

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

23<sup>RD</sup> NAVAJO NATION COUNCIL - First Year, 2015

AN ACTION  
RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE;  
ACCEPTING THE AUDIT OF THE WIDE RUINS CHAPTER SUBMITTED BY THE OFFICE  
OF THE AUDITOR GENERAL AND APPROVING THE CORRECTIVE ACTION PLAN  
SUBMITTED BY THE WIDE RUINS CHAPTER

BE IT ENACTED:

Section One. Findings

- A. The Resources and Development Committee is a standing committee of the Navajo Nation Council with oversight authority over the chapters of the Navajo Nation. 2 NNC §§500(A); 500(C)(1); 501(B)(1).
- B. The Budget and Finance Committee is a standing committee of the Navajo Nation Council. 2 NNC §300(A). The Budget and Finance Committee is charged with receiving chapter audit reports from the Auditor General. 12 NNC § 6(A).
- C. The Auditor General executed an audit of Wide Ruins Chapter with findings and recommendations. (Attached as Exhibit "A").
- D. Wide Ruins Chapter responded and a Corrective Action Plan (Attached as Exhibit "B") was developed to the Auditor General's approval (Attached as Exhibit "C").


- E. The Auditor General submits an audit report of the Wide Ruins Chapter (Attached as Exhibit "A") and Wide Ruins Chapter's Corrective Action Plan (Attached as Exhibit "B") for approval.

## Section Two. Acceptance and Approval

- A. The Navajo Nation hereby accepts the Audit Report No. 15-18, March 2015 Audit of the Wide Ruins Chapter (Attached as Exhibit "A") and approves the Wide Ruins Chapter Corrective Action Plan (Attached as Exhibit "B").
- B. The Navajo Nation hereby directs that copies of the Wide Ruins Chapter Corrective Action Plan be provided to the Budget and Finance Committee and the Resources and Development Committee as part of their oversight responsibility for the Wide Ruins Chapter.
- C. The Navajo Nation hereby directs the Wide Ruins Chapter to submit a written status report on its progress in implementation of the Corrective Action Plan to the Office of the Auditor General six months after the approval of this resolution.
- D. The Navajo Nation hereby directs the Office of the Auditor General to review the written status report to be submitted by the Wide Ruins Chapter and report to the Resources and Development Committee and the Budget and Finance Committee.
- E. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review in twelve months after the approval of this resolution to verify all actions claimed to have been taken by the Wide Ruins Chapter; to issue a written follow-up report on Wide Ruins Chapter's progress in implementing its Corrective Action Plan; and to make recommendations to the Resources and Development Committee and the Budget and Finance Committee.

CERTIFICATION

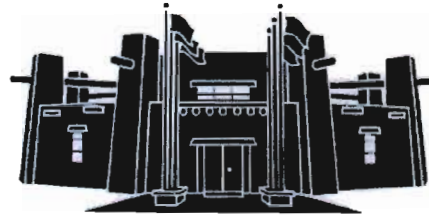
I hereby certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 4 in favor, 0 opposed, this 3<sup>rd</sup> day of November, 2015.



Seth Damon, Chairperson  
Budget and Finance Committee

Motion: Mel R. Begay

Second: Lee Jack, Sr.



## **OFFICE OF THE AUDITOR GENERAL**

**The Navajo Nation**

**A Special Review  
of the  
Wide Ruins Chapter**

**Report No. 15-18  
March 2015**

Performed by:  
Jeanine Jones, Auditor



March 26, 2015

Cecil Hubbell Sr., President  
**WIDE RUINS CHAPTER**  
P.O. Box 208  
Chambers, AZ 86502

Dear Mr. Hubbell,

The Office of the Auditor General herewith transmits Audit Report No. 15-18, a Special Review of the Wide Ruins Chapter. The audit was conducted with the following objectives:

- Determine whether housing recipients were eligible to receive assistance.
- Determine whether the Capital Outlay Fund was expended for community improvement and economic development projects.
- Determine whether the Chapter followed the bidding process in procuring goods and services.
- Determine whether Chapter disbursements had supporting documents.
- Determine whether the Chapter vehicle was used as intended.
- Determine whether segregation of duties was practiced over Chapter finances.

#### Review Results

Chapter officials and staff did not meet the needs of Chapter members. We found approximately \$33,788 of questionable expenditures occurring during the 15-month period beginning October 1, 2012 and ending December 31, 2013 in housing assistance, financial assistance and procurement of goods and services. Between 2006 and 2013, Capital Outlay Fund totaling \$68,783 intended for community improvement and economic development were used instead for staff bonuses, travel, office expenses and miscellaneous expenses.

Finding I: 7 out of 7 applicants for housing assistance lack supporting documentation to verify eligibility to receive assistance resulting in \$14,093 in questionable expenditures.

Finding II: Capital outlay funds totaling \$68,783 intended for community improvement and economic development were used instead for staff bonuses, travel, office expenses and miscellaneous expenses.

Finding III: Not all contractors are chosen using the required bidding process resulting in \$14,815 of questionable expenditures.

Finding IV: 12% (\$4,880) of operating expenditures reviewed were missing required supporting documentation.

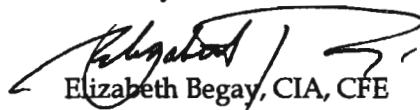
Ltr. to Cecil Hubbell Sr.  
Page 2

Finding V: The Chapter truck that cost \$36,000 is not being used to monitor Chapter projects.

Finding VI: The Community Services Coordinator has total control over Chapter operations and no one is checking her work.

The audit report provides recommendations to correct the reported deficiencies. If you have any questions, please contact our office at (928) 871-6303.

Sincerely,



Elizabeth Begay, CIA, CFE  
Auditor General

xc: Louise J. Nelson, Vice President  
Bernice A. Wilson, Secretary/Treasurer  
Dorothy Baldwin, Community Services Coordinator  
Raymond Smith Jr., Council Delegate  
**WIDE RUINS CHAPTER**  
Robert Begay, Department Manager II  
**ADMINISTRATIVE SERVICE CENTER/DCD**  
Chrono

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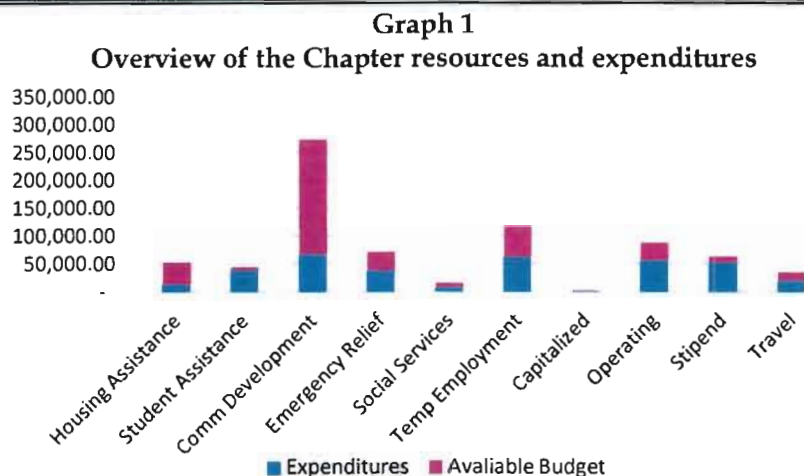
## INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a Special Review of the Wide Ruins Chapter for the 15-month period beginning October 1, 2012, and ending December 31, 2013. The audit provides an evaluation of Chapter operations and activities performed while providing services to Chapter members.

Wide Ruins 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 (LGA). In April 2010, the Navajo Nation Department of Justice developed a standard Five Management System Policies and Procedures Manual to be adopted by the Chapters. Wide Ruins Chapter Five Management System was adopted on July 14, 2010, with a resolution (WDR-07-012-10).

Chapter resources, which are intended to fund direct and indirect services at the local Chapter, are provided through appropriations from the Navajo Nation central government. Funding for the direct services are considered restricted funds with specific intended purposes. The Chapter also generates internal revenues from rentals, resale services and miscellaneous services. Any unexpended funds at the end of the fiscal year are carried over to the next fiscal year.

Graph 1 shows the \$750,658 of Chapter resources and the corresponding \$358,007 of expenditures for the 15-month audit period ending December 31, 2013.



Source: Auditor General Compilation of all appropriations and revenues

The Chapter budgeted \$567,896 (or 76%) for direct services and \$182,762 (or 24%) for indirect services. Direct services include: housing assistance, student assistance, community development, emergency relief, social services and short-term employment. Indirect services include: capitalized services, operating services, stipends and travel. Overall, only \$227,851 (including \$64,128 encumbrance) or 40% of the direct services was expended. This means that the Chapter did not expend 60% of Chapter funds budgeted for direct services.



## **Objectives, Scope and Methodology**

A Special Review of the Wide Ruins Chapter was conducted as requested by Chapter officials because of community concerns over Chapter finances and projects. The review was conducted pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, § 1 - 10.

### **Objectives:**

- Determine whether housing recipients were eligible to receive assistance.
- Determine whether the capital outlay fund was expended for community improvement and economic development projects.
- Determine whether the Chapter followed the bidding process in procuring goods and services.
- Determine whether Chapter disbursements had supporting documents.
- Determine whether the Chapter vehicle was used as intended.
- Determine whether segregation of duties was practiced over Chapter finances.

### **Audit Scope:**

- Chapter expenditures for direct and indirect services for the 15-month period beginning October 1, 2012, and ending December 31, 2013.
- Chapter expenditures for capital outlay beginning 2006 through December 31, 2013.

### **Methodology:**

To accomplish our audit objectives, we performed the following steps:

- Interviewed Chapter staff and officials, observed Chapter operations and examined available records.
- Tested samples of expenditures for internal controls and compliance requirements by using a non-statistical, judgmental method.
- Examined Chapter property and building materials inventory.
- Made onsite visits to selected capital improvement and housing assistance projects.

## **Government Auditing Standards**

We conducted this special review 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.

## REVIEW RESULTS

**Finding I: Housing assistance supporting documents were not obtained for evaluation and ranking, resulting in \$14,093 of questionable disbursements.**

**Criteria:** The Chapter Housing Discretionary Fund Policies and Procedures require a housing committee to evaluate and rank housing applications with supporting documentation to ensure assistance is awarded to eligible members and serves those with the greatest needs first.

**Condition:** A review of all seven housing assistance disbursements found that applications were not evaluated and ranked, and 5 of the 7 were insufficiently supported with documentation (application, voter registration, Certificate of Indian Blood, home site lease, proof of resident, proof of need and 3<sup>rd</sup> party assistance denial). Exceptions were found as follows:

Exception Type	Number of Exception
Insufficient Supporting Documentation	5 out of 7 (71%)
No Evaluation or Ranking	7 out of 7 (100%)

**Effect:** \$14,093 of housing assistance disbursed without required supporting documentation.

**Cause:** Chapter officials and staff said they did not have a housing committee in place to evaluate and rank applications.

**Recommendation(s):**

- 1) Chapter staff should ensure complete applications with supporting documentation are obtained and forwarded for evaluation and ranking.
- 2) Chapter officials and staff should establish a housing committee to review, evaluate and rank each applicant.
- 3) Only applicants who are eligible should be approved and assisted.

**Finding II: Capital outlay funds totaling \$68,783 were used for staff bonuses, travel, office expenses and miscellaneous expenses rather than for community improvement and economic development projects.**

**Criteria:** Between 2006 and 2013, the Navajo Nation appropriated capital outlay funds, totaling \$657,274, to the Chapter for community improvement and economic development projects.

**Condition:** Capital outlay funds were not expended for community improvement and economic development projects. Rather, the funds were expended on disallowable expenditures. Our compilation shows expenditures as follows:

Type	Amount	
	Allowable	Disallowable
Chapter Renovation	27,482	
Housing Assistance	8,807	
Equipment	9,450	
Bathroom Addition	30,806	
Powerline/Housewiring	<u>234,055</u>	
Staff Bonus		4,500
Travel		43,342
Office and Miscellaneous		<u>20,941</u>
<b>TOTAL:</b>	<b>\$310,600</b>	<b>\$68,783</b>

**Effect:** \$68,783 of capital outlay funds that could have been used for capital improvement projects was spent on administrative expenses.

**Cause:** Chapter officials and the Community Services Coordinator did not create and use a check-off list to ensure that only allowable expenditures were made.

**Recommendation(s):** 1) Chapter officials and staff should only expend capital outlay funds for allowable expenditures.  
2) Chapter officials and staff should create and use a check-off list for allowable capital outlay expenditures.

**Finding III: A contractor was paid \$14,815 without going through the bidding process.**

**Criteria:** Navajo Nation Procurement Policies and Procedures require the bidding process be followed to ensure the selection of the best-qualified contractors and vendors at competitive prices.

**Condition:** A heating/cooling contractor was selected without having gone through the bidding process and was paid \$14,815.

**Effect:** The Chapter may have paid a higher price for a heating/cooling contractor who may not have been the most qualified contractor.

**Cause:** Chapter officials and staff claimed they were responding to an emergency situation and bypassed the bidding process in order to respond quickly. The nature of the work was not documented and, therefore, the auditor was unable to verify that this contract was in response to an emergency.

**Recommendation(s):** Chapter officials and the Community Services Coordinator should follow the bidding process in procuring the service of contractors. The nature of all work should be documented.

**Finding IV: Expenditures, totaling \$4,880, were paid even though supporting documentation was missing.**

**Criteria:** The Navajo Nation Procurement Policies and Procedures require the Chapter to ensure all disbursements have supporting documentation to justify the use of resources.

**Condition:** 22 out of 179 operating expenditures reviewed (12.3%) were missing supporting documentation (quotations, receiving reports, invoices/receipts and approvals) to justify the use of Chapter funds as follows:

Exception Type	Number of Exception
Missing Quotation	8 out of 12 (67%)
Missing Receiving Report	4 out of 19 (21%)
Missing Invoice/Receipt	4 out of 22 (18%)
Missing Approval	8 out 22 (36%)

**Effect:** The Chapter cannot justify \$4,880 of expenditures. There are risks that the Chapter paid higher prices and did not receive the goods and services procured.

**Cause:** Chapter officials and the Community Services Coordinator did not properly review the voucher packets to verify all required documentation was attached prior to co-signing checks.

**Recommendation(s):** 1) Chapter officials should ensure voucher packets have supporting documents.  
2) Chapter officials and the Community Services Coordinator should ensure all required supporting documentation is attached before signing checks.

**Finding V: The Chapter truck was kept idle instead of being used to monitor Chapter projects**

**Criteria:** The Chapter truck costing \$36,000 was purchased in 2006 to be used to conduct Chapter business including monitoring of Chapter projects.

**Condition:** The Chapter truck was not being used to conduct Chapter business. At the end of our audit scope, the truck had a mileage of 32,342. This translates to the truck being driven for approximately 5,000 miles per year, which is a fraction of the Chapter land base of approximately 149,172 acres.

**Effect:** Chapter officials and staff were using their own personal vehicle instead of utilizing the Chapter truck.

**Cause:** Chapter officials and staff were prevented from using the Chapter truck because the Chapter has not created a plan of operation for the vehicle.

- Recommendation(s):
- 1) Chapter officials and staff should develop a plan of operation for the vehicle.
  - 2) Chapter officials and staff should ensure the Chapter truck is used as intended to conduct Chapter business.

**Finding VI: The Community Services Coordinator has total control over Chapter operations.**

**Criteria:** To reduce the risk of erroneous and inappropriate actions, no one person is allowed to initiate, approve, record, issue, reconcile and review Chapter finances.

**Condition:** The Community Services Coordinator was solely responsible for initiating, approving, posting, issuing, reconciling and reviewing Chapter finances without involvement of Chapter officials or the Account Maintenance Specialist who was hired since January 2012. The lack of segregation of duties was noted as follows:

- Chapter officials and the Account Maintenance Specialist do not have access to Chapter documents when the Community Services Coordinator is out of the office.
- The Community Services Coordinator was the only person to reconcile bank accounts and investments.
- The Community Services Coordinator prepared and approved state unemployment, IRS and Workers' Compensation forms.
- The Chapter accounting system log-in report showed that the Community Services Coordinator posted and processed 81% of the transactions.
- Fund Approval Forms show that the Community Services Coordinator was the only person who approved Chapter procurements and financial assistance.
- The Secretary/Treasurer either pre-signed a blank fund approval form or did not sign it at all, thereby leaving the Community Services Coordinator in total control of the approval process.
- An investment account of \$10,000 was opened in 2010, but was not recorded in the accounting system until September 2014.

**Effect:** There are risks that unauthorized purchases, disallowed financial assistance, data entry errors and/or other omissions in the accounting system will not be detected and corrected in a timely manner.

**Cause:** Chapter officials allowed the Community Services Coordinator to solely initiate, approve, record, issue, reconcile and review Chapter finances.

**Recommendation:** Assign Chapter officials and the Account Maintenance Specialist some of the Community Services Coordinator's duties so that no one individual is responsible over Chapter finances in accordance with Title 26.

## **CONCLUSION**

Chapter officials and staff did not meet the needs of Chapter members. We found approximately \$33,788 of questionable expenditures occurring during the 15-month period beginning October 1, 2012 and ending December 31, 2013 in housing assistance, financial assistance and procurement of goods and services. Between 2006 and 2013, Capital Outlay Fund totaling \$68,783 intended for community improvement and economic development were used instead for staff bonuses, travel, office expenses and miscellaneous expenses.



## **CLIENT RESPONSE**

# Wide Ruins Community Chapter

Cecil Hubbell, Sr., President

Louise J. Nelson, Vice-President

Bernice Wilson, Secretary/Treasurer

Dorothy Baldwin, Community Services Coordinator

Post Office Box 208

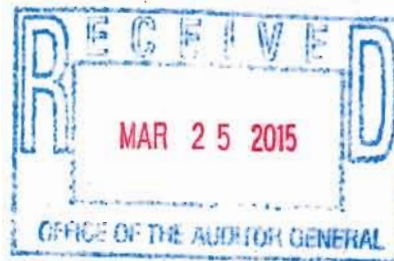
Chambers, Arizona 86502

Phone: 928-652-3223

Fax: 928-652-3253

March 24, 2015

Elizabeth Begay, Auditor General  
Office of the Auditor General  
P.O. Box 708  
Window Rock, Arizona 86515



Dear Mrs. Begay;

Please accept this as an official response to the audit conducted by your office for the 15-month period beginning October 1, 2012 and ending December 31, 2013. The Wide Ruins Chapter is fully aware, that the audit period is actually from August 7, 2006 to December 31, 2013.

Upon my meeting with Mr. Cecil Hubbell, our Chapter President, I was advised to respond with some disagreements over the findings, which needed an in-depth discussion, verification of each finding and proposed corrective actions. Mr. Hubbell and I believe, the Auditor General is in a position to provide training and technical assistance to ensure responsibility to account for all public funds, as it relates to the local chapter operation.

Our position and response to the Special Review for Wide Ruins Chapter are as following:

**FINDING I:** In view of the cancelled Chapter Checks the recipients of the Housing Assistance were evaluated and ranked by the Housing Committee, as required by its Policies. The clients were given the responsibility to obtained three (3) quotes and submit a material listing, with the assistance of the Public Employment Project Supervisor. These documents are verified and filed in care of Ms. Bernice Wilson, Housing Committee Member/Chapter Secretary. This task is fully entrusted with the Wide Ruins Housing Committee, with required budget approval form and acknowledgement of serving the neediest clients. Therefore, the budget of \$14,093.00 of the Supplemental General Funds were utilized towards the Veterans housing assistance and is justified and is accounted for, as exhibit A.

In line of the Local Governance Act, the Wide Ruins Chapter has taken on the initiative to approve a housing assistance for a burnt- out case, on an extreme emergency. For this particular case, the chapter membership approved \$14,272.00 for a client, who became homeless and was displaced with his family. This course of action was concurred by the Housing Committee and the administrative staff was directed to follow through on the request. The majority of funds came from Housing Discretionary Funds and Navajo Sales Tax Fund.

**FINDING II:** The Wide Ruins Chapter has gone beyond to obtain all documents pertaining to Navajo Nation Check No. 69812, dated August 18, 2006 for the amount of \$100,000. As you may recall, this particular allocation was vetoed by Dr. Joe Shirley, Navajo Nation President on July 31, 2006 and was override by the Navajo Nation Council by Resolution No CAU-30-06 on August 7, 2006. As you review the documents, there were no changes in language, which covers and not limited to Chapter Interalia, Chapter Development Projects, Economic Development Projects, Investments, ET Cetera. To our knowledge, these funds were drawn from the Navajo Nation Unreserved, Undesignated Funds and the chapter was advised to formulate a budget reflecting the allocation of \$100,000. The Wide Ruins Chapter's Request for Direct Payment was processed and approved by the Office of Controller/Office of Management and Budget. These funds were identified as Navajo Nation Supplemental General Funds and charged to Account No. 108084-8716. In

formulating the said budget, funds were identified for line item accounts covering: Travel, Furniture, Gooseneck Trailer, Garage/Carport, Fuel/insurance, Chapter Roof and Miscellaneous (Merit Bonus/Staff Incentives), Veterans Assistance Expenses. Again, the budget submitted was approved by the Chapter Membership at a duly called meeting on October 06, 2006, approved by the Local Governance Support Center and the Office of Controller. These funds are Supplemental General Funds and not entirely Capital Improvement Funds or Capital Outlay.

In viewing the cancelled checks and budget printouts of the \$100,000.00. Supplemental General Funds Allocation of August 7, 2006; The Chapter's Expenditures are as such: (Please Note: These funds were expended for the time period of August, 2006 to December 31, 2013.) See Exhibit B - Supplemental General Funds Budget.

1. Account 6202- Travel Expenses - \$38,325.47

Travel Expense for Chapter Officials and Administrative Staff for required Chapter Officials Orientation and meetings, Staff Training and Technical Assistance, Conferences, Projects Review/Follow Up meetings and trainings called by the Navajo Nation Government.

2. Account 6724- Financial Housing Assistance- \$10,463.22

Financial Housing Assistance for eligible Veterans, based on criteria involving evaluation, ranking or declared most needy. Other emergencies are dealt with on individualized and urgent basis. The confidentiality of all cases are safeguarded and maintained at all times.

3. Account 6803- Office Furniture/ Equipments- \$5,928.49

The Office Furniture and Equipments are repaired or replaced from time to time, based on wear and tear, damaged or destroyed of property, due to break-ins and vandalism.

4. Account 6805- Vehicle Usage/ Repairs and Maintenance- \$18,945.42

The Chapter has purchased a One (1) Ton Dully Truck, with a Tandem Dully Goose-Neck Trailer to haul building materials in bulk orders, hay, project monitoring and to address any emergencies, as it arises. The chapter is aware the truck averages 10 miles to a gallon, therefore discourages long distance travel. The local economy maybe at its lowest point, where the cost of gasoline, vehicle maintenance and repairs are tremendous and costly.

5. Account 6806- Building Renovation/Repairs- \$20,122.12

The Wide Ruins Chapter House was dilapidating and determined to be in dire need of major repairs and construction to its entire roofing. The complex includes Head Start, Administrative Offices and the main meeting room. The repair work was essential to ensure the personal safety and wellbeing of its community members, as well as others who utilizes the facilities.

6. Account 6999- Miscellaneous Expense- \$4,500.00

The Office has its share of unforeseen factors, which may require expenditures of the miscellaneous account for its personnel needs and functions. This includes merit bonus and staff incentives. The justification lies with the immediate supervisor and is kept confidential.

The above accounts has a running total of expended funds in the amount of \$99,491.22, out of \$100,000.00 Supplemental General Funds Allocation. Out of the remaining balance of \$508.08, the chapter utilized this for line item account set aside for vehicle gasoline. With these expenditures, the Wide Ruins Chapter is

having a hard time distinguishing the misappropriated funds in the amount of \$68,782.22, as described and identified by the serving auditor.

As indicated before, Wide Ruins Chapter has a lot of potential and does not deserve to be degraded, belittled or accused of any wrongdoings, based on false accusations, hearsay, and the negativities, that are generated by individuals, who have personal grudge or deep resentments. I am very proud of our community accomplishments and I had served as an integral part in bringing in millions of dollars over the years, that I served as a Community Service Coordinator. The realization of the Capital Improvement Projects speaks for itself, with overall beneficiaries going directly to our community membership.

**FINDING III;** It is to the best of our knowledge, the Navajo Nation Procurement Policies and Navajo Business Regulatory Listing of Private Contractors were utilized to contact various contractors, who qualified under the Navajo Preference Law for Navajo Owned Businesses. At the time, we have found the contractors to be reluctant and not ready to meet our demands on an emergency basis. The Chapter was lacking adequate heating and cooling system, which needed immediate attention, due to the adverse weather condition. Through consultation, the chapter found it's permissible and allowable to obtain a sole source on emergency basis, especially if it involves personal safety and well-being of both the community members and staff. If it was not for this action, the Chapter would have been closed for a great length of time, due to safety issues and reasons. With this brief explanation, the \$14,815.00 is well justified and accounted for.

**FINDING IV;** The Wide Ruins Chapter finds the Local Governance Act provides leeway's for established vendors, who have provided quality products and services, on a continuum basis. The Chapter has purchased office equipments, such as Xerox machine, fax machine and MIP Computers, with specific software for its overall accounting. It is only proper to maintain the working relationship with the same vendors for their professional services for the upkeep and maintenance of their products. As for the MIP Computers and Software, the chapter was directed by the Navajo Nation to invest in this accounting system, For these reasons, the chapter will maintain its working relationship with the following vendors on a continuum basis; Holland's Office Supplies, Gallup, New Mexico and ITG New Mexico - MIP Computers/ Software, Albuquerque, New Mexico. The Chapter often experiences equipment breakdowns, power outage and computer freeze-up. During this time, the chapter is forced to call on the above mentioned vendors for their assistance and surely justifies the \$4,880.00 in questioned.

**FINDING V;** For everyone's information, the chapter vehicle is available for the Chapter Officials and Staff, with stipulations that they are properly licensed, maintain the vehicle assignments, usage and recording of mileage. It is common knowledge, the vehicle is for official business only and all drivers have to be registered with the insurance carrier for all liabilities and coverage. The administrative staff are constantly being criticized on the usage of the vehicle, depending on who it is or the situation at hand. One would say; "I thought the vehicle was bought to haul or to pull the goose neck for delivery of building materials, hay or used only during emergencies." Others would say; "Why are you driving the vehicle, you are putting on excessive mileage, besides the gas price are outrageous." For these reasons, we leave it up to our Chapter President to authorize all travels. I can attest to the fact the Chapter had a bargain in purchasing the Chevrolet One (1) Ton Truck at a price of \$36,000. With the low mileage, it only proves the chapter maintained good management and addressed the vehicle maintenance schedule, accordingly. The vehicle serves its purpose and is a valuable asset to our community, as a whole.

I find the statement made by the auditor to be punitive, in reference to the usage of the chapter vehicle. It is not her position to impose on the Chapter's Vehicle Usage Policies., We realize it is in a draft form, but the chapter is encouraged to practice the intent of the Local Governance Act.

**FINDING VI:** The Wide Ruins Chapter finds it troublesome to say the Community Services Coordinator has "total control" over Chapter operations and no one is checking her work. This is one's opinion, based on information received on hearsay and the limited amount of paperwork reviewed for verification. I feel offended, since in all the trainings and orientations I attended, we were told we were the gatekeepers and are required to double check all financial transactions involving all line item accounts. It is not true, that no one



checks my work, since the Account Maintenance Specialist, the Chapter Secretary and I are all directly involved in cross checking all expenditures and review the monthly expenditure reports, before it goes to the Chapter Membership each month. This area of concern needs further clarification on the part of the Auditor, since I am not fully responsible for one's lack of knowledge and neglect of duty, but to take appropriate actions which may involve additional training or consultations. It is true the Account Maintenance Specialist is responsible to initiate the Fund Approval Forms, have full access of all file cabinets, logging in all expenditures reports and not to let the Chapter Secretary pre-signed any blank fund approval forms.

As indicated before, all of our fiscal management files are in the main office, but the Personnel Records, Chapter Checks or other cancelled checks are under locking key in my office for security reasons. We had several break-ins in the past, where they had severely damaged our filing cabinets. It is not true, that I am the only one that has the keys to the main file cabinets and it should have been made available by the Account Maintenance Specialist, at the time of the review.

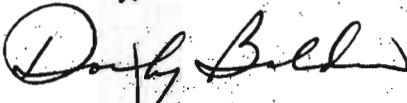
Again, let me reiterate, the documents review for this audit ties in with the financial records dating back to August 7, 2006, since it is mostly surrounding the allocation of Supplemental General Funds as approved by the Navajo Nation Council on August 7, 2006. During such time, I had no choice but to take up dual roles as Community Services Coordinator and Account Maintenance Specialist, which was sometimes overwhelming, considering all added responsibilities. With a closer review, our Account Maintenance Specialist was not familiar with actions taken in addressing the overall budget for the \$100,000 allocation back in August, 2006, since she did not transfer to her new position at our chapter, until January, 2012.

In addition, the Investment Account of \$10,000 was opened in 2010 and was in our MIP Accounting System, until such time, when we had to call on Bill Jemenez, IGT New Mexico, Albuquerque, New Mexico to properly retrieve it and to establish a special account for it. This can be verified by his office and is considered an honest mistake on the budget entries. The necessary paperwork surrounding the close out of this account was given to the Auditor for verification and clearance. The funds were transferred to the Planning Grant Fund and was approved by the chapter membership.

We trust your office will attach this official response to the Special Review of the Wide Ruins Chapter, as it relates to the audit covering the period of August 7, 2006 to December 31, 2013. We believe, the overall response, only verifies beneficiaries going directly to our community membership, with direct services that are essential to the chapter's operation. The cookie cutter approach to assume, that all Navajo Communities are alike needs to be lifted or abolished. The chapter tailors their budgets to meet their own Community Needs Assessments. The community are all unique and different. The Wide Ruins chapter is looking forward to a favorable review and is receptive in devising the required Corrective Action Plans.

Your acceptance of this response will be greatly appreciated. Thank you

Sincerely,



Dorothy Baldwin  
Community Services Coordinator  
Wide Ruins Chapter

cc: Mr. Cecil Hubbell, Sr., Chapter President  
Mr. Carl Smith, Executive Director, Division of Community Development  
Mr. Raymond Smith, Jr., Council Delegate, Wide Ruins Chapter  
File

ATTACHMENTS: Exhibits

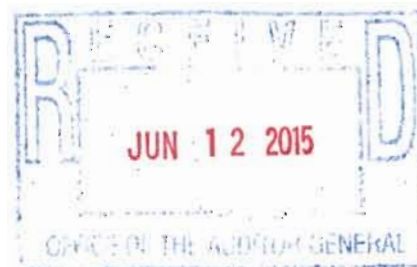
## Wide Ruins Community Chapter

Cecil Hubbell, Sr., President  
Louise Nelson, Vice-President  
Bernice Wilson, Secretary/Treasurer  
Dorothy Baldwin, Community Services Coordinator

Post Office Box 208  
Chambers, Arizona 86502  
Phone: 928-652-3223  
Fax: 928-652-3253

June 11, 2015

Elizabeth Begay, Auditor General  
Office of the Auditor General  
P.O. Box 708  
Window Rock, Arizona 86515



Dear Mrs. Begay,

We have addressed Finding VI and revised the Corrective Action Plan according to your recommendation, based on the letter dated June 3, 2015. We hope this will address all areas of the findings reported in the special audit report number 15-18.

If you should have any questions, please feel free to contact the Wide Ruins Chapter at 928-652-3223.

Sincerely,

*Bernice Wilson*  
Bernice Wilson, Secretary/Treasurer  
Wide Ruins Chapter

cc: Cecil Hubbell, Sr., President, Wide Ruins Chapter  
Louise J. Nelson, Vice-President, Wide Ruins Chapter  
Raymond Smith, Jr., Council Delegate, Wide Ruins Chapter  
File



WIDE RUINS CHAPTER  
CORRECTIVE ACTION PLAN  
AUDIT REPORT NUMBER 15-18

Finding I - Housing assistance supporting documents were not obtained for evaluation and ranking, resulting in \$14,093 of questionable disbursements.			
FINDING	CORRECTIVE ACTION	RESPONSIBLE PARTIES	TIME LINE
A. Determine whether housing recipients were eligible to receive assistance.			
1. 7 out of 7 applicants for housing assistance lack supporting documentation to verify eligibility to receive assistance resulting in \$14,093 in questionable expenditures.	1. Have the chapter staff and chapter officials review and amend, if necessary, the chapter's Housing Discretionary Policy and Procedures. If any amendments made, the chapter membership will need to adopt the revision of the policy at a duly called regular chapter meeting.	Accounts Maintenance Specialist Community Services Coordinator Chapter Officials	May 15, 2015
	2. Up-date the housing assistance application.	Chapter Staff Chapter Officials	May 15, 2015
	3. Up-date the housing ranking sheet, so that the committee members and the chapter staff and officials will use it to select the clients, based on needs.	Chapter Staff Chapter Officials	May 15, 2015
	4. Orientate the Housing Committee Members on the Policy and Procedures.	Community Services Coordinator	May 20, 2015
	5. The Accounts Maintenance Specialist will assist the Housing Committee in advertising and collection of all housing applications for review, evaluation and ranking. The Housing Committee will have the final ranking and approval of the eligible assistance, based on the Housing Policies and Procedures.	Accounts Maintenance Specialist Housing Committee	July 17, 2015
	6. The Chapter will continue to have the Housing Committee carry out their assigned responsibilities as outlined in their Policy and Procedures. The Housing Committee will elect its membership according to their Committee By-Laws. The committee will remain active on a continuum basis.	Housing Committee	May 13, 2015
	7. Conduct periodic monitoring of the recipients folder for compliance.	Chapter Officials	May 13, 2015

WIDE RUINS CHAPTER  
CORRECTIVE ACTION PLAN  
AUDIT REPORT NUMBER 15-18

Finding II - Capital outlay funds totaling \$68,783 were used for staff bonuses, travel, office expenses and miscellaneous expense rather than for community improvements and economic development projects.			
FINDING	CORRECTIVE ACTION	RESPONSIBLE PARTIES	TIME LINE
A. Determine whether the Capital Outlay Fund was expended for community improvement and economic development projects.			
1. Capital outlay funds totaling \$68,783 intended for community improvement and economic development were used instead for staff bonuses, travel, office expenses and miscellaneous expenses.	1. All chapter projects will have a separate file with a project budget that is approved at a duly called regular chapter meeting. Each project will have it's own time line, budget, expenditures and identified clients.	Accounts Maintenance Specialist Community Services Coordinator	April 20, 2015
	2. The Wide Ruins Chapter will comply with the Navajo Nation Council's resolutions with its allocations and stipulations. When Capital Outlay and Community Improvement Funds are specified with restrictions, funds will be expended for allowable expenditures, with check off list to ensure the approval of the chapter membership.	Accounts Maintenance Specialist Community Services Coordinator Chapter Officials	May 13, 2015
	3. If discretionary are made by the Navajo Nation Council in its allocation, the chapter is in a position to insert its priorities based on its Community Needs Assessments.	Chapter Officials	May 13, 2015
	4. All Capital Improvement Funds will not have any line item for chapter operational expenses.	Chapter Staff Chapter Officials	April 20, 2015
	5. Periodic and monitoring of the projects and recordkeeping will provide accurate project status.	Chapter Officials	April 20, 2015
Finding III - A contractor was paid \$14,815 without going through the bidding process.			
FINDING	CORRECTIVE ACTION	RESPONSIBLE PARTIES	TIME LINE
A. Determine whether the Chapter followed the bidding process in procuring goods and services.			
1. Not all contractors are chosen using the required bidding process resulting in \$14,815 of questionable expenditures.	1. The chapter will follow the Navajo Nation Procurement Policy in the bidding process for procuring the services of contractors and document their nature of work.	Accounts Maintenance Specialist Community Services Coordinator	On-Going
	2. Periodic and monitoring of the projects and recordkeeping will provide accurate project status.	Chapter Officials	April 20, 2015

WIDE RUINS CHAPTER  
CORRECTIVE ACTION PLAN  
AUDIT REPORT NUMBER 15-18

Finding IV - Expenditures, totaling \$4,880 were paid even though supporting documents was missing.			
A. Determine whether the Chapter disbursements had supporting documents.			
1	12% (\$4,880) of operating expenditures reviewed were missing required supporting documentation.	1. The Chapter Staff will make sure all documents and receiving reports are attached and signed.	Accounts Maintenance Specialist Community Services Coordinator April 20, 2015
		2. Periodic and monitoring of the recordkeeping will provide accurate expenditures report.	Chapter Officials April 20, 2015
Finding V - The chapter truck that cost \$36,000 is not being used to monitor chapter projects.			
A. Determine whether the Chapter vehicle was used as intended.			
1	The chapter truck costing \$36,000 was purchased in 2006 to be used to conduct chapter business including monitoring of chapter projects.	1. The Chapter Officials and Chapter Staff will develop and implement a Chapter Vehicle Usage Policy.	Accounts Maintenance Specialist Community Services Coordinator Chapter Officials May 29, 2015
		2. The Chapter Officials will monitor and make sure the chapter vehicle is being used for the intended chapter businesses.	Chapter Officials April 20, 2015
Finding VI - The Community Services Coordinator has total control over Chapter operations.			
A. Determine whether segregation of duties was practiced over chapter finances.			
1	To reduce the risk of erroneous and inappropriate actions, on one person is allowed to initiate, approve, record, issue, reconcile and review chapter finances.	1. The Chapter's Accounts Maintenance Specialist will be preparing state unemployment, IRS and Workers' Compensation forms and will be approved by the Community Services Coordinator.	Accounts Maintenance Specialist Community Services Coordinator April 20, 2015
		2. The Chapter Accounts Maintenance Specialist will be doing all the Fund Approval Forms and getting signatures from the Chapter Secretary/Treasurer and Community Services Coordinator.	Accounts Maintenance Specialist Community Services Coordinator Secretary/Treasurer April 20, 2015
		3. All cash disbursements will be handled by the Chapter Accounts Maintenance Specialist, according to the Fund Approval Form	Accounts Maintenance Specialist April 20, 2015

WIDE RUINS CHAPTER  
CORRECTIVE ACTION PLAN  
AUDIT REPORT NUMBER 15-18

	4. Bank reconciliation will be prepared by the Accounts Maintenance Specialist and will be reviewed and approved by the Community Services Coordinator and Secretary/Treasurer.	Accounts Maintenance Specialist Community Services Coordinator Secretary/Treasurer	June 10, 2015
	5. Accounts Maintenance Specialist will post transactions in the accounting system and Community Services Coordinator will verify accuracy of the transactions posted.	Accounts Maintenance Specialist Community Services Coordinator Secretary/Treasurer	June 10, 2015
	6. The Chapter Administration and Chapter Officials will carry out their required responsibilities as stated in the Title 26 and will be delegated at certain time to carry-out their "Delegation of Authority". EXAMPLE: In absence of the Community Services Coordinator, the Accounts Maintenance Specialist will be delegated the full duties and responsibilities of the C.S.C. with the approval of the Chapter President, serving as the Immediate Supervisor of the C.S.C. Vice Versa; If the Accounts Maintenance Specialist is absent the Community Services Coordinator will have the A.M.S. assigned duties and responsibilities. In case of any vacancies, then the staff remaining will have the dual roles and responsibilities of carrying out the daily operation of the administration. The Chapter President is the Immediate Supervisor of the Community Services Coordinator. He can only assign his delegation as needed. The Chapter Officials working with the chapter membership can not micro-manage the chapter operation. They are policy and decision makers, where the administration carries out the policies and the decisions.	Accounts Maintenance Specialist Community Services Coordinator Chapter Officials	May 13, 2015
	7. The Chapter Officials will periodically monitor the chapter's financial records.	Chapter Officials	April 20, 2015

## Wide Ruins Community Chapter

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WDR-10-037-15

### RESOLUTION OF THE WIDE RUINS COMMUNITY CHAPTER

THE WIDE RUINS COMMUNITY CHAPTER APPROVES AND ADOPTS THE CORRECTIVE ACTION PLAN, THE OFFICIAL RESPONSE OF THE WIDE RUINS CHAPTER FOR THE AUDIT COVERING THE PERIOD OF FY-2006 TO FY-2013.

#### **WHEREAS:**

1. The Navajo Nation Council by resolution CAP-34-98, approved the Navajo Local Governance Act and codified it under Title 26 of the Navajo Nation Code; which allows all chapters to make decisions over local matters; this authority will improve community decision making; allow communities to excel and flourish, enabling Navajo Nation leaders to lead towards a prosperous future of its community; and improve the strength and sovereignty of the Navajo Nation; and
2. The Wide Ruins Chapter kindly request the Budget and Finance Committee to fully endorse and approve the Corrective Action Plan, The Chapter's official response to its audit covering the period from FY-2006 to FY-2013 and the budgetary summary of the audit covering the Navajo Nation Supplemental General Fund for FY-2006 allocation for the amount of \$100,000.00; and
3. The Wide Ruins Chapter has fully accounted for all funds for the period of the audit and has cooperated with the Auditor General's Office in providing all required documents; and
4. The Wide Ruins Chapter has challenged all areas of the citations and trust the Budget and Finance Committee to review all documents entered as Exhibit A, B and C of the chapter official responses for reference and records; and
5. The Wide Ruins Chapter looks forward to a positive review and action by the Budget and Finance Committee in accepting all terms taken by the Wide Ruins Chapter in providing direct services and overall beneficiary going to its local constituents.

RESOLUTION OF THE WIDE RUINS COMMUNITY CHAPTER

WDR-10-037-15

Page 2

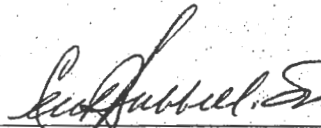
**NOW, THEREFORE BE IT RESOLVED THAT:**

1. The Budget and Finance Committee endorse and approve the Corrective Action Plan, Official Response of the Wide Ruins Chapter for its Audit covering the period of FY-2016 to FY-2013 and the budgetary summary of the Navajo Nation Supplemental General Fund for FY-2006 in the amount of \$100,000.00.

**CERTIFICATION**

I, hereby certify that the foregoing resolution was considered by the Wide Ruins Community Chapter at a duly called meeting at Wide Ruins, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 26 in favor, 01 opposed and 02 abstained, this 14<sup>th</sup> day of October 2015.

MOTIONED BY: Dominic Kee, Jr.  
SECONDED BY: Bernadine Joe

  
\_\_\_\_\_  
Mr. Cecil Hubbell, Sr., President