

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

25TH NAVAJO NATION COUNCIL - First Year, 2023

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT AND BUDGET AND
FINANCE COMMITTEES; ACCEPTING THE AUDIT OF THE COUNSELOR
CHAPTER AND APPROVING THE CHAPTER'S PROPOSED CORRECTIVE ACTION
PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee is the oversight committee for all Navajo Nation Chapters. 2 N.N.C. § 501(C)(1).
- B. As the oversight committee for Chapters, the Resources and Development Committee reviews audit reports and proposed corrective action plan regarding Chapter financial matter. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee has the final authority to review and approve audit reports issued by the Auditor General, and corrective action plans proposed by audited Navajo Nation programs, including all Navajo Nation Chapters. 12 N.N.C. § 6(A) and § 7(D).

SECTION TWO. FINDINGS

- A. In accordance with 12 N.N.C. §6, the Office of the Auditor General has prepared a fiscal review of the Counselor Chapter, titled: "A Special Review of the Counselor Chapter" - Report No. 21-17- dated June 2021 (hereinafter referred to as the "Audit Report"). This Audit Report is attached hereto as **EXHIBIT A.**

- B. The Counselor Chapter responded with a letter regarding the Audit Report. The Chapter's letter, dated June 30, 2021, is attached hereto as **EXHIBIT B**.
- C. The Chapter prepared a detailed Corrective Action Plan that is submitted to the Auditor General on September 2, 2022, which addresses the findings in the Audit Report. In the Corrective Action Plan the Chapter proposes to cure the Audit Report findings by December 31, 2022. The Chapter's proposed Corrective Action Plan is attached hereto as **EXHIBIT C**.
- D. In Resolution No. COUN-2022-09-001, the Counselor Chapter acknowledges the findings in the Audit Report and specifically approves the Chapter's final Corrective Action Plan to address and resolve the findings. Resolution No. COUN-2022-09-001 is attached hereto as **EXHIBIT D**.

SECTION THREE. ACCEPTING THE AUDIT OF THE COUNSELOR CHAPTER AND APPROVING THE CHAPTER'S PROPOSED CORRECTIVE ACTION PLAN

- A. The Navajo Nation hereby accepts the Auditor General's fiscal review of the Counselor Chapter titled: "A Special Review of the Counselor Chapter" - Report No. 21-17, date June 2021, attached as **EXHIBIT A**.
- B. The Navajo Nation hereby approves the Corrective Action Plan proposed by the Counselor Chapter that was submitted to the Auditor General on September 2, 2022, attached hereto as **EXHIBIT C**. The Corrective Action Plan is approved for use by the Chapter in addressing and resolving the findings explained in the Audit Report.

SECTION FOUR. DIRECTIVES

- A. The Counselor Chapter shall prepare and submit a written status report on its progress implementing all tasks set forth in its approved Corrective Action Plan. In compliance with 12 N.N.C. § 7(F), the Chapter shall submit such report to the Auditor General no later than six months after the effective date of this Action.
- B. The Auditor General shall receive and review the Counselor Chapter's six-month status report and shall prepare a memorandum explaining the Auditor General's opinion about the success of the Chapter's corrective efforts and the Chapter's

compliance with its approved Corrective Action Plan during the noted six-month period. 12 N.N.C. § 7(F)(2).

- C. The Auditor General shall then promptly submit such memorandum along with the Counselor Chapter's status report to the Resources and Development Committee and the Budget and Finance Committee. 12 N.N.C. § 7(F)(2).
- D. Twelve months after the effective date of this Action, the Auditor General shall conduct a follow-up review of the Counselor Chapter to determine whether or not the Chapter has successfully implemented its approved Corrective Action Plan. 12 N.N.C. § 7(G).
- E. The Auditor General shall then promptly prepare its twelve-month report on its findings resulting from the follow-up review. Such report shall include the Auditor General's recommended sanctions, if any, to be imposed upon the Counselor Chapter for failure to sufficiently implement its Corrective Action Plan. 12 N.N.C. § 7(G).
- F. The Auditor General's follow-up report shall be presented to the Resources and Development Committee and the Budget and Finance Committee. 12 N.N.C. § 7(G); 12 N.N.C. § 7(H).

SECTION FIVE. EFFECTIVE DATE

This Action shall become effective pursuant to 12 N.N.C. § 6(A) and § 7(D).

SECTION SIX. SAVING CLAUSE

If any provision of this Action 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 Action that are not determined invalid shall be the law of the Navajo Nation.

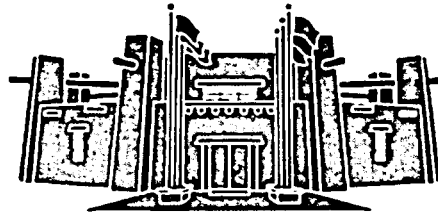
CERTIFICATION

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 at Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 4 in favor and 0 opposed, this 12th day of July 2023.

A handwritten signature in black ink, appearing to read 'S. Parrish', written in a cursive style.

Shaandiin Parrish, Chairperson
Budget and Finance Committee

Motion: Honorable Lomardo Aseret
Second: Honorable Norman M. Begay



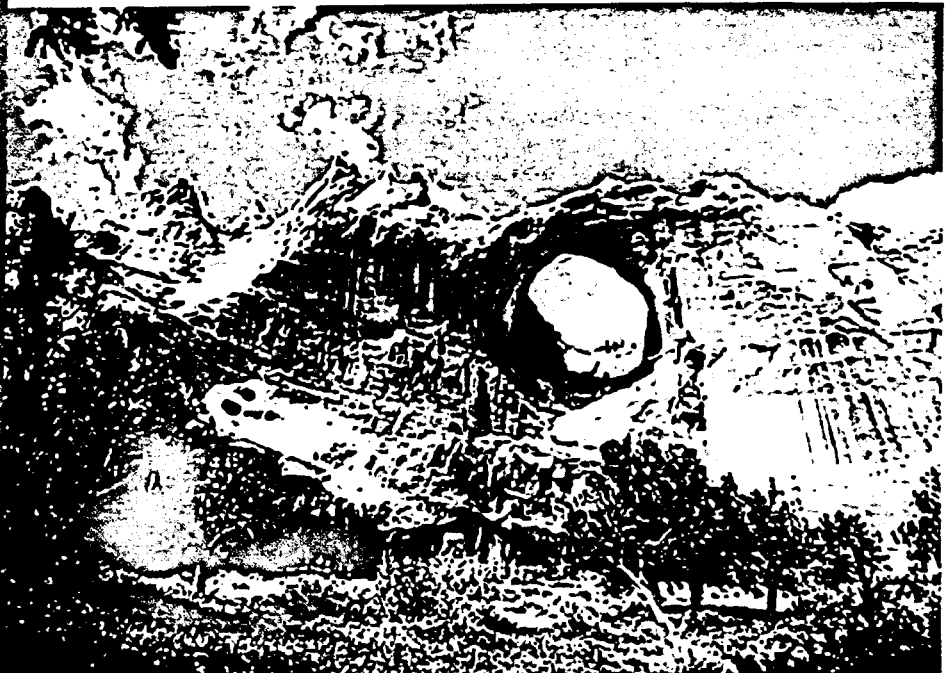
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

**A Special Review
of the
Counselor Chapter**

**Report No. 21-17
June 2021**

**Performed by:
Alfreda Lee, Senior Auditor
Genalle Benally, Associate Auditor
Karen Briscoe, Principal Auditor**



June 30, 2021

Damien Augustine, President
COUNSELOR CHAPTER
P.O. Box 93
Counselor, NM 87018

Dear Mr. Augustine:

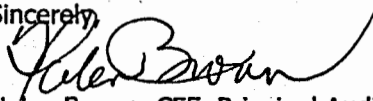
The Office of the Auditor General, herewith transmits audit report no. 21-17, a Special Review of Counselor Chapter. The audit objective was to determine whether the Chapter maintains adequate internal controls to safeguard assets, ensure reliability of its financial reporting, and comply with applicable laws, regulations, policies and procedures. During the 12-month audit period ending June 30, 2020, our review has revealed the Chapter needs to strengthen controls with activities addressed by its five-management system. The following issues were identified:

- FINDING I : Chapter payroll taxes totaling \$5,410 were consistently remitted late.
- FINDING II : Chapter accounting system does not provide reliable financial information.
- FINDING III : Chapter fixed assets were not properly identified, tracked and recorded.
- FINDING IV : Chapter fixed assets value reported in the financial statements was not supported with required documentation.
- FINDING V : Chapter supporting documentation and proper approval could not be verified for \$5,342 payroll disbursements.
- FINDING VI : Chapter operating disbursements totaling \$3,970 were not supported with required documentation.
- FINDING VII : Chapter travel disbursements totaling \$3,630 were not approved nor supported with required documentation.
- FINDING VIII : Chapter scholarship assistance were awarded to ineligible recipients.
- FINDING IX : Chapter personnel documents were not on file to support the hiring of employees.

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

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

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Harry Domingo Sr., Vice-President
Danny Augustine, Secretary/Treasurer
Samuel Sage, Community Services Coordinator
Daniel E. Tso, Council Delegate
COUNSELOR CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Casey Begay, Senior Programs & Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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REVIEW RESULTS

FINDING I: Chapter payroll taxes totaling \$5,410 were consistently remitted late.

- Criteria:** FMS Fiscal Policies and Procedures, Section VII.H.2.j and Internal Revenue Service Regulations, Publication 15 (Circular E), requires payroll taxes collected during a month to be deposited to the bank by the 15th day of the following month. Noncompliance could result in penalties.
- Condition:** For the review period, six months of payroll tax deposits were reviewed and of this number, payroll taxes for four (67%) months were not deposited when it was due. The Chapter made late payments anywhere from 4 to 21 days after the due date.
- Effect:** The Chapter may be assessed penalties and fees for late payments totaling \$5,410, which are unnecessary costs. Chapter funds intended for direct services will likely be used to pay for these costs.
- Cause:**
- The Community Services Coordinator explained that late deposits were due to the Navajo Nation government shutdown as a result of the COVID-19 pandemic. However, we verified that payments were consistently late throughout the audit scope period, not just during the closure.
 - The Community Services Coordinator did not review tax reports or the deposits, therefore, the late payments went undetected.
 - The Chapter officials did not periodically confirm, through monthly monitoring, that payroll tax deposits were made by the due dates.
- Recommendations:**
1. The Chapter staff and officials should request for training from the Administrative Service Center on the payroll tax process.
 2. The Accounts Maintenance Specialist should identify payroll taxes due each month, prepare tax reports and fund approval form and submit to the Community Services Coordinator and Chapter officials for review and approval prior to the due date.
 3. The Accounts Maintenance Specialist should deposit payroll taxes due to the Internal Revenue Service on or before the 15th of each month.
 4. The Community Services Coordinator and Chapter officials should review deposit receipts each month to confirm the Accounts Maintenance Specialist made timely deposits.

FINDING II: Chapter accounting system does not provide reliable financial information.

Criteria: FMS Fiscal Policies and Procedures, Section V.D., requires the Chapter accounting system to provide reliable and complete financial information. Section II.B requires the Chapter officials, Community Services Coordinator, and Accounts Maintenance Specialist to monitor the accounting system. Title 26, Local Governance Act, also requires the Secretary/Treasurer to monitor the maintenance of an adequate accounting system.

Condition: In the review of the accounting system, we detected the following discrepancies:

1. Fixed assets totaling \$40,880 posted to the accounting system cannot be supported with documentation.
2. Two Navajo Nation allocation checks totaling \$10,323 issued in February 2020 were not received by the Chapter prior to the Navajo Nation government closure in March 2020. The checks remained at the Crownpoint Administrative Service Center and were forgotten until auditors brought it to the attention of Chapter staff. As a result, these allocations are not posted to the accounting system. The checks were eventually reissued and deposited in March 2021.
3. Accounts Maintenance Specialist posted \$380 of internally-generated funds and a donation into the accounting system without an approved budget.

Effect: Due to the incomplete and inaccurate posting of transactions, the accounting system does not provide reliable financial information, thus the Secretary/Treasurer provided inaccurate financial reports to the community membership.

Cause:

- The Accounts Maintenance Specialist has sole access to the Chapter accounting system without supervision and oversight.
- The Community Services Coordinator does not verify the accuracy of entries posted into the accounting system by the Accounts Maintenance Specialist.
- The Community Services Coordinator stated he received accounting system training when he was first hired over seven years ago. Since then, he has forgotten his password and therefore does not access the accounting system. The Accounts Maintenance Specialist stated she has not received any recent training from the Administrative Service Center.
- There is no evidence the Secretary/Treasurer ensures the financial reports provided by the Community Services Coordinator are accurate and complete.

Recommendations: 1. The Chapter staff and officials should request for training from the Administrative Service Center on proper posting of transactions and monitoring the accuracy of the accounting system.

2. The Accounts Maintenance Specialist should provide the general ledger to the Community Services Coordinator on a weekly basis to verify the accuracy of posted transactions against supporting documents.
3. The Secretary/Treasurer should make sure the Community Services Coordinator verifies posted transactions before presenting the financial reports to the community membership.

FINDING III: Chapter fixed assets were not properly identified, tracked and recorded.

Criteria:	FMS Fiscal Policies and Procedures, Section VII.F., requires the Chapter to protect Chapter assets by implementing the following: 1) perform an annual physical inventory of property, 2) maintain a complete and accurate inventory of all property, and 3) tag all property with an identification number.
Condition:	<p>We identified a total of 24 Chapter fixed assets. Although the Chapter inventory indicates an annual physical count was completed, the inventory shows the Chapter did not properly identify, track, and record these assets as indicated by the following deficiencies:</p> <ol style="list-style-type: none"> 1. Fixed assets, including a freezer, trailer, vehicle, and Chapter buildings, were not documented on the property inventory. 2. Property inventory was missing pertinent information such as property numbers, serial numbers, acquisition dates, and values. 3. 17 fixed assets totaling \$45,155 were examined and based on photographs provided by the Chapter, all were missing property identification tags.
Effect:	In the absence of a reliable property inventory, the Chapter cannot readily identify property that is lost, stolen or damaged. Further, assets that are not properly accounted for can negatively impact accountability and financial reporting of such assets.
Cause:	<ul style="list-style-type: none"> • The Community Services Coordinator is responsible for maintaining the Chapter property inventory, however property management is not a priority. • Although the Community Services Coordinator was unaware of whether buildings and donated/damaged property should be recorded on the Chapter inventory, he did not seek assistance from the Administrative Service Center for proper accounting of assets. • The Chapter officials do not monitor the Chapter property activities to ensure the Community Services Coordinator is adhering to applicable policies and procedures to account for all Chapter assets.
Recommendations:	1. The Chapter staff and officials should request for training from the Administrative Service Center on proper recording and monitoring of fixed assets.

2. The Accounts Maintenance Specialist should purchase pre-numbered identification tags, affix the tags to the property items, and record the identification numbers on the property inventory.
3. The Community Services Coordinator should assign available Chapter staff to assist with the annual physical count prior to the start of the fiscal year, update the property inventory with pertinent information, and verify property identification tags.
4. The Chapter officials should monitor property management activities to confirm staff are following policies and procedures to account for fixed assets.

FINDING IV: Chapter fixed assets value reported in the financial statements was not supported with required documentation.

Criteria: FMS Property Policies and Procedures, Section VIII.B, requires the Accounts Maintenance Specialist to ensure all pertinent records and documentation of all Chapter property are kept on file including invoices. FMS Fiscal Policies and Procedures, Section VII.F, requires the Chapter to report the value of fixed assets in the financial statements. If there is no documentation to support the value of the fixed assets, the Community Services Coordinator will estimate the value of the asset based on fair market value. Title 26, Local Governance Act, Section 1, states capitalized property is nonexpendable property having an acquisition value of \$1,000 or more.

Condition: The Balance Sheet reported 18 fixed assets with a value of \$40,800. However, we detected the following discrepancies:

1. Ten assets valued less than \$1,000 were erroneously reported on the Balance Sheet.
2. Ten assets identified in the property inventory were not reported in the Balance Sheet.
3. Five assets (Chapter buildings and a vehicle) identified, with a likely value exceeding \$1,000, were not included in the Balance Sheet.

Overall, we identified a total of 24 fixed asset items and selected 17 assets to determine if there were documents on file to report their values in the Balance Sheet. However, the Chapter does not have any documentation such as receipts, invoices, or appraisals. As such, the Chapter cannot support the fixed assets value reported in the Balance Sheet.

Effect: Although the Chapter is reporting fixed assets in the financial statements, the information is unreliable due to the inaccurate reporting of the fixed assets. Without reliable financial reporting, the Chapter cannot make informed financial decisions.

Cause:

- The Chapter initially posted fixed asset values to the accounting system in 2012, but in the years since, the Community Services Coordinator has not updated the values.
- The Community Services Coordinator is not aware that policies require the Chapter to maintain fixed asset records and that reported fixed assets should be verified for accuracy.
- The Community Services Coordinator and officials did not obtain technical assistance from Administrative Service Center to better understand the reporting of fixed assets.

- Recommendations:
1. The Chapter staff and officials should request training from the Administrative Service Center on fixed asset reporting.
 2. The Accounts Maintenance Specialist should establish a filing system to maintain records such as invoices, receipts, and appraisals for each fixed asset to establish reliable inventory records and financial statements.
 3. The Chapter staff and officials should obtain assistance from the Administrative Service Center to hire a certified appraiser to properly appraise the Chapter's fixed assets.
 4. The Community Services Coordinator and Secretary/Treasurer should verify accurate fixed asset values are recorded in the accounting system based on support documentation on a quarterly basis.

FINDING V: Chapter supporting documentation and proper approval could not be verified for \$5,342 payroll disbursements.

Criteria:

FMS Fiscal Policies and Procedures, Section VII.H., requires the immediate supervisor to maintain an attendance sheet on all Chapter employees so they can record hours worked each day. The Accounts Maintenance Specialist will prepare timesheets. The Community Services Coordinator is required to review all documents before approval.

Condition:

For the review period, there was a total of 88 payroll disbursements totaling \$43,211. Of this number, we examined a sample of 45 (51%) disbursements totaling \$23,166 to verify whether the Chapter complied with policies and procedures to approve and justify payroll disbursements with proper support documentation. The following exceptions were noted:

Type of Exception	No. of Exceptions
Sign-in sheets were not approved by an immediate supervisor.	9 of 45 (20%)
Timesheets were not prepared.	3 of 45 (7%)

Effect:

Since the Chapter did not comply with applicable policies and procedures, there is a risk that temporary employees were paid for hours not actually worked.

Cause: The Community Services Coordinator did not review the payroll documents for completeness and accuracy.

Recommendations: 1. The Accounts Maintenance Specialist should require project supervisors to review and approve sign-in sheets before preparing the timesheets.
2. The Accounts Maintenance Specialist should prepare a timesheet for all temporary employees based on the approved sign-in sheets.
3. The Community Services Coordinator should verify sign-in sheets are approved by the project supervisors and they reconcile to the timesheet prior to approval.

FINDING VI: Chapter operating disbursements totaling \$3,970 were not supported with required documentation.

Criteria: The Navajo Nation Procurement Rules and Regulation, Section V.A. and B. requires the Chapter to competitively procure good and services by obtaining price quotations, maintaining receipts and invoices, and preparing a receiving report.

Condition: For the review period, there were 16 operating disbursements totaling \$3,970 and they were all reviewed to verify whether the Chapter complied with Navajo Nation Procurement Rules and Regulation. The following exceptions were noted:

Type of Exception	No. of Exceptions
Quotations were not obtained.	16 of 16 (100%)
Invoice/receipts were not on file.	6 of 16 (38%)
Receiving reports were not completed.	13 of 13 (100%)

Note: If certain documentation was not required, it was not tested.

Effect: Since the Chapter did not comply with applicable policies and procedures, there is no assurance that competitive prices were obtained, only approved purchases were received, and expenditures were justified.

Cause:

- The Community Services Coordinator explained:
 - a) the Chapter does not obtain quotations because the vendors they use have prices that were the lowest and located nearby in Farmington, New Mexico.
 - b) the vendors do not provide quotations unless the vendor is assured a purchase will be completed.
 - c) the Chapter does not receive a Navajo Nation Tax Exemption from some vendors, therefore purchases for goods or services were from vendors who accepted the exemption.

- The Community Services Coordinator and officials did not review voucher packets to verify all required documents were provided for review prior to signing checks.
- The Chapter staff were not aware that they should verify the receipt of goods to the approved purchase.

Recommendations: 1. The Accounts Maintenance Specialist should obtain more than one written price quotation from vendors and/or document their verbal responses.

2. The Accounts Maintenance Specialist should gather all required documents before preparing and submitting the fund approval form for approval.

3. The Community Services Coordinator and officials should review all supporting documents before approving the fund approval form.

4. The Accounts Maintenance Specialist should verify the receipt of goods to the approved purchase.

5. The Community Services Coordinator and officials should review the voucher packet to confirm required documents are attached before signing checks.

FINDING VII: Chapter travel disbursements totaling \$3,630 were not approved nor supported with required documentation.

Criteria: FMS Fiscal Policies and Procedures, Section VII.I., requires all travel requests to be approved prior to travel. Travelers are required to submit expense reports, trip reports and receipts to support travel expenses. The Accounts Maintenance Specialist is required to maintain all travel documents on file.

Condition: For the review period, 28 travel authorizations were identified and 20 totaling \$3,803 were reviewed to verify whether the Chapter complied with applicable travel policies and procedures to ensure proper approval and required documentation was on file to support the disbursements. The following exceptions were noted:

Type of Exception	No. of Exceptions
Travel Authorization Forms were signed but not dated so it could not be verified travel was approved prior to departure.	16 of 20 (80%)
Travel Authorization Forms were completed inaccurately.	6 of 20 (30%)
Trip reports were incomplete.	5 of 19 (26%)
Expense reports were incomplete.	6 of 19 (32%)
Mileage reports were incomplete.	6 of 19 (32%)

Note: If certain documentation was not required, it was not tested.

Effect: Since the Chapter did not comply with travel policies and procedures, there is no assurance that travelers were authorized to travel and legitimate travel expenses were incurred. Therefore, travel disbursements totaling \$3,630 are questionable.

Cause:

- The Community Services Coordinator explained he did not detect the supporting documents submitted by the Accounts Maintenance Specialist were incomplete because he did not review and verify the documents before approving travel checks.
- The Chapter officials did not review the travel documents to make sure they were complete and accurate before signing travel checks.

Recommendations:

1. The Chapter staff and officials should request for training from the Administrative Service Center on the proper travel process including required documents, approval, and responsibilities of the reviewer.
2. The Chapter staff and officials should abide by established travel policies and procedures.

FINDING VIII: Chapter scholarship assistance were awarded to ineligible recipients.

Criteria: Chapter Scholarship Policies and Procedures, Section III, states that the applicant will submit the following documents: (1) Scholarship Financial Assistance Application, (2) Letter of Admission/Acceptance Letter/Enrollment Verification, (3) Certificate of Indian Blood, (4) Social Security Card, (5) Voter Registration, and (6) Transcript. Section II states recipients will be awarded once per academic year. FMS Fiscal Policies and Procedures, Section K, states the Chapter will approve requests according to the approved budget.

Condition: For the review period, there were 22 scholarship disbursements identified and 15 totaling \$5,700 were reviewed to verify the Chapter complied with policies and procedures to ensure scholarship recipients met eligibility requirements. The following exceptions were noted:

Type of Exception	No. of Exceptions
Recipients did not submit all required documents to determine eligibility.	3 of 15 (20%)
Recipients were awarded more than one time for the academic year.	4 of 15 (27%)
Recipients were awarded amounts that were inconsistent with the approved budget.	2 of 15 (13%)

Effect: Since the Chapter did not adhere to applicable policies and procedures, \$2,750 scholarship assistance was awarded to ineligible students, with some recipients receiving excess awards. There is no assurance the Chapter Scholarship process is fair and equitable.

Cause:

- The Accounts Maintenance Specialist and Community Services Coordinator did not use the established check list to ensure all required documents were provided by each applicant.
- The Community Services Coordinator explained that their internal practice is to allow students to receive assistance twice in an academic year, but the Chapter Scholarship Policies and Procedures have not been updated since 2006 to reflect this practice.
- The Community Services Coordinator approved to award one student more than the approved budget allowed resulting in insufficient funds for other students.

- Recommendations:
1. The Accounts Maintenance Specialist should use the check list to ensure all required documents are provided by the applicant and the Community Services Coordinator should verify the completed check list against documents before approving assistance.
 2. The Community Services Coordinator and officials should award scholarship assistance once per academic year in compliance with the Chapter Scholarship Policies and Procedures or amend the policies to be consistent with Chapter practices.
 3. The Community Services Coordinator should award scholarship assistance consistently with the approved budget.
 4. The Chapter officials should verify the Community Services Coordinator used the check list to confirm all required documents are submitted by applicants, as well as, verify the award amount is consistent with the approved budget prior to signing award checks.

FINDING IX: Chapter personnel documents were not on file to support the hiring of employees.

Criteria: FMS Fiscal Policies and Procedures, Section VII. H., requires the Chapter to maintain personnel records for each employee including employment application, Personnel Action Form, and voter registration. Personnel records should support the hiring of employees.

Condition: For the review period, there were 40 temporary employees and all of their personnel files were reviewed to verify whether the Chapter complied with policies and procedures to maintain required employment documentation on file. The following exceptions were noted:

Type of Exception	No. of Exceptions
Employment applications were not on file.	3 of 40 (8%)
Personnel Action Forms were missing pertinent information including pay rates and/or termination dates.	40 of 40 (100%)
Voter registration cards for parents of minors were not on file.	40 of 40 (100%)

Effect: Since the Chapter did not comply with applicable policies and procedures, there is no assurance that employees met the position requirements and were hired based on complete information.

Cause:

- The Community Services Coordinator explained applications were missing because employees hired for one-day employment did not go through the formal hiring process.
- The Community Services Coordinator explained he did not detect missing information on the Personnel Action Form because there is no periodic review to ensure complete forms were on file.
- The Community Services Coordinator explained that since he already knew the parents of minor employees, he did not find it necessary to verify their voter registration with the Chapter.

Recommendations:

1. The Accounts Maintenance Specialist should create a checklist of required personnel records and use the checklist to confirm all required documents (including employment application, Personnel Action Form, and voter registrations) are included in the personnel file.
2. The Community Services Coordinator should verify all required information is documented on the Personnel Action Form prior to approval.
3. The Community Services Coordinator should review personnel files to verify the personnel checklist is complete, documents are on file, and then approve the checklist.

CONCLUSION

During the audit period, control discrepancies were identified within key Chapter processes. Chapter payroll taxes totaling \$5,410 were consistently remitted late. The Chapter accounting system does not provide reliable financial information. Chapter fixed assets were not properly identified, tracked and recorded. The Chapter fixed assets value reported in the financial statements was not supported with required documentation. Chapter supporting documentation and proper approval could not be verified for \$5,342 payroll disbursements. Chapter operating disbursements totaling \$3,970 were not supported with required documentation. Chapter travel disbursements totaling \$3,630 were not approved nor supported with required documentation. Chapter scholarship assistance were awarded to ineligible recipients. Lastly, Chapter personnel documents were not on file to support the hiring of employees.

BACKGROUND

The Navajo Nation Office of the Auditor General has conducted a Special Review of the Counselor Chapter for the 12-month period ending June 30, 2020.

The Counselor 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 April 2013 and the Accounts Maintenance Specialist since 1992.

The Counselor 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 Counselor 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. Counselor Chapter's fiscal year 2020 operating budget was approximately \$1,079,105.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of the Auditor General conducted a Special Review of the Counselor 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 objective for this audit.

Determine if controls are functioning as designed to ensure:

- a) Chapter payroll taxes are accurately reported and timely remitted in accordance with Internal Revenue Service regulations.
- b) Chapter financial statements are reliable and accurate in accordance with Five Management System Fiscal policies and procedures.
- c) Chapter fixed assets are accounted for in inventory records, safeguarded from theft/damage/loss, and properly reported in the financial statements in accordance with Five Management System Fixed Assets and Property Management policies and procedures.
- d) Chapter payroll and personnel documentation are on file to support the wages paid and hiring of employees in accordance with Five Management System Payroll policies and procedures.
- e) Chapter disbursements are adequately approved and supported with required documentation in accordance with Navajo Nation Procurement Rules and Regulations and Five Management System Travel policies and procedures.
- f) Chapter scholarship assistance are awarded to eligible students in accordance with the Chapter Scholarship policies and procedures.

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

In meeting the audit objectives, we interviewed the Chapter administration and officials 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 AUDIT 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 Counselor Chapter officials and administration for their cooperation and assistance throughout the audit.



The Navajo Nation, Counselor Chapter House, P.O. Box #93, Counselor, New

Phone & Fax #: (575)568-4311

Email: counselor@navajochapters.org

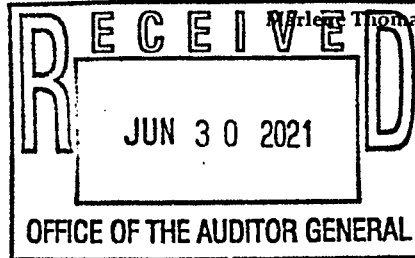
Exhibit B



Damien Augustine, Chapter President
Harry Domingo Sr., Vice President
Danny Augustine, Secretary/Treasurer
Daniel Augustine, Land Board Member

Daniel Tso, Council Delegate
Samuel Sage, Comm. Services Coordinator
Martha A. Aragon, Acct. Maint. Specialist
Marlene Thomas, Community Health Worker

Office of Auditor General
The Navajo Nation
PO BOX 708,
Windowrock, AZ 86515



June 30, 2021

RE: WRITTEN COMMENTS FOR AUDIT FINDINGS COUNSELOR CHAPTER

Dear Principal Auditor and Associates,


This letter is in a response to "Special Review of the Counselor Chapter" Audit Findings and Report. First off, we appreciate the entire process, from the professionalism of the job to the work ethics of the Auditors, portrayed during the hectic auditing journey, especially during the magnitude of the COVID-19 PANDEMIC. Moreover, the entire journey of the digital scope review, and as the elected body of the Chapter, we are grateful for the review.

However, as to any audit findings, we are entitled to a "written comment" on the findings. As Chapter President, alongside the support of my administration and staff, we were in disagreement with the following findings:

1. Finding 2: *"Chapter accounting system does not provide reliable financial information"*
2. Finding 7: *"Chapter travel disbursement totaling \$3,102 were not approved nor supported with required documentation"*
3. Finding 8: *"Chapter scholarship assistance were awarded to ineligible recipients"*
4. CONCLUSION: *"The Chapter Payroll taxes totaling 5,410.00 were consistently remitted late:"*

After further clarification from the Auditors, we were able to understand the disagreements and will now consider the findings agreeable. We have no further questions and will immediately make plans to initiate a "corrective action plan". Given these facts, we thank the Office of Auditor General for respecting the due diligence process of the entire audit findings. In addition, we hereby submit this "written comment" on the finding of "Special Review of the Counselor Chapter".

Sincerely,


Damien Augustine, MA
Chapter President



The Navajo Nation, Counselor Chapter House, P.O. Box #93, Counselor, New

Phone & Fax #: (575)568-4311

Email: counselor@navajochapters.org

Exhibit C



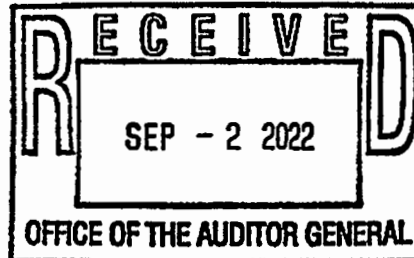
CHAPTER OFFICIALS

Damien Augustine, Chapter President
Harry Domingo Sr., Vice President
Danny Augustine, Secretary/Treasurer
Daniel Augustine, Land Board Member
Daniel Tso, Council Delegate

CHAPTER ADMINISTRATION

Samuel Sage, Comm. Services Coordinator
Martha A. Aragon, Acct. Maint. Specialist

Office of Auditor General
The Navajo Nation
PO BOX 708,
Windowrock, AZ 86515



September 2, 2022

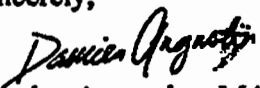
RE: DETAILED CORRECTIVE ACTION PLAN FOR COUNSELOR CHAPTER (Draft 3)

Dear Principal Auditor and Associates,

This letter is in a response to "Counselor Chapter Audit Report No. 21-17". We have reviewed and attached the detailed "Corrective Action Plan" for "Draft 3", with the edits and comments from the first review. Moreover, we appreciate the entire process, from the professionalism of the job to the work ethics of the Auditors, portrayed during the hectic auditing journey, especially during the magnitude of the COVID-19 PANDEMIC. Moreover, the entire journey of the digital scope review, and as the elected body of the Chapter, we are grateful for the review and submission of our "Corrective Action Plan" (Draft 3).

As Chapter President, alongside the support of my administration and staff, we hereby submit the detailed "Corrective Action Plan" for Counselor Chapter Audit Report No. 21-17. Below are corrective action plan for Findings 1 to 9 and changes have been made using the first draft edits and comments. We have no further questions and will immediately continue to initiate this "corrective action plan". Given these facts, we thank the Office of Auditor General for respecting the due diligence process of the entire audit findings

Sincerely,


Damien Augustine, MA
Chapter President

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
I. Chapter payroll taxes totaling \$5,410 were consistently remitted late.	Chapter staff and officials will obtain training from the Administrative Services Center (ASC) in the payroll tax process.	CSC & Officials	31-Dec-22
	Account Maintenance Specialist (AMS) will identify payroll taxes and their due dates.	AMS	12/31/2022
	AMS will prepare payroll tax forms (IRS Form 941) quarterly. CSC review the IRS Form 941 for completeness and accuracy and acknowledge with a signature and date.	AMS CSC	12/31/2022
	AMS will prepare Fund Approval Form and submit to Community Services Coordinator (CSC) and chapter officials for review and approval prior to the due date.	AMS, CSC & Officials	12/31/2022
	AMS will deposit payroll taxes due to the Internal Revenue Services on or before the 15th of each month.	AMS	12/31/2022 Monthly after that.
	CSC and Chapter Officials will review deposit receipts each month to confirm the AMS made timely deposits.	CSC & Officials	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
II. Chapter accounting system does not provide reliable financial information.	The chapter staff and officials will obtain training from the ASC on proper posting of transactions and monitoring the accuracy of the accounting system.	CSC & Officials	12/31/2022
	AMS will provide the General Ledger to the CSC on a weekly basis to verify the accuracy of posted transactions against supporting documents. The CSC will acknowledge with a signature and date	AMS & CSC	12/31/2022
	Secretary Treasure will review the CSC verification of posted transactions before presenting the financial reports to the community membership.	Secretary/ Treasurer	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
III. Chapter fixed assets were not properly identified, tracked and records.	Chapter staff and officials will obtain training from the ASC on proper recording and monitoring of fixed assets.	CSC & Officials AMS	12/31/2022
	AMS will purchase pre-numbered identification tags, affix the tags to the property items and record the identification numbers on the property inventory.	AMS	12/31/2022
	CSC will assign available Chapter staff to assist with the annual physical count prior to the start of the fiscal year, update the property inventory with pertinent information and verify property identification tags.	CSC & Chapter Staff	12/31/2022
	CSC will review the property inventory for completeness and accuracy and acknowledge with signature and date.	CSC	12/31/2022
	Chapter officials will monitor property management activities by conducting a walk through with CSC quarterly to confirm staff are following policies and procedures to account for fixed assets.	CSC & Officials	12/31/2022
	Chapter officials(s) will acknowledge monitoring activities with a signature and date on property inventory form.	CSC & Officials	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Correction Measures	Responsible Person	Completion Date
IV. Chapter fixed assets value reported in the financial statements was not supported with required documentation	Chapter Staff and officials will obtain training from the ASC on fixed asset reporting.	CSC, AMS & Officials	12/31/2022
	AMS will establish a filing system to maintain records such as invoices, receipts and appraisals for each fixed asset to establish reliable inventory records and financial statements.	AMS	12/31/2022
	Chapter staff and officials will obtain assistance from ASC to hire a certified appraiser to properly appraise the chapter's fixed assets. If no records pertaining to the fixed asset is on file.	CSC, AMS & Officials	12/31/2022
	AMS will post the fixed asset values to the accounting system based on reliable documentation for those with a value of \$1,000 or more.	CSC & AMS	12/31/2022
	CSC & Secretary will acknowledge their monitoring activities with a signature and date on the summary asset ledger report from the accounting system.	CSC & Secretary	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
V. Chapter supporting documentation and proper approval could not be verified for \$5,342 payroll disbursements.	AMS will require project supervisors to review and approve sign-in sheets before preparing the timesheets.	AMS	12/31/2022
	AMS will prepare timesheets for all temporary employees based on the approved sign-in sheets and sign the timesheet as the timekeeper.	AMS	12/31/2022
	CSC will verify sign-in sheets for approval by project supervisors and that they reconciled to the timesheets prior to approval. CSC will acknowledge the reconciliation with a signature and date on the sign in sheet and timesheet.	CSC	12/31/2022
	Chapter officials will verify that sign-in sheet and timesheets are approved by the CSC prior to signing payroll checks.	Chapter Officials	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
VI. Chapter operating disbursements totaling \$3,970 were not supported with required documentation.	AMS will obtain more than one written price quotation from vendors and/or document their verbal responses.	AMS	12/31/2022
	AMS will gather all required documents before preparing and submitting the Fund Approval Form for approval.	AMS	12/31/2022
	CSC and Officials will review all supporting documents that are included and are accurate before approving the Fund Approval Form.	CSC & Officials	12/31/2022
	AMS will verify and document the receipt of goods to the approved purchase.	AMS	12/31/2022
	CSC and Officials will review the voucher packet to confirm required documents are attached before signing checks.	CSC & Officials	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
VII. Chapter travel disbursements totaling \$3,630 were not approved nor supported with required documentation.	The chapter staff and officials will obtain training from the ASC on the proper travel process including required documents, approval and responsibilities of the reviewer.	CSC & Officials AMS	12/31/2022
	The chapter staff and officials will abide by established travel policies and procedures by accurately completing and approving 1) Travel Authorization form prior to travel. 2) Trip Reports. 3) Expense reports with receipts and 4) Mileage reports prior to signing travel checks.	CSC & Officials AMS	12/31/2022
	The AMS will file all travel documents and the CSC will review travel files for completeness on a quarterly basis and sign and date on the Travel Authorization form after verification.	CSC & AMS	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
VIII. Chapter scholarship assistance were awarded to ineligible recipients.	AMS will use the check list to ensure all required documents are provided by the applicant and the CSC will verify the completed check list against documents before approval assistance and acknowledge this review with a signature and date of the checklist.	AMS & CSC	12/31/2022
	CSC and Officials will award scholarship assistance twice per academic year in compliance with Chapter Scholarship Policies and Procedures.	CSC & Officials	12/31/2022
	CSC and Officials will award scholarship assistance consistently with the approved budget.	CSC & Officials	12/31/2022
	Chapter officials will verify the CSC used the check list to confirm all required documents are submitted by applicants, and will acknowledge this review with a signature and date on the check list. As well as verify the award amount is consistent with the approved budget prior to signing award checks.	Officials	12/31/2022

Counselor Chapter
Corrective Action Plan
Audit Report No. 21-17

Issue	Corrective Measures	Responsible Person	Completion Date
IX. Chapter personnel documents were not on file to support the hiring of employees.	AMS will create a checklist of required personnel records and use the checklist to confirm all required documents (including employment application, Personnel Action Form, and voter registrations for applicants or parent of applicants) are included in the personnel file.	AMS	12/31/2022
	The AMS will prepare all PAFs and the CSC will verify all required information is documented on the Personnel Action Form prior to approval.	AMS & CSC	12/31/2022
	CSC will review personnel files each month to verify the personnel checklist is complete, documents are on file, and the approve and date the checklist.	CSC	12/31/2022



Counselor Chapter House, *The Navajo Nation*

P.O. Box 93, Counselor, New Mexico 87018
Phone #: (575)568-4311 - Email: counselor@navajochapters.org

Exhibit D

Damien Augustine, Chapter President
Harry Domingo Sr, Vice President
Danny Augustine, Secretary/Treasurer
Daniel Augustine, Land Board Member

Daniel Tso, Council Delegate
Samuel Sage, Comm. Services Coordinator
Martha A. Aragon, Acct. Maint. Specialist

RECEIVED

DEC 21 2022

RESOLUTION OF COUNSELOR CHAPTER COUNSELOR, NEW MEXICO #COUN-2022-09-001

RESOLUTION OF COUNSELOR CHAPTER APPROVING AND SUPPORTING THE FINAL REVISION OF THE CORRECTIVE ACTION PLAN (CAP) FOR SPECIAL REVIEW AUDIT REPORT NO. 21-17

WHEREAS:

1. Per Resolution CAP-34-98, the Navajo Nation Council adopted Local Governance Act and through the adoption of this Act delegated to the Navajo Nation Chapters governmental authority with respect to all local issues/ matters consistent with Navajo law, customs and tradition; and
2. The Counselor Chapter has great needs to ensure the, as the Chapter Officials are the elected body of Counselor Chapter to promote, enact, and protect community concerns and needs.
3. The Navajo Nation Office of the Auditor General selected Counselor Chapter for a 12-Month audit beginning on July 1, 2019 to June 30, 2020; and
4. The Counselor Chapter Special Review Audit Report No. 21-17, referencing nine (9) findings that the Chapter has to comply to strengthen the internal control and daily operation within the Counselor Chapter Five Management System (FMS); and
5. Counselor Chapter submitted a final revision of the Corrective Action Plan (CAP) to the Navajo Nation Office of the Auditor General detailing how the Chapter will address the audit recommendations and implementation of the audit findings by the specified timelines; and

NOW THEREFORE BE IT RESOLVED THAT:

1. The Counselor Chapter voting membership supports, recognizes, and accepts The Counselor Chapter hereby approves and supports the final revision of the Correction Action Plan (CAP) for Special Review Audit Report No. 21-17

RESOLUTION #COUN-2022-09-001 CONTINUES ON PAGE 2



Counselor Chapter House, The Navajo Nation



P.O. Box 93, Counselor, New Mexico 87018



Phone #: (575)568-4311 - Email: counselor@navajochapters.org



Damien Augustine, Chapter President
Harry Domingo Sr, Vice President
Danny Augustine, Secretary/Treasurer
Daniel Augustine, Land Board Member

Daniel Tso, Council Delegate
Samuel Sage, Comm. Services Coordinator
Martha A. Aragon, Acct. Maint. Specialist

CERTIFICATION

WE, HEREBY CERTIFY THAT THE FOREGOING RESOLUTION was duly considered by the Counselor Chapter at a duly called meeting at Counselor, New Mexico, at which a quorum was present and that the same was:

Motioned by: Blanche Domingo

Seconded by: Rose Keetso

And Adopted by a Vote of 11 In Favor, 0 In Opposed, and 1 In Abstained
this 28th day of September, 2022.

Damien Augustine
Damien Augustine, Chapter President

Harry Domingo Sr
Harry Domingo Sr, Chapter Vice-President

Danny Augustine
Danny Augustine, Chapter Secretary/ Treasurer

Daniel Tso, Council Delegate

Daniel Augustine
Daniel Augustine, Land Board Member

BUDGET AND FINANCE COMMITTEE

July 12, 2023

Special Meeting

VOTE TALLY SHEET:

Legislation No. 0136-23: An Action Relating to the Resources and Development and Budget and Finance Committees; Accepting the Audit of the Counselor Chapter and Approving the Chapter's Proposed Corrective Action Plan

Sponsor: George Tolth, Council Delegate

Motion: Lomardo Aseret

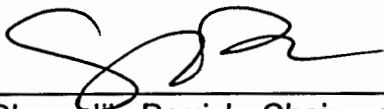
Second: Norman M. Begay

Vote: 4-0, Chairperson not voting

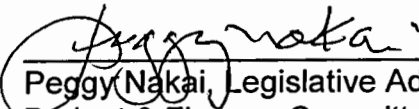
Final Vote Tally:

Lomardo Aseret	yea	
Norman M. Begay	yea	
Amber K. Crotty		
Seth A. Damon	yea	
Shaandiin Parrish		
Carl R. Slater	yea	

Absent: Amber K. Crotty



Shaandiin Parrish, Chairperson
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee