

RESOLUTION OF THE
BUDGET AND FINANCE COMMITTEE
OF THE NAVAJO NATION COUNCIL

24TH NAVAJO NATION COUNCIL - Third Year, 2021

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT AND BUDGET AND
FINANCE COMMITTEES; ACCEPTING THE SPECIAL REVIEW OF RED MESA
CHAPTER FROM THE OFFICE OF THE AUDITOR GENERAL; APPROVING THE
PROPOSED CORRECTIVE ACTION PLAN OF THE RED MESA CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development ("RDC") serves as the oversight committee over all Navajo Nation Chapters. 2 N.N.C. § 501(C)(1).
- B. As the oversight committee of Chapters, RDC reviews audit reports and proposed corrective action plans regarding Chapter financial matters. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee ("BFC") has the authority to review and approve audit reports of the Auditor General, and corrective action plans proposed by the audited Navajo Nation program, including Chapters. 12 N.N.C. § 6(A) and §7(D).

SECTION TWO. FINDINGS

- A. Pursuant to 12 N.N.C. § 6 the Office of the Auditor General has prepared and submitted a fiscal review of the Red Mesa Chapter, titled: "A Special Review of Red Mesa Chapter" - Report No. 19-34 - dated September 2019 ("Audit Report"). **Exhibit A.**
- B. The Red Mesa Chapter responded to the Audit Report in a memorandum to the Auditor General dated September 27, 2019, specifically addressing the five audit findings in the Audit Report. **Exhibit B.**

- C. To remedy the Auditor General's five audit findings in the Audit Report, the Red Mesa Chapter has prepared a Corrective Action Plan, in which the Chapter proposes to cure the audit findings by a deadline of June 30, 2022. **Exhibit C.**
- D. By Chapter Resolution No. RMC-01-031521, dated March 15, 2021, the Red Mesa Chapter accepted the Audit Report and the Corrective Action Plan, with a deadline date for completion of June 30, 2022. **Exhibit D.**
- E. The Budget and Finance Committee has the final authority to approve corrective action plans proposed in response to audit findings. 12 N.N.C. § 7(D).

SECTION THREE. APPROVAL OF AUDIT REPORT AND THE CORRECTIVE ACTION PLAN OF RED MESA CHAPTER

- A. The Navajo Nation hereby approves the Audit Report of Red Mesa Chapter, titled: "A Special Review of Red Mesa Chapter" - Report No. 19-34 - dated September 2019, attached hereto **Exhibit A.**
- B. The Navajo Nation hereby approves the Corrective Action Plan submitted by the Red Mesa Chapter, attached hereto as **Exhibit B.**

SECTION FOUR. DIRECTIVES

- A. A copy of the Audit Report and Red Mesa Chapter's Corrective Action Plan, as approved in this legislation, shall be provided to the RDC as part of RDC's oversight responsibility over Navajo Nation Chapters. 12 N.N.C. § 7(E).
- B. The Red Mesa Chapter shall prepare and submit a written status report on the Chapter's progress regarding implementation of its Corrective Action Plan. The Red Mesa Chapter shall submit such report to the Office of the Auditor General no later than six months after the date of approval of this legislation. 12 N.N.C. § 7(F).
- C. The Office of the Auditor General ("OAG") shall receive and review the Red Mesa Chapter's status report, shall prepare a memorandum explaining the Auditor General's opinion as to the success of the Chapter's corrective efforts, and shall

provide a copy of the Chapter's status report along with the OAG memorandum to the RDC and the BFC. 12 N.N.C. § 7(F).

- D. Twelve months after the effective date of this legislation the OAG shall conduct a follow-up review of the Red Mesa Chapter to review and verify the Chapter's implementation of its Corrective Action Plan. The OAG shall prepare a report on its findings resulting from the follow-up review, and such report shall include the Auditor General's recommended sanctions, if any, to be imposed upon the Red Mesa Chapter for failure to implement the Corrective Action Plan. 12 N.N.C. § 7(G).

SECTION FIVE. EFFECTIVE DATE

This legislation shall become effective pursuant to 2 N.N.C. § 221(C).

SECTION SIX. SAVING CLAUSE

If any provision of this legislation is determined invalid by the Navajo Nation Supreme Court, or by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, those provisions of this legislation not determined invalid shall remain the law of the Navajo Nation.

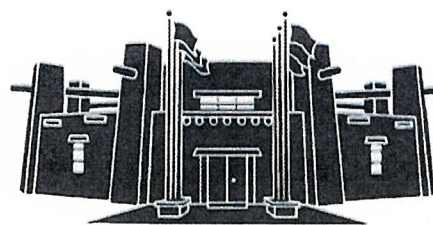
CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held by teleconference at which a quorum was present and that the same was passed by a vote of 4 in favor and 0 opposed, this 16th day of November 2021.



Jamie Henio, Chairperson
Budget and Finance Committee

Motion: Honorable Jimmy Yellowhair
Second: Honorable Raymond Smith, Jr.



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Special Review of Red Mesa Chapter

**Report No. 19-34
September 2019**

Performed by:
Stacy Manuelito, Senior Auditor
Kimberly Jake, Associate Auditor
Marcale Kaskalla, Associate Auditor



October 3, 2019

Herman Farley, President
RED MESA CHAPTER
P.O. Box 422
Montezuma Creek, UT 84534

Dear Mr. Farley:

The Office of the Auditor General herewith transmits Audit Report No. 19-34, A Special Review of the Red Mesa Chapter. The main audit objective was to determine whether internal controls are functioning as designed to ensure the Chapter spent funds in accordance with Navajo Nation laws, rules and regulations and Chapter policies and procedures. During the audit scope of July 1, 2018 to June 30, 2019, \$206,240 of Chapter funds were disbursed. Our review revealed control deficiencies and as a result, the Red Mesa Chapter cannot provide reasonable assurance it complies with policies and procedures. The following issues were identified:

- FINDING I: Travel expenses lacked proper approval and supporting documentation.
- FINDING II: Chapter property is not routinely inventoried and lack identification tags.
- FINDING III: \$390,000 of fixed assets reported in the balance sheet cannot be supported with documentation.
- FINDING IV: The Chapter did not properly verify eligibility of housing assistance recipient.
- FINDING V: The Chapter cannot fully account for building materials awarded to a housing recipient.

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

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

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Marilyn Holly, Vice-President
Marlene Dee-Ben, Secretary/Treasurer
Minnie John, Community Service Coordinator
Charlaine Tso, Council Delegate
RED MESA CHAPTER
Sonlasta Jim-Martin, Acting Department Manager II
Eliza-Beth Washburne, Senior Program & Project Specialist
ADMINISTRATIVE SERVICES CENTER/DCD
Chrono

TABLE OF CONTENTS

	PAGE
REVIEW RESULTS.....	1
FINDING I: Travel expenses lacked proper approval and supporting documentation.....	1
FINDING II: Chapter property is not routinely inventoried and lack identification tags.....	2
FINDING III: \$390,000 of fixed assets reported in the balance sheet cannot be supported with documentation.....	3
FINDING IV: The Chapter did not properly verify eligibility of housing assistance recipient.	4
FINDING V: The Chapter cannot fully account for building materials awarded to a housing recipient.....	4
Conclusion.....	6
APPENDIX	
A: Background.....	7
B: Objective, Scope and Methodology.....	8
Client Response.....	9

REVIEW RESULTS

FINDING I: Travel expenses lacked proper approval and supporting documentation.

Criteria: Five Management System (FMS) Fiscal Policies and Procedures, Section VII.I, requires the Accounts Maintenance Specialist to prepare the travel authorization and forward the travel authorization for signature (i.e. approval) to the Community Services Coordinator. Travelers are required to submit expense reports, trip reports, and receipts to support travel expenses. The Community Services Coordinator reviews travel documents upon completion of travel and the Accounts Maintenance Specialist issues the travel checks.

Condition: The Chapter administration did not comply with the travel policies. Chapter travel expenditures totaled \$21,972 for the audit period. 32 travel authorizations totaling \$12,782 (58% of total amount) were examined. However, supporting documents for 15 of 32 travel authorizations totaling \$6,673 for the Community Service Coordinator, former Accounts Maintenance Specialist, current Chapter President and Vice President were not found on file.

The remaining 17 travel authorizations had the following exceptions.

Type of Exception	No. of Exceptions and Amounts
Travel requests were not authorized prior to travelers going on travel.	5 of 17 (29%) \$1,545
Travel expense reports were incomplete.	11 of 17 (65%) \$4,405
Travel reimbursement documents (i.e. trip reports and mileage reports) were incomplete and unapproved.	13 of 17 (76%) \$5,375

Effect: Unauthorized travel poses a risk of improper use of Chapter funds. Travelers could incur expenses unrelated to Chapter business and receive reimbursements based on erroneous travel claims.

Cause:

- The Community Services Coordinator is not verifying travel authorizations are accurate and complete prior to approving travel requests.
- The Community Services Coordinator is not verifying travel is supported with travel documentation such as travel expense report, trip report, and mileage report, sign-in sheet, agendas, and off reservation travel approval, prior to approving travel reimbursement.

- The Chapter officials are signing travel checks for travel advances and travel reimbursements without first verifying the travel documents were properly reviewed and approved.
- Recommendations:
1. The Community Services Coordinator should review the travel authorization for accuracy before approving travel requests and any travel advances.
 2. The Community Services Coordinator should review the supporting documents such as travel expense report, trip report, and mileage report, sign-in sheet, agendas, off reservation travel for completeness and signed off for approvals.
 3. The Chapter officials should review the supporting documentation for proper approval before co-signing travel checks.

FINDING II: Chapter property is not routinely inventoried and lack identification tags.

Criteria: FMS Property Management Policy and Procedures, Section VII.A, requires the Chapter to maintain a complete, detailed and accurate identification of all Chapter properties at all times and to ensure all property is tagged with identification numbers. Section V, assigns the Chapter Community Services Coordinator the task of ensuring the inventory is current and complete.

Condition: The Chapter administration does not perform annual physical counts and inspections to update its property inventory. Rather, the practice is to only add new purchases to the existing inventory. Since there is no physical verification of the property, pertinent information such as property numbers, acquisition cost, acquisition date, and condition about existing property is not updated. Therefore, the property inventory is unreliable.

A sample of nine property items was physically inspected and all did not have property identification tags. The Community Services Coordinator acknowledged that the property items have not been tagged with identification numbers.

Effect: The Chapter cannot fully account for its property and equipment. Chapter property with a total value of \$18,294 is at risk of being stolen, destroyed, or disposed of without detection. There is also a risk the Chapter's property insurance is being under stated which could result in insufficient coverages for the Chapter.

Cause:

- The Community Services Coordinator does not prioritize property management for the Chapter.
- The Chapter officials are not monitoring the Community Services Coordinator activities to ensure the Chapter is complying with property policies and procedures.

Recommendations:

1. The Community Services Coordinator should complete physical counts and inspections of the Chapter property each year prior to the new

fiscal year and update the Chapter property inventory with complete information.

2. The Accounts Maintenance Specialist should purchase pre-numbered identification tags available on the market, affix the tags to the property items, and record the identification numbers on the property inventory.
3. The Chapter officials should periodically inspect property items to ensure they have identification tags.

FINDING III: \$390,000 of fixed assets reported in the balance sheet cannot be supported with documentation.

- Criteria: FMS Fiscal Policies and Procedures, Section VII.F, requires the Chapter to maintain fixed assets records and to report the value of fixed assets in the balance sheet. The Chapter is required to establish internal controls to ensure that accounting data is accurate. FMS Property Management Policy and Procedures, Section VIII.B.2., assigns the Accounts Maintenance Specialist the task of ensuring all pertinent records and documentation of all Chapter property are kept on file including invoices, warranties, and titles.
- Condition: The Chapter does not have records to support the \$390,000 of fixed assets reported in the balance sheet as of August 2019. This amount was reported by the former Accounts Maintenance Specialist.
- Effect: Without original documents, the Chapter cannot provide reasonable assurance the fixed assets reported is accurate. This poses a risk for unreliable balance sheet which will hinder the Chapter in making informed financial decisions.
- Cause:
- The Community Services Coordinator has been unable to locate the records that would support the fixed assets amount recorded by the former Accounts Maintenance Specialist. Without records, how the Accounts Maintenance Specialist arrived at the value cannot be determined.
- Recommendations:
1. The Chapter staff should maintain records for Chapter fixed assets to support the amount reported in the balance sheet.
 2. The Community Services Coordinator should procure an appraiser to value the Chapter's fixed assets.
 3. The Administrative Service Center should verify that the fixed assets value reported in the balance sheet can be supported with documentation.

FINDING IV: The Chapter did not properly verify eligibility of housing assistance recipient.

- Criteria: Chapter Housing Assistance Program Policy and Procedures, Article IV. requires housing applicants to be a member of the Navajo Nation with a census number, homesite lease, and the project must be located within Red Mesa Chapter service area. Required documents include: housing application, household income verification, map to property, quotes for material listing, memo of agreement, and release of information form.
- Condition: The Chapter awarded one housing recipient in the amount of \$1,619. The housing recipient did not have sufficient proof of documentation to support eligibility. Required documents such as Certificate of Indian Blood and Social Security cards for household, income verification, pictures, materials list, and ranking sheets were missing and could not be provided for review.
- Effect: Without proper verification, there is a risk the Chapter awarded a housing recipient who could be ineligible.
- Cause:
- The Chapter's housing assistance checklist for required documents is inconsistent with their own housing policy for required documents.
 - The Chapter officials did not confirm that the Chapter staff obtained supporting documents from applicants and the expenditures are allowable prior to signing checks for housing assistance.
- Recommendations:
1. The Community Services Coordinator should update the housing assistance checklist to make it consistent with the housing policies and procedures.
 2. The Community Services Coordinator and Accounts Maintenance Specialist should use the approved check-off list to ensure all required documents are on file prior to approving assistance in accordance to the housing policies and procedures.
 3. The Chapter officials should request for the housing applicant's folder to review and verify applicant's housing assistance documents are submitted, completed, and reviewed by the Community Services Coordinator and community approved prior to co-signing award check.

FINDING V: The Chapter cannot fully account for building materials awarded to a housing recipient.

- Criteria: Chapter Housing Assistance Program Policy and Procedures, Article XII. Monitoring and Reporting, requires that upon completion of each construction phase, an inspection shall be conducted before continuation of project. Phase of project shall be:
1. Footing
 2. Closed in rough wiring and plumbing
 3. Final inspection of completed project.

Condition: The one housing assistance recipient for the audit period was assisted with building materials totaling \$1,619. The Chapter temporary employees delivered the building materials directly to the home owner on July 8, 2019. According to the Community Services Coordinator, the project stopped when the Chapter exhausted its labor force budget. On August 22, 2019, a site visit by the auditors confirmed an incomplete project with various materials left unsecured at the residence. A physical count revealed 37 cement bags, 1 mesh roll, and 2 - 2' x 16' boards still on-site. The materials were left uncovered and exposed to the weather.

Despite the requirement for inspections during various project phases, no inspection reports were provided for this project by the Chapter staff. Therefore, the project continued without assurance proper work was performed and materials were used as intended. The current project status is unknown and it is unclear whether the remaining materials are sufficient to complete the project.

Effect: The building materials stored at recipient's residence is at risk for loss should the materials be stolen, misused or damaged.

Cause:

- The Chapter allowed for the materials to be delivered to the resident's location rather than storing the materials at the Chapter for proper safekeeping and accountability.
- The Chapter President and Vice-President did not involve themselves to monitor community projects.

Recommendations:

1. The Community Services Coordinator should retrieve building materials and return to Chapter premises.
2. The Chapter staff should complete a perpetual inventory for the remaining materials.
3. The Community Services Coordinator should inspect the project and determine whether the remaining materials are sufficient to complete the project. If the inspection reveals missing materials, the Community Services Coordinator should take appropriate action to address the discrepancy.
4. Once additional funds become available, the Chapter should hire temporary workers to complete the project.

CONCLUSION

Controls are not functioning as designed within the travel, property and housing processes which needs to be strengthened. The Chapter's travel requests and expense reimbursements were not properly approved. The Chapter's property inventory is incomplete and property items are missing identification tags. Lastly, the Chapter's housing assistance is missing required approvals and documentation for a housing recipient. Overall, these control deficiencies pose a high risk of misuse of Chapter funds and lack of accountability for Chapter assets.

BACKGROUND

The Office of the Auditor General has conducted a Special Review of the Red Mesa Chapter for the 12-month period ending June 30, 2019.

The Red Mesa Chapter is a political subdivision of the Navajo Nation and is considered a general purpose local government for reporting purposes. Navajo Nation Chapters are required to operate under Title 26 of the Navajo Nation Code, the Local Governance Act.

The Chapter administrative duties are performed by the Community Services Coordinator and Accounts Maintenance Specialist. Oversight responsibility is provided by the elected Chapter officials and the Administrative Service Center. During the review period, the Accounts Maintenance Specialist resigned in May 2019.

The majority of the Chapter resources are provided through appropriations from the Navajo Nation central government. These appropriations are intended to fund direct and indirect services at the local Chapter government level. The direct services funds are considered restricted funds with specific intended purposes. The Chapter also generates internal revenues from fees collected for providing miscellaneous services.

The Chapter expended a total of \$206,240 for the 12-month period ending June 30, 2019.

Since the Red Mesa Chapter boundary also extends into the State of Utah, the Chapter receives funding from Utah State for housing projects to benefit and be utilized by the Utah Navajo residents. The Utah State fund is administrated by the State, so these funds were excluded from this review. Therefore, this review focused on funds allocated by the Navajo Nation.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of the Auditor General conducted a Special Review of the Red Mesa Chapter pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, § 1 - 10.

The following sub-objectives were established to address the main audit objective for this audit:

- Determine if controls are functioning as designed to ensure travel is approved and expenses are supported with documentation.
- Determine if controls are functioning as designed to ensure the Chapter has a comprehensive property inventory and property is tagged with identification numbers.
- Determine if controls are functioning as designed to ensure the Chapter's fixed assets values are supported with documentation.
- Determine if controls are functioning as designed to ensure the verification of eligibility for housing assistance.
- Determine if controls are functioning as designed to ensure projects are inspected and building materials were used as intended for housing assistance.

The audit covers activities for the 12-month period of July 1, 2018 to June 30, 2019.

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.

GOVERNMENT AUDITING STANDARDS

We conducted this performance audit 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the Auditor General expresses its appreciation to the Red Mesa Chapter officials and administration for their cooperation and assistance throughout the audit.



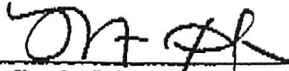
RED MESA CHAPTER
Red Mesa, Navajo Nation, Utah

September 27, 2019



MEMORANDUM

TO : Helen Brown, Delegated Auditor General
Office of the Auditor General

FROM : 
Minnie John, Community Services Coordinator
Red Mesa Chapter

SUBJECT: Chapter's Response to Audit

The Navajo Nation Office of the Auditor General staff performed a preliminary phase of an audit with Red Mesa Chapter. The Auditors developed matters that are based on an assessment done regarding information obtained during the auditing process with Red Mesa Chapter.

The Red Mesa Chapter staff and officials appreciate the staff performing the chapter audit scope from July 1, 2018 to June 30, 2019. The chapter learned of several deficiencies that needed to be corrected, including to provide reasonable assurance to comply with the Five Management System (FMS) Navajo Nation Title 26. The chapter officials and staff will be proceeding to correct the following areas together by reviewing all documents, inspection of all chapter property, and monitoring chapter projects.

The chapter will also, properly verify eligibility of housing assistances recipient by working together with housing clients. This will be done by making sure all documents are on file at the chapter, including all other required documents; housing application, household income verification, homesite lease, and quotes for material listing. The Chapter Community Services Coordinator and chapter official will participate in completing perpetual inventory for building materials and making sure all housing materials will be accountable at the chapter warehouse.

Finding I: Travel expenses lacking proper approval and supporting documentation.

1. An internal control checklist has been created and will be followed prior to having travel authorization documents and are approved. Proper approval of all travel advances.
2. All travel authorization documents will be filed immediately in the traveler's vendor files. Once travel is completed, proper documentation of trip reports and expenses will be submitted and filed with Travel Authorization.

Attached: (Exhibit Finding I-Page 1 & 2)

Finding II: Chapter Property is not routinely inventoried and lacks identification tags.

1. The CSC has developed a plan of action to complete the physical inventory for Fiscal Year 2019 and so forth.
2. Property tags will be ordered and affixed to all property on the chapter property inventory listing.
3. The Underwriters' Exposure Summary will be submitted for the Chapter.
4. All physical inventories will be completed twice a month. Perpetual inventory will be kept and maintained for non-capital expendable items such as housing materials.

Finding III: \$390,000 of fixed assets reported in the balance sheet cannot be supported with documentation.

1. The Chapter will develop and maintain a fixed assets files for all property valued at \$1,000.00 or more. Chapter will use the fixed assets management checklist developed to have chapters maintain fixed assets.
2. The Chapter will procure the services of an appraiser to value the Chapter's fixed assets.

Attached: (Exhibit Finding III-Page 1)

Finding IV: The Chapter did not properly verify eligibility of housing assistance recipient.

1. The CSC will ensure that the housing policies and procedures are adhered to when processing housing applications, especially the ranking and scoring system. There are additional internal control documents which ASC has provided to the Chapter to ensure that proper documentation are practiced.
2. The CSC and Chapter Officials will be attending the Housing assistance training scheduled for November 13, 2019 for assistance and training. The training is being sponsored by Navajo Nation Division of Community Development Administrative Service Center (ASC).
3. The Chapter will be conducting perpetual inventory for all housing materials purchase. The housing material will be delivered the Chapter warehouse and assigned to the client's work site as needed to complete housing projects.

Attached: (Exhibit Finding III-Page 1-4)

Finding VI: The Chapter housing discretionary budget is contrary to the Navajo Nation Budget Instruction Manual.

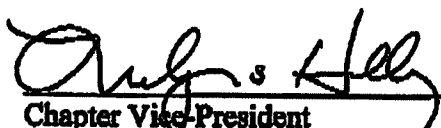
1. The Chapter will review the housing policies and procedures and submit for reauthorization through a chapter resolution. The Chapter will follow and use the ranking and scoring system to ensure fair and equitable assistance for all recipients. In this revision, the CSC and chapter officials will ensure that the policies and procedures are in compliance with the Navajo Nation Budget instructions Manual.
2. The Chapter will have their own housing policies and procedures which is compliant to the Navajo Nation Budget Instructions Manual and the standard (TCDC) housing policies. These policies will be applied only for funds allocated through the Navajo Nation budget process. The Utah funds housing policies and procedures will remain separate.

If you have any questions, please let us know.

Attest/



Chapter President

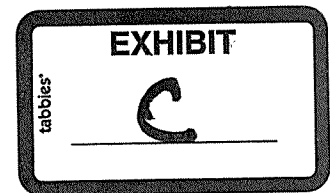


Chapter Vice-President

Chapter Secretary/ Treasurer

Cc: File

**Red Mesa Chapter
Corrective Action Plan
Audit Report No. 19-34**



	Corrective Action	Responsible Person(s)	Timeline
FINDING I: Travel expenses lacked proper approval and supporting documentation.			
1	The Accounts Maintenance Specialist will prepare Travel Authorization forms for travelers and collect support documentation in accordance with NN Travel policies and procedures.	AMS	June 30, 2022
2	The Community Services Coordinator will review travel requests for necessity and accuracy before approving travel and travel advances. Travelers will not be allowed to travel until approval of the Travel Authorization Form.	CSC	June 30, 2022
3	The Chapter President will review travel requests for necessity and accuracy for the Community Services Coordinator before approving travel and travel advances. Traveler will not be allowed to travel until approval of the Travel Authorization form.	President	June 30, 2022
4	The Community Services Coordinator will review the traveler's supporting documents such as travel expense report, trip report, and mileage report, sign-in sheet, agendas for accuracy and completeness upon return from travel prior to approving any travel reimbursement(s).	CSC	June 30, 2022
5	The Chapter officials will review the travel authorization form and supporting documentation for completeness and proper approval by the Community Services Coordinator before co-signing travel checks.	President, Vice President, Secretary/Treasurer	June 30, 2022
FINDING II: Chapter property is not routinely inventoried and lack identification tags.			
1	The Accounts Maintenance Specialist will purchase pre-numbered identification tags available on the market, affix the tags to the property items, including new purchases, and record the identification numbers on the property inventory.	AMS	June 30, 2022
2	The Accounts Maintenance Specialist will complete physical counts and inspections of the Chapter property each year prior to the new fiscal year and update the Chapter property inventory with complete and pertinent information prior to submitting to Community Services Coordinator for review. The Accounts Maintenance Specialist will sign/date the chapter property as the preparer.	AMS	June 30, 2022
3	The Community Services Coordinator will review the accuracy and completeness of the property inventory conducted by the Accounts Maintenance Specialist, confirm property is tagged, and address any discrepancies immediately. After review, the Community Services Coordinator will sign/date the chapter property inventory as the reviewer.	CSC	June 30, 2022
4	The Vice President will inspect property items quarterly to ensure they have identification tags and verify the Community Services Coordinator verified the accuracy/completeness of the property inventory. After verification the Vice President will sign/date the chapter property inventory as the concurer.	Vice President	June 30, 2022
Finding III: \$390,000 of fixed assets reported in the balance sheet cannot be supported with documentation.			
1	The Community Services Coordinator will procure an appraiser to value the Chapter's fixed assets.	CSC	June 30, 2022
2	The Accounts Maintenance Specialist will maintain records (i.e., receipts, invoices, titles, etc.) for Chapter's fixed assets to support the amount reported in the balance sheet.	AMS	June 30, 2022

3	The Accounts Maintenance Specialist will post the value from the supporting documentation to the accounting system.	AMS	June 30, 2022
4	The Community Services Coordinator will verify that records for the Chapter's fixed assets support the amount reported in the balance sheet.	CSC	June 30, 2022
5	The Secretary/Treasurer will verify the reported fixed asset value on the balance sheet is support with documentation such as appraisals, invoice, receipts, etc.	Secretary/Treasurer	June 30, 2022
Finding IV: The Chapter did not properly verify eligibility of housing assistance recipient.			
1	The Community Services Coordinator will update the housing assistance checklist to make sure it's consistent with the approved housing policies and procedures.	CSC	June 30, 2022
2	The Accounts Maintenance Specialist will use the approved check-off list to ensure all required documents are on file prior to approving assistance in accordance with the housing policies and procedures.	AMS	June 30, 2022
3	The Community Services Coordinator will verify applications and supporting documentation for completeness and accuracy prior to submitting to the Housing Assistance Committee for ranking, prioritization and recommendations.	CSC	June 30, 2022
4	The Community Services Coordinator will obtain the priority list and minutes from the Housing Assistance Committee for notice to applicants and placement on the next occurring monthly planning and regular chapter meeting for community approval.	CSC	June 30, 2022
5	The Community Services Coordinator will ensure supporting documents (i.e., application, homesite lease, ranking sheet, etc.) are filed in the applicant's folder.	CSC	June 30, 2022
6	The Chapter Officials will verify the housing applicant's folder is complete and approved by the housing committee and community prior to co-signing award check.	President, Vice President, Secretary/Treasurer	June 30, 2022
Finding V: The Chapter cannot fully account for building materials awarded to a housing recipient.			
1	The Community Services Coordinator will retrieve building materials, use a receiving report to ensure all building materials are accounted, and return the building materials to Chapter premises (warehouse).	CSC	June 30, 2022
2	The Accounts Maintenance Specialist will develop, use, and complete a perpetual inventory for building materials on chapter premise and sign the inventory as the preparer.	AMS	June 30, 2022
3	The AMS will check in/out building materials used for housing projects by utilizing the perpetual inventory.	AMS	June 30, 2022
4	The Community Services Coordinator will verify the perpetual inventory reconciles to the physical count of building material on chapter premise. and address and resolve any discrepancies immediately, then sign the inventory as the reviewer.	CSC	June 30, 2022
5	The Community Services Coordinator will inspect the housing project and determine whether the remaining materials on chapter premise is sufficient to complete the project.	CSC	June 30, 2022
6	The Community Services Coordinator will develop an inspection report to document the progress and completion of the housing project including the status of the building materials and will be filed in the recipient's file.	CSC	June 30, 2022
7	The Chapter Officials will verify that the CSC completed inspections and confirmed approved housing assistance projects are completed by end of the fiscal year.	President, Vice President, Secretary/Treasurer	June 30, 2022



RED MESA CHAPTER
Red Mesa, Navajo Nation, Utah
RMC- 01-031521



RED MESA CHAPTER RESPECTFULLY APPROVES AND SUPPORTS THE NEWLY UPDATED RED MESA CHAPTER CORRECTIVE ACTION PLAN, AUDIT REPORT NO.19-34, DATED SEPTEMBER 2019, TO COMPLETE THE CORRECTIONS ON THE FIVE FINDINGS AND MEETING THE TIMELINE BY JUNE 30, 2021

WHEREAS:

1. Pursuant to 26 N.N.C., § 3 (A), the Red Mesa Chapter is a certified chapter of the Navajo Nation as listed under 11 N.N.C. Part 1, 10; and
2. Pursuant to 26 N.N.C., § 1(B), the Red Mesa Chapter is delegated as the government authority to make decisions over local matter consistent with Navajo Law, custom, and tradition and under 11 N.N.C. Part § 10, the Red Mesa Chapter is also delegated the authority to make local decisions in the best interests and welfare of the community members; and
3. The Red Mesa Chapter was audited, and some findings were received, the Red Mesa Chapter Correction Action Plan, Audit Report No. 19-34, dated September 2019 was received; and
4. The report was reviewed with the Shiprock LG Administrative Services Center per teleconference with the Red Mesa Chapter Administration and the Chapter Officials. The findings were read thoroughly to understand the corrections that need to be made by June 30, 2021; and
5. The Red Mesa Chapter Accounts Maintenance Specialist position has been vacant for over a year and the Community Service Coordinator was the only staff, but she started working on the CAP with the Chapter Officials, to meet the timeline by June 30, 2021 to have the corrections completed; and
6. The Red Mesa Chapter accepts the corrective action findings, as listed on attachment EXHIBIT "A"- Audit Report No. 19-34.

NOW THEREFORE BE IT RESOLVED:

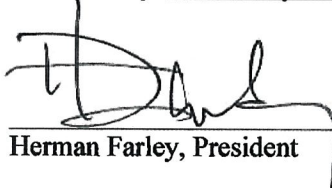
1. The Red Mesa Chapter hereby respectfully accepts and approves the newly updated Red Mesa Chapter Corrective Action Plan, Audit Report No.19-34, dated September 2019. The Chapter CSC, the newly hired AMS and the Chapter Officials will work together to complete the corrections on the five findings to meet the timeline by June 30, 2021, per attached exhibit "A".

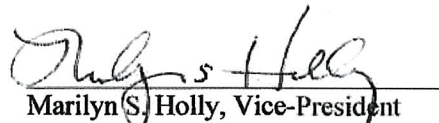
CERTIFICATION


We hereby certify that the foregoing resolution was duly considered by the Red Mesa Chapter of the Northern Agency at a duly called meeting in Red Mesa, Navajo Nation, Utah, at which a quorum was present under the (03) three person quorum rule, and that same passes by a vote of 03 in favor, 00 opposed, and 01 abstained on this 15th day of March 2021.

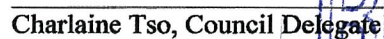
Motioned by: Ms. Marilyn S. Holly

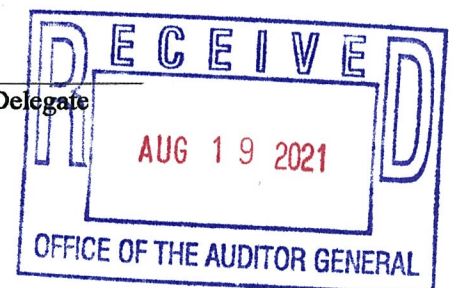
Seconded by: Mr. Leonard F. Begay


Herman Farley, President


Marilyn S. Holly, Vice-President


Marlene Dee-Ben, Secretary/Treasurer


Charlaine Tso, Council Delegate



BUDGET AND FINANCE COMMITTEE

16 NOVEMBER 2021

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0212-21: An Action Relating to the Resources and Development, and Budget and Finance Committees; Accepting the Special Review of Red Mesa Chapter from the Office of the Auditor General; Approving the Proposed Corrective Action Plan of the Red Mesa Chapter *Sponsored by Charlaine Tso, Council Delegate*

Motion: Jimmy Yellowhair

Second: Raymond Smith, Jr.

Vote: 4-0, Chairman not voting

Final Vote Tally:

Jamie Henio		
Raymond Smith Jr.	yea	
Elmer P. Begay	yea	
Nathaniel Brown	yea	
Amber K. Crotty		
Jimmy Yellowhair	yea	

Absent: Amber K. Crotty



Jamie Henio, Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee