

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 LAKE
CHAPTER FROM THE OFFICE OF THE AUDITOR GENERAL; APPROVING THE
PROPOSED CORRECTIVE ACTION PLAN OF THE RED LAKE CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee ("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 audited Navajo Nation programs, 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 Red Lake Chapter, titled: "Special Review of the Red Lake #18 Chapter" - Report No. 21-16-dated June 2021 ("Audit Report"). **EXHIBIT A.**
- B. Red Lake Chapter responded to the Audit Report in a letter to the Auditor General dated June 30, 2021, specifically addressing the findings in the Audit Report. **EXHIBIT B.**

- C. To remedy the findings in the Audit Report, Red Lake Chapter has prepared a Corrective Action Plan, in which the Chapter proposes to cure the audit findings by a deadline of March 31, 2022. **EXHIBIT C.**
- D. By Chapter Resolution No. RLC-10-21-41, dated October 10, 2021, the Red Lake Chapter approved the Corrective Action Plan. **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 LAKE CHAPTER

- A. The Navajo Nation hereby approves the Audit Report of Red Lake Chapter, titled: "Special Review of the Red Lake #18 Chapter" - Report No. 21-16-dated June 2021, attached hereto as **EXHIBIT A.**
- B. The Navajo Nation hereby approves the Corrective Action Plan submitted by the Red Lake Chapter, attached hereto as **EXHIBIT C.**

SECTION FOUR. DIRECTIVES

- A. A copy of the Audit Report and Red Lake 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. Red Lake Chapter shall prepare and submit a written status report on the Chapter's progress regarding implementation of its Corrective Action Plan. The Red Lake Chapter shall submit such report to the Office of the Auditor General ("OAG") no later than six months after the date of approval of this legislation. 12 N.N.C. § 7(F).
- C. The OAG shall receive and review the Red Lake Chapter's status report, shall promptly prepare a memorandum explaining the Auditor General's opinion as to the success of the Chapter's corrective efforts, and shall submit such memorandum along with a copy of the Chapter's status report 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 Lake Chapter to examine 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 Lake Chapter for failure to implement its 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. SAVINGS 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.

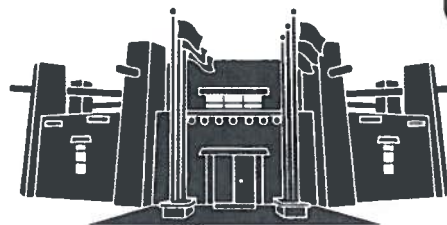
CERTIFICATION

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 21st day of December 2021.



Jamie Henio, Chairperson
Budget and Finance Committee

Motion: Honorable Elmer P. Begay
Second: Honorable Amber Kanazbah Crotty



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Special Review of the Red Lake #18 Chapter

Report No. 21-16
June 2021

Performed by:
Marcale Kaskalla, Associate Auditor
Alfreda Lee, Senior Auditor



June 30, 2021

Arval T. McCabe, President
RED LAKE #18 CHAPTER
P.O. Box 130
Navajo, NM 87328

Dear Mr. McCabe:

The Office of the Auditor General herewith transmits Audit Report No. 21-16, A Special Review of the Red Lake Chapter #18. 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 September 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: Chapter did not obtain Workers Compensation Insurance for a volunteer serving as an equipment operator.

FINDING II: Chapter fixed assets are not reported on the Balance Sheet.

FINDING III: Chapter lacks segregation of duties over the bank reconciliation process.

FINDING IV: Chapter lacks adequate controls over heavy equipment rental.

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: Roger James, Vice-President
Loberta Redhouse, Secretary/Treasurer
Kathleen Shurley, Community Services Coordinator
Wilson C. Stewart, Jr., Chapter Delegate
RED LAKE #18 CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Patricia Begay, Senior Program & Project Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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REVIEW RESULTS

FINDING I: Chapter did not obtain Workers Compensation Insurance for a volunteer serving as an equipment operator.

