sample of eight fixed assets totaling $3,079,196 were examined and the following deficiencies were noted:
  - Fixed assets did not have invoices, receipts and appraisals to support the value.
  - Chapter house, Senior Center, and Wellness Center were valued at $2,400,000 in property inventory. However, the accounting system reported a value of $220,000 resulting in a variance of $2,180,000.
  - Double-wide trailer, computer desk, Navajo rug, backhoe, and flatbed trailer totaling $679,196 were not posted in the accounting system.
  - The accounting has not been updated since April 2012 leaving 13 years of unreported acquisitions and disposals.

- **Personnel Action Form Entries and Employee Deactivation:**

Eleven temporary employees were hired for the review period, and we examined six personnel files. In examining the personnel files, the CSC did not review and verify the Administrative Service Officer work when employee information and deactivated employment status were entered into the accounting system for temporary employees. Furthermore, the Chapter used two Personnel Action Forms (PAF) concurrently and as a result the following deficiencies were noted:

- Three PAFs were not signed by the CSC and official.
- One employee's personal information was not accurately posted in the accounting system.
- Although 4 of 5 employees were deactivated, the last day worked was not recorded in accordance with the date documented on the PAFs.

The risk was not minimized for accounting errors and unauthorized activities going undetected. The Chapter relied on the Administrative Service Officer for the management of the accounting system without proper review and monitoring documented by the CSC and officials. Therefore, the audit issue has not been resolved.