Criteria:	Navajo Nation Personnel Management Policies and Procedures, Section V.A.6, requires supervisors to obtain Workers Compensation coverage for volunteers. In addition, the Workers Compensation Act, Section 1002.12.c., states general volunteer workers for the chapters may be deemed to be covered persons and entitled to the benefits provided by this Act, provided: (1) such volunteer is injured or killed in the course of employment, (2) liability for premium payment has been incurred, and (3) the employer has submitted required documentation to the Workers Compensation Program.
Condition:	During the review period, we identified four instances in which the Chapter used a volunteer as a backhoe operator. In all four instances, the Chapter did not report the backhoe operator to the Workers Compensation Program for insurance purposes. Without proper notification, the volunteer performed services without insurance coverage.
Effect:	Since the Chapter did not comply with Workers Compensation requirements, the Chapter could be held liable if the volunteer is injured while operating heavy equipment.
Cause:	<ul style="list-style-type: none">• The Community Services Coordinator does not understand the Workers Compensation requirements for volunteers.• In addition, the Community Services Coordinator stated that the Chapter does not have sufficient funds to provide insurance coverage for the volunteer. However, there was no indication the staff obtained a cost estimate of insurance coverage for the volunteer.
Recommendations:	<ol style="list-style-type: none">1. The Community Services Coordinator should not allow the volunteer or any other employee to operate the heavy equipment unless they are covered by Workers Compensation Insurance.2. The Community Services Coordinator should report volunteers along with all employees in accordance to Workers Compensation requirements on a quarterly basis.3. The Community Services Coordinator should contact the Workers Compensation Program to obtain a cost estimate for insurance coverage for the volunteer.4. The Community Services Coordinator should seek training from the Workers Compensation Program on the requirements for reporting volunteers and maintaining applicable insurance coverage.

FINDING II: Chapter fixed assets are not reported on the Balance Sheet.

- Criteria:** FMS Fiscal Policies and Procedures, Section VII.F.2.g., states the Capital Assets account group shall be reported on the Combined Balance Sheet financial statement. FMS Property Policy and Procedures, Section VIII.B.2., states the Accounts Maintenance Specialist shall ensure that all pertinent records and documentation of all Chapter property are kept on file including invoices.
- Condition:** The property inventory identified a total of seven fixed assets totaling \$247,393. However, there was no documentation to support the reported values for three fixed assets (two buildings and a backhoe); the Chapter estimated the values of these items with no real basis. Overall, the Chapter does not report the total fixed asset amount on the Balance Sheet.
- Effect:** Without supporting documentation, the Chapter cannot provide assurance the fixed asset values are accurate and reliable. Without proper financial reporting, the Chapter is understating its assets value and results in misleading financial reports. Such reports would hinder informed decision-making on financial matters.
- Cause:** Although the Chapter has identified funds in its FY2021 budget for appraisal services, the Community Services Coordinator has not taken steps to hire a licensed appraiser to properly value the Chapter's fixed assets.
- Recommendations:**
1. The Community Services Coordinator should adhere to the procurement rules and regulations to hire a licensed appraiser to determine the value of each Chapter fixed asset, especially buildings and heavy equipment.
 2. Once fixed asset values are determined, the Chapter staff should seek technical assistance from the Administrative Service Center to post the values in the accounting system and prepare a Balance Sheet to report fixed assets.
 3. The Accounts Maintenance Specialist should maintain records such as invoices, receipts, appraisal reports, etc. to support the fixed asset values.

FINDING III: Chapter lacks segregation of duties over the bank reconciliation process.

- Criteria:** FMS Fiscal Policy and Procedures, Section VII.C.1 and 2, states someone other than the primary signatories shall be designated to prepare the bank reconciliation. The Accounts Maintenance Specialist shall sign and date the bank reconciliation. Once completed, the reconciliation, check register, validated bank deposit receipt slips and bank statements shall be forwarded to the Community Services Coordinator for review.
- Condition:** The Chapter has been without an Accounts Maintenance Specialist since June 2019. As such, the Community Services Coordinator prepared the bank reconciliation each month. We reviewed six months of bank reconciliation

to verify whether the Chapter applied compensating controls (in the absence of staff) to ensure segregation of duties were in place as required by the policies and procedures. The following exceptions were noted:

Type of Exceptions	No. of Exceptions
Community Services Coordinator, as the preparer of the bank reconciliation, did not sign the documents.	6 of 6 (100%)
No review of bank reconciliation by an independent individual.	6 of 6 (100%)

Effect: The lack of independent review poses a risk that errors or intentional misappropriation of cash will not be detected.

Cause: The Community Services Coordinator did not designate one of the Chapter Officials or seek assistance from the Administrative Service Center to perform the independent review.

Recommendations:

1. The Community Services Coordinator should designate a Chapter Official or seek assistance from Administrative Service Center for independent review of the bank reconciliation.
2. The Community Services Coordinator should prepare and sign the bank reconciliation, then forward the bank reconciliation, check register, validated bank deposit receipt slips and bank statements to the designated Chapter Official for independent review.
3. The designated Chapter Official should review the bank reconciliation and supporting documents, investigate any discrepancies, then sign the bank reconciliation.

FINDING IV: Chapter lacks adequate controls over heavy equipment rental.

Criteria: FMS Property Management Policies and Procedures, Section IV.A, states the Chapter staff and Chapter officials shall be charged with the responsibility to ensure the safekeeping of all Chapter property. In the event of loss, the Chapter staff and officials shall be prepared to show that precautionary actions were taken to guard against loss, damage and theft. Section XI.A., states that Chapter property or equipment shall not be loaned or rented without the approval of the Community Services Coordinator on a Chapter Equipment Rental Form.

Condition: The Chapter does not maintain adequate controls over heavy equipment rental activities. Consequently, the following issues were noted:

1. The Chapter has not developed and adopted heavy equipment rental policies and procedures.
2. The Chapter equipment rental forms are completed by the renters but the forms are not reviewed and approved by the Community Services Coordinator.

3. The Chapter heavy equipment inspection form is being completed by the operator but the forms are not reviewed and approved by the Community Services Coordinator.
4. There is a standard fee for backhoe rental but the Chapter does not charge for backhoe usage during burial services. However, the Community Services Coordinator acknowledged that the heavy equipment operator who operates the equipment on a volunteer basis receives monetary donations from renters as payment for his services. These donations are not accounted for by the Chapter.

Effect: In the absence of controls, the Chapter cannot provide reasonable assurance its heavy equipment is properly safeguarded and the use of such equipment is fully accounted for to avoid any misuse of assets.

Cause:

- The Community Services Coordinator does not properly understand the required procedures for approving applicable forms to ensure rental activities are authorized.
- The Chapter Officials are not monitoring the Community Services Coordinator to make sure the Chapter is complying with policies and procedures.

Recommendations:

1. The Community Services Coordinator should develop heavy equipment rental policies and procedures and obtain community approval via a Chapter resolution.
2. For each equipment rental, the Community Services Coordinator should review and approve the equipment rental form and the heavy equipment inspection form.
3. The Community Services Coordinator should not allow the heavy equipment operator to collect fees directly from renters for his volunteer services.
4. The Chapter Officials should closely monitor the Community Services Coordinator and her work activities to make sure Chapter assets are managed and safeguarded in accordance to policies and procedures.

CONCLUSION

During the audit period, control discrepancies were identified within key Chapter processes. The Chapter did not obtain proper Workers Compensation Insurance for a volunteer. Fixed assets totalling \$247,393 are not reported on the Balance Sheet. The Chapter did not exercise segregation of duties within the bank reconciliation process. Lastly, the Chapter lacks adequate controls over heavy equipment rental.

BACKGROUND

The Navajo Nation Office of the Auditor General has conducted a Special Review of the Red Lake #18 Chapter for the 12-month period ending September 30, 2020.

The Red Lake #18 Chapter is a political subdivision of the Navajo Nation and is considered a general-purpose local government for reporting purposes. The local chapter government is managed by the Community Services Coordinator with administrative support provided by the Accounts Maintenance Specialist. Oversight is provided by the elected chapter officials comprising of the President, Vice-President and Secretary/Treasurer. Additional oversight is provided by the Navajo Nation Division of Community Development/Administrative Service Centers. The Community Services Coordinator has been with the chapter since 2015 and the Accounts Maintenance Specialist position has been vacant since June 2019.

The Red Lake #18 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 Red Lake #18 Chapter are enumerated in Title 26, Local Governance Act of the Navajo Nation Code.

The majority of the Chapter's resources are provided through annual appropriations from the Navajo Nation central government. These appropriations are intended to fund direct and indirect services at the local chapter government level. Funds for direct services are considered restricted funds with specific intended purposes. Other revenue is generated from miscellaneous user charges assessed by the Chapter for services and/or goods provided to its community members. Red Lake #18 Chapter's fiscal year 2020 operating budget was approximately \$1,156,953.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of the Auditor General conducted a Special Review of the Red Lake #18 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:

1. Chapter complied with Navajo Nation Workers Compensation Act.
2. Chapter supported and accurately reported its fixed assets on the Balance Sheet.
3. Chapter performed bank reconciliation in accordance with Fiscal policies and procedures.
4. Chapter maintained adequate controls for heavy equipment rental.

The audit covers activities for the 12-month period of October 1, 2019 to September 30, 2020.

In meeting the audit objectives, we interviewed the Chapter staff 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 Lake #18 Chapter staff and officials for their cooperation and assistance throughout the audit.



CLIENT RESPONSE

Arval T. McCabe
PRESIDENT

Roger L. James
VICE-PRESIDENT

Loberta Redhouse
SECRETARY/TREASURER

Wilson Stewart, Jr.
COUNCIL DELEGATE



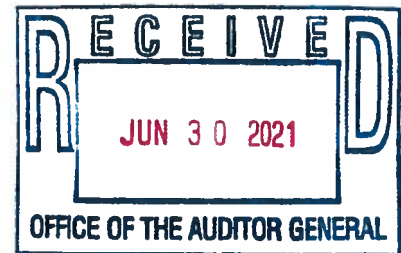
Kathleen Shurley
CHAPTER COORDINATOR

Florina Howard
GRAZING COMMITTEE
MEMBER

RED LAKE CHAPTER

June 30, 2021

Helen Brown, CFE, Principal Auditor
Delegated Auditor General
Navajo Nation Office of Auditor General
PO Box 708
Window Rock, AZ 86515



Dear Ms. Brown:

We are in receipt of your final draft of the Special Review of Red Lake Chapter #18, dated June 16, 2021. Red Lake Chapter has reviewed the audit findings and agreed to the audit findings and will begin the process of Corrective Action Plan based on the recommendations made by your office within thirty (30) days

If you should have any questions, please feel free to contact the Red Lake Chapter at (505) 777-2810 or by email at redlake18@navajochapters.org.

Sincerely,

Loberta Redhouse
Loberta Redhouse, Chapter Secretary/Treasurer
RED LAKE CHAPTER #18

xc: Arval T. McCabe, Chapter President
Roger James, Chapter Vice-President
Wilson Stewart, Sr., Council Delegate
Patricia Begay, Fort Defiance SPPS

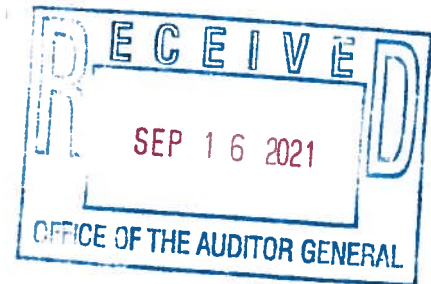
Arval T. McCabe
PRESIDENT
Roger L. James
VICE-PRESIDENT
Loberta Redhouse
SECRETARY/TREASURER
Wilson Stewart, Jr.
COUNCIL DELEGATE



RED LAKE CHAPTER

September 16, 2021

Helen Brown, CFE, Principal Auditor
Delegated Auditor General
Navajo Nation Office of Auditor General
PO Box 708
Window Rock, AZ 86515



Dear Ms. Brown:

Attached is the final revised Corrective Action Plan (CAP) for Audit Report No. 21-16 for Red Lake Chapter Special Review. Red Lake Chapter has reviewed the audit findings and the recommendations provided for addressing the audit issues with a correction plan, responsible parties and timelines.

If you should have any questions, please feel free to contact the Red Lake Chapter at (505) 777-2810 or by email at kshurley@navajochapters.org or at redlake18@navajochapters.org.

Sincerely,

Kathleen Shurley, Community Service Coordinator
RED LAKE CHAPTER #18

xc: Arval T. McCabe, Chapter President
Roger James, Chapter Vice-President
Loberta Redhouse, Chapter Secretary/Treasurer
Wilson Stewart, Sr., Council Delegate
Patricia Begay, Fort Defiance SPPS

**RED LAKE CHAPTER #18
AUDIT REPORT NO. 21-16**

FINDINGS	CORRECTIVE PLAN	RESPONSIBLE PARTY(IES)	TIMELINE
Finding I: Chapter did not obtain Workers Compensation Insurance for volunteer serving as an equipment operator.	1. The Chapter Administration will ensure there is proper coverage of insurance before any volunteers or employees is allowed to operate the heavy equipment by submitting application for Workers Compensation Insurance before any chapter project starts.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
	2. The Chapter Administration will report all chapter volunteers and employees to Worker's Compensation Program for each project on the Projected and Actual Quarterly Reports.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
	3. The Chapter Administration will contact Workers Compensation Program to get a cost estimate for insurance coverage for chapter volunteers and include the expense on the chapter's budget.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
	4. The Chapter Administration will consult and seek guidance from Administrative Service Center (ASC) for training on Workers Compensation Insurance.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
	5. The Chapter Administration will file and maintain all reports that are submitted to Workers Compensation Program.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
Finding II: Chapter fixed assets are not reported on the Balance Sheet.	1. The Chapter Administration will follow the Navajo Nation Procurement Code to procure services for an appraisal.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	2. The Chapter Administration will ensure the fixed assets values are supported by documentation, such as invoices, receipts, and appraisals.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	3. The Chapter Administration will enter the fixed assets and the value amounts in the MIP Accounting System for report on the balance sheet.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	4. The Chapter Officials will review the balance sheet on a quarterly basis to ensure that the Chapter Administration is accurately reporting the fixed assets.	Chapter Officials	03/31/2022

FINDINGS	CORRECTION PLAN	RESPONSIBLE PARTY(IES)	TIMELINE
Finding III: Chapter lacks segregation of duties over the bank reconciliation process.	1. Until a permanent Accounts Maintenance Specialist is hired, the Community Service Coordinator will prepare the bank reconciliation and sign and date the bank reconciliation.	Community Service Coordinator Accounts Maintenance Specialist Administrative Service Center	12/31/2021
	2. Once completed, the bank reconciliation will be forward to Administrative Service Center to review the bank reconciliation with supporting documents, such as bank statement, check ledger, and bank deposit slips to verify for accuracy; sign and date the bank reconciliation.	Community Service Coordinator Accounts Maintenance Specialist Administrative Service Center	12/31/2021
	3. Forward the bank reconciliation to the Chapter Secretary/Treasurer to review the bank reconciliation with the supporting documents; sign and date the bank reconciliation.	Community Service Coordinator Accounts Maintenance Specialist Chapter Secretary/Treasurer	12/31/2021
	4. Maintain a file on Bank Reconciliation and file all records in accordance with policies and procedures.	Community Service Coordinator Accounts Maintenance Specialist	12/31/2021
Finding IV: Chapter lacks adequate controls over the heavy equipment rental.	1. Adopt the standard heavy equipment policies and procedures developed by ASC and present to the chapter membership for approval via resolution at a duly called Chapter Meeting.	Community Service Coordinator Accounts Maintenance Specialist Chapter Officials	03/31/2022
	2. Adopt the standard rental agreement form developed by ASC that includes a signature line for review and approval by the Community Service Coordinator to sign and date.	Community Service Coordinator Accounts Maintenance Specialist Chapter Officials	03/31/2022
	3. Adopt the standard Chapter Heavy Equipment Inspection form that includes a signature line for review and approval by the Community service Coordinator to sign and date.	Community Service Coordinator Accounts Maintenance Specialist Chapter Officials	03/31/2022
	4. Community Service Coordinator will review and approve the rental and inspection form; sign and date the forms to verify that all requirements are met before heavy equipment work is performed.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022

FINDINGS	CORRECTION PLAN	RESPONSIBLE PARTY(IES)	TIMELINE
	5. The chapter does not charge for backhoe usage for burial services and the chapter will not be responsible for collecting payment for the equipment operator for his volunteer backhoe service.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	6. Insert a disclaimer in the rental form that states the chapter will not be involved in the tips exchanged between the family and the heavy equipment operator for his burial backhoe services.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	7. State the disclaimer in the rental Policies and Procedures that the chapter will not be liable or held responsible for the payments to the heavy equipment operator for burial services.	Community Service Coordinator Accounts Maintenance Specialist	03/31/2022
	8. The Chapter Officials will monitor the work activities of the CSC to ensure compliance with the policies and procedures on a quarterly basis.	Chapter Officials	03/31/2022

Arval T. McCabe
PRESIDENT
Roger L. James
VICE-PRESIDENT
Loberta Redhouse
SECRETARY/TREASURER
Wilson Stewart, Jr.
COUNCIL DELEGATE



RED LAKE CHAPTER

Res. No. RLC-10-21-41

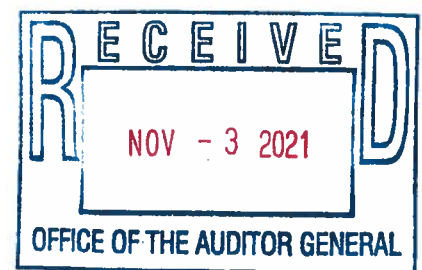
APPROVING AND SUPPORTING THE FINAL REVISION OF THE CORRECTIVE ACTION PLAN (CAP) FOR RED LAKE CHAPTER #18 SPECIAL REVIEW AUDIT REPORT NO. 21-16.

WHEREAS:

1. Pursuant to 26 N.N.C., Section 3 (A) the Red Lake Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at 11 N.N.C. part 1, section 10; and
2. Pursuant to 26 N.N.C., Section 1 (B) Red Lake Chapter is vested with the authority to review all matters affecting the community and to make appropriate corrections when necessary and make recommendation to the Navajo Nation and other local agencies for appropriate actions; and
3. The Office of the Auditor General selected Red Lake Chapter for a 12-month audit for Fiscal Year 2020 (October 1, 2019 through September 30, 2020); and
4. Red Lake Chapter Special Review, Audit Report No. 21-16, identified four (4) findings that the chapter needed to strengthen controls with activities addressed by its Five Management System as follows:
 - Finding I: Chapter did not obtain Workers Compensation for a volunteer Serving as an equipment operator.
 - Finding II: Chapter fixed assets are not reported on the Balance Sheet.
 - Finding III: Chapter lacks segregation of duties over the bank reconciliation process.
 - Finding IV: Chapter lacks adequate controls over heavy equipment rental; and
5. Red Lake Chapter submitted a final revision of the corrective action plan to the Office of the Auditor General detailing how the chapter will address the audit recommendations and the implementation of the audit findings by the specified timelines; and
6. Red Lake Chapter accepts the final revision of the Corrective Action Plan (CAP) for Red Lake #18 Special Review, Audit No. 21-16.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Red Lake Chapter hereby approves and supports the final revision of the Corrective Action Plan (CAP) for Audit Report No. 21-16, Red Lake Chapter #18 Special Review.

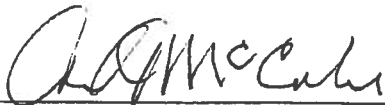


C-E-R-T-I-F-I-C-A-T-I-O-N

I hereby certify that the foregoing resolution was duly considered by Red Lake Chapter at a duly called meeting at Red Lake, Navajo Nation, New Mexico, at which a quorum was present and that the same was passed by a Vote of 25 in Favor, -0- Opposed, and 03 Abstained on this 10th day of October, 2021.

MOTIONED: Florina Howard

SECONDED: Richard Tsosie

A handwritten signature in dark ink, appearing to read "Arval McCabe", is written over a horizontal line.

Arval T. McCabe, Chapter President

BUDGET AND FINANCE COMMITTEE

21 December 2021

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0242-21: An Action Relating to the Resources and Development and Budget and Finance Committees; Accepting the Special Review of Red Lake Chapter from the Office of the Auditor General; Approving the Proposed Corrective Action Plan of the Red Lake Chapter *Sponsored by Wilson C. Stewart, Council Delegate*

Motion: Elmer P. Begay

Second: Amber K. Crotty

Vote: 4-0, Chairman not voting


Final Vote Tally:

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

Absent: Elmer P. Begay



Jamie Henio, Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee