

LEGISLATIVE SUMMARY SHEET

Tracking No. **0053-21**

DATE: March 24, 2021

TITLE OF RESOLUTION: AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE BUDGET AND FINANCE COMMITTEE; ACCEPTING THE SPECIAL REVIEW OF ROUND ROCK CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL; APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY ROUND ROCK CHAPTER


PURPOSE: The purpose of this resolution is to accept the Special Review of Round Rock Chapter and approve its corrective action plan.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

5-DAY BILL HOLD PERIOD: Verdhorst
Website Posting Time/Date: 03-25-21 3:11 pm
Posting End Date: 03-30-2021
Eligible for Action: 03-31-2021

Resources & Development Committee
Thence
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION
24th NAVAJO NATION COUNCIL – Third Year, 2021
INTRODUCED BY


(Sponsor)

TRACKING NO. 0053-21

AN ACTION
RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE
BUDGET AND FINANCE COMMITTEE; ACCEPTING THE SPECIAL REVIEW OF
ROUND ROCK CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR
GENERAL; APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY
ROUND ROCK CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

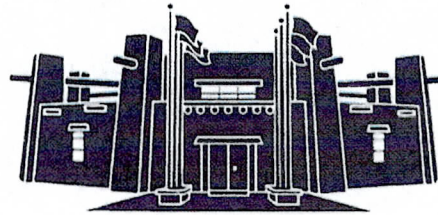
- A. The Resources and Development Committee (“RDC”) serves as the oversight committee of Navajo Nation chapters. 2 N.N.C. §501(C)(1).
- B. As the oversight committee of chapters, RDC is to receive audit reports and corrective action plans. 12 N.N.C. §7 (E).
- C. The Budget and Finance Committee (“BFC”) is charged with receiving and approving audit reports from the Auditor General. 12 N.N.C. §§ 6(A) and 7(D).

1 **SECTION TWO. FINDINGS**

- 2 A. The Auditor General submitted an audit report for the Special Review of Round Rock
3 Chapter, in accordance with 12 N.N.C § 7(D). The audit report, "A Special Review of
4 Round Rock Chapter," No. 19-32, dated September 30, 2019, is attached as **Exhibit A**.
5 B. The audit report noted five findings from the special review. Additional details of the
6 findings and recommendations from the special review are included in **Exhibit A**.
7 C. Round Rock Chapter provided a corrective action plan ("CAP"), attached as **Exhibit B**,
8 which includes Chapter Resolution ROUN2102-06, approving Round Rock's CAP.
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11 **SECTION THREE. ACCEPTANCE AND APPROVAL**

- 12 A. The Navajo Nation hereby approves, "A Special Review of Round Rock Chapter", No.
13 19-32, dated September 30, 2019, which is attached as **Exhibit A**.
14 B. The Navajo Nation approves the CAP submitted by of Round Rock Chapter, attached
15 as **Exhibit B**.
16 C. The Navajo Nation directs that copies of the CAP be provided to RDC as part of its
17 oversight responsibility for the Navajo Nation chapters. The Navajo Nation directs that
18 Round Rock Chapter submit a written status report on its progress in implementing the
19 corrective action plan to the Office of the Auditor General six months after the approval
20 of this resolution.
21 D. The Navajo Nation directs the Office of the Auditor General to review the written status
22 report submitted by Round Rock Chapter and to report the results to RDC and BFC.
23 E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up
24 review twelve months after the approval of this resolution to verify the actions claimed
25 to have been taken by Round Rock Chapter, to issue a written follow-up report
26 indicating the Chapter's progress in implementing the CAP, and to make
27 recommendations to RDC and BFC.
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OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Special Review of Round Rock Chapter

**Report No. 19-32
September 2019**

Performed by:
Jasmine Jishie, Associate Auditor
DeWayne Crank, Associate Auditor
Karen Briscoe, Principal Auditor



September 30, 2019

Kellywood Harvey, President
ROUND ROCK CHAPTER
P.O. Box 10
Round Rock, AZ 86547

Dear Mr. Harvey:


The Office of the Auditor General herewith transmits Audit Report No. 19-32, A Special Review of the Round Rock Chapter. The main audit objective was to determine whether internal controls are functioning as designed to ensure the Chapter spent funds in accordance with Navajo Nation and Chapter policies and procedures. During the audit period of July 1, 2018 to June 30, 2019, \$311,076 of chapter funds were disbursed. Our review revealed control deficiencies and as a result, the Round Rock Chapter cannot provide reasonable assurance it complies with policies and procedures. The following issues were identified:

- Finding I: Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter.
- Finding II: Professional services totaling \$60,427 were not procured competitively nor secured with a properly executed contract.
- Finding III: Sensitive files were not routinely backed up.
- Finding IV: Unauthorized check signers were on the bank signature authorization form.
- Finding V: Travel requests were not approved and expenditures were not supported with documentation.
- Finding VI: Eligibility for housing assistance and completion of projects were not verified by the Chapter.
- Finding VII: Accounts Maintenance Specialist had complete control over the accounting system with no controls.

Detailed explanations on 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 contact our office at (928) 871-6303.

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

Attachment

xc: Paul Jim, Vice President
Ramona Rogers, Secretary/Treasurer
Gayla James, Community Services Coordinator
Carl Slater, Council Delegate-Elect
ROUND ROCK CHAPTER
Sonlatsa Jim-Martin, Acting Department Manager II
Edgerton Gene, Senior Program & Project Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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REVIEW RESULTS

Finding I: Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter.

Criteria: Property Management Policies and Procedures, Section IV.A, states the Chapter staff and Chapter Officials shall be charged with the responsibility to ensure the safekeeping of all Chapter property. In the event of loss, the Chapter staff and officials shall be prepared to show that precautionary actions were taken to guard against loss, damage and theft.

Condition: The Chapter did not establish and implement controls to safeguard the rental of heavy equipment (tractor and backhoe) to community members. The Chapter developed policies and procedures for the rental of heavy equipment, but never adopted the policy. Instead the Accounts Maintenance Specialist had sole authority over heavy equipment rental activities and as a result, she:

1. Allowed some renters to borrow equipment without an agreement to hold the renter responsible for the proper use, safekeeping, and any potential damages.
2. Allowed community members to rent heavy equipment without requiring the renter to obtain general liability insurance to cover any unforeseen damages by the user.
3. Did not verify that the renter had knowledge of how to operate the heavy equipment (i.e. license or certificate).

The lack of controls led to expensive repairs costing the Chapter \$4,150 when the backhoe broke down while in use by a renter. Thereafter, the backhoe was rented to another community member and it broke down again but has not been repaired due to high repair costs.

Effect: In the event that a community member causes damage to the heavy equipment or injury to another person, the Chapter will be financially liable for all costs incurred by the incident.

Cause:

- The Chapter did not take precautionary measures when allowing community members to rent heavy equipment.
- The Chapter officials allowed the Accounts Maintenance Specialist to manage rental activities without supervision.
- The Chapter officials erroneously believed that the Chapter's insurance coverage obtained by Navajo Nation Risk Management also covered community members who rented Chapter equipment.

Recommendations:

1. The Chapter staff and officials should finalize and adopt the heavy equipment rental policy.
2. The Chapter staff and officials should create a rental agreement that includes the roles and responsibilities of the renter.

3. The Chapter staff should require all renters to complete a rental agreement form before use.
4. The Chapter should hire a qualified heavy equipment operator to perform all work requested by the community members.

Finding II: Professional services totaling \$60,427 were not procured competitively nor secured with a properly executed contract.

Issue: Professional services were not procured competitively.

- Criteria: Navajo Nation Procurement Rules and Regulations, Section V.D, requires the bidding process to be followed to ensure the selection of the best qualified contractors and vendors at competitive prices.
- Condition: During the 12-month audit period, the Chapter obtained professional services from three vendors costing \$60,427 without going through the defined bidding process.
- Effect: The Chapter may have paid higher prices for services by providers who may not have been the most qualified vendors.
- Cause:
 - The Accounts Maintenance Specialist and Chapter President chose to directly hire the vendors they identified because it was more convenient and quicker than waiting for vendors to provide quotations/bids.
 - The Accounts Maintenance Specialist and Chapter officials did not consult with the Administrative Service Center or Navajo Nation Department of Justice for the proper bidding process.
- Recommendations:
 1. The Chapter staff should comply with Navajo Nation Procurement Rules and Regulation by soliciting bids from various vendors in the procurement of services.
 2. The Chapter should establish a selection committee to evaluate the bids and select the most qualified vendors.

Issue: Professional services were not secured with a properly executed contract.

- Criteria: Navajo Nation Procurement Rules and Regulations, Section V.D, requires a contract to document the services procured. The contract is required to be reviewed and approved through the Navajo Nation review process if the Chapter is not Local Governance certified.
- Condition: During the 12-month audit period, the three vendors provided five professional services. Four of the five services obtained by the Chapter were not under contract. One service had a contract but it was not reviewed and approved through the Navajo Nation review process. Therefore, the validity of this contract is questionable.

In another instance, the Chapter hired a surveyor to survey land in the community without a proper contract and a year later, the Chapter has not received a survey report from the vendor.

Effect: In the absence of Navajo Nation review, the Chapter puts itself and the Navajo Nation at risk for potential liability due to contractual disputes or lack of contract deliverables.

Cause:

- The Accounts Maintenance Specialist did not know that all services required a contract and review by the Navajo Nation. She thought that only services costing over \$50,000 would have to go through a contract.
- The Accounts Maintenance Specialist or Chapter officials did not consult with the Administrative Service Center or Navajo Nation Department of Justice for contractual service agreements.

Recommendations:

1. The Chapter staff should ensure that all services are procured through a contract that has been reviewed and approved by the Navajo Nation.
2. The Chapter staff and officials should consult with the Administrative Service Center or Department of Justice when executing contracts to ensure compliance with Navajo Nation laws and regulations.

Finding III: Sensitive files were not routinely backed up.

Criteria: Records Management Policies and Procedures, Section IV, requires all confidential, protected and essential records to be properly cared for at all times at the Chapter. Further, Section X, requires electronic files to be backed up to a separate memory device and stored in a secure location. Lastly, Section V, requires the Chapter officials to ensure that the Chapter administration is adequately complying with the Chapter's established Records Management Policies and Procedures.

Condition: Sensitive files containing personnel, payroll and financial assistance records are stored on the reception's desktop computer without proper access controls. During our site visit, we observed the reception's desk was located in the chapter's meeting hall with open access to anyone. After discussing these concerns about the reception's desktop, the Chapter subsequently moved the desktop to a secured room and established a password for the computer.

Although the desktop is now secured, there is no indication the Chapter routinely backs up sensitive files stored on the desktop computer.

Effect: Without backups, there is a risk for data loss in the event of a computer crash or theft. This data loss can disrupt chapter operations and services.

Cause:

- While converting to an electronic filing system, the Accounts Maintenance Specialist did not consider the importance of securing the electronic files with backups on an external drive.
- In the absence of a Community Services Coordinator, the Chapter officials did not monitor the Accounts Maintenance Specialists' management of the chapter records.

Recommendations:

1. The Accounts Maintenance Specialist should create a backup schedule to make sure electronic files are routinely backed up and maintain the external drive in a secure location.
2. The Chapter officials should review the backup schedule on a weekly basis to make sure the Chapter staff is complying with the Records Management Policies and Procedures.

Finding IV: Unauthorized check signers were on the bank signature authorization form.

Criteria: Local Governance Act 26 N.N.C., Subsection 1001 B.3.L, requires the Secretary Treasurer to co-sign all Chapter checks along with the Chapter Community Services Coordinator. In the event that the Secretary Treasurer is unavailable, the Chapter President or Vice President may co-sign Chapter checks. Fiscal Policies and Procedures, Section VII.D, requires the Chapter to change the authorized bank signers by Chapter resolution and to immediately notify the bank.

Condition: In 2016, the Chapter officials obtained community approval to add the Accounts Maintenance Specialist as an authorized check signer for the Chapter's bank account. However, the Local Governance Act does not authorize the Accounts Maintenance Specialist to be a check signer. Nonetheless, during the audit period, the Accounts Maintenance Specialist signed 12 checks and one of these checks was payable to herself. Furthermore, the former Community Services Coordinator, who resigned in December 2017, was still an authorized check signer with the bank as of August 2019.

Effect: Without proper oversight, unauthorized check signers can transfer funds, issue payments, and conduct other bank business that may result in theft or fraud.

Cause:

- The Accounts Maintenance Specialist and Chapter officials misunderstood that the Accounts Maintenance Specialist had to be an authorized bank signer to conduct bank business such as making bank deposits, viewing bank activities, and retrieving bank statements.
- The Accounts Maintenance Specialist prepared a letter to the bank to remove the former Community Services Coordinator from the bank signature authorization form, but it was not issued to the bank because the Chapter officials never followed through with obtaining community approval through chapter resolution to support the letter.

- Recommendations:
1. The Community Services Coordinator and Chapter officials should immediately remove the Accounts Maintenance Specialist and former Community Services Coordinator from the Chapter's bank signature authorization form.
 2. The Community Services Coordinator and Chapter officials should immediately notify the bank, through Chapter resolution, of any changes in authorized bank signers.
 3. The Community Services Coordinator and Chapter officials should adhere to bank account policies and procedures and the Local Governance Act.
 4. The Chapter staff should maintain an updated bank signature authorization form on file.
 5. The Community Services Coordinator should monitor the bank accounts via online access to detect any unauthorized activity.

Finding V: Travel requests were not approved and expenditures were not supported with documentation.

Criteria: 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 12-month audit period, the Chapter had 45 travel expenditures totaling \$18,227 of which 29 (\$12,800) were examined. 16 of 29 (\$6,738) travel expenditures did not have files so we were unable to examine these files. For the remaining 13 travel expenditures, we noted the following exceptions:

Type of Exception	No. of Exceptions
Travel requests were not approved prior to travel.	4 of 13 (31%) \$2,315
Travel expenses were not supported with one or more of the following: original expense reports, trip reports, lodging receipts and mileage reports.	4 of 13 (31%) \$2,567
Supporting documents, such as expense reports, trip reports, and mileage reports were not approved by an authorized individual.	12 of 13 (92%) \$6,006

Effect: The Chapter cannot provide assurance that \$12,744 was expended for legitimate travel activities or for travel that benefitted the Chapter.

Cause:

- The Vice President, as the direct local supervisor, did not ensure the Accounts Maintenance Specialist enforced the travel policies.
- The Chapter officials signed travel checks without verifying support documentation.

- Recommendations:
1. The Community Services Coordinator should approve travel authorization forms prior to travel.
 2. The Chapter staff should not process travel reimbursements until travelers submit all required documents.
 3. The Community Services Coordinator should review and approve all travel documents prior to signing travel checks.
 4. The Chapter officials should verify that all documents are attached and approvals were completed prior to co-signing travel checks.
 5. The Accounts Maintenance Specialist should file all travel documents within two days of check issuance.

Finding VI: Eligibility for housing assistance and completion of projects were not verified by the Chapter.

Issue: The Chapter did not verify that all housing assistance recipients had evidence of home ownership.

- Criteria: Chapter housing policies requires applicants to have evidence of home ownership to be eligible for housing assistance.
- Condition: For the 12-month audit period, the Chapter awarded \$17,673 to a total of 19 recipients. All 19 recipients did not have proof of home ownership on file contrary to established policies.
- Effect: The Chapter awarded recipients who may not have been eligible for housing assistance.
- Cause:
- The Accounts Maintenance Specialist did not use the check-off list for ensuring all required documents were on file.
 - No one independent of the Accounts Maintenance Specialist verified that all required documents were on file prior to approving assistance.
- Recommendations:
1. The Community Services Coordinator and Accounts Maintenance Specialist should use its check off list to show verification of home ownership.
 2. The Community Services Coordinator and Chapter officials should review the checklist and support documentation to verify applicants have home ownership documents prior to approving their assistance.

Issue 2: The Chapter did not verify that housing assistance projects were completed.

- Criteria: Chapter Housing Policies requires recipients to complete housing assistance projects within 30 days. Thereafter, the Chapter will inspect the home for completion and close out.
- Condition: 19 (100%) recipient files did not have any evidence that the Chapter inspected housing assistance projects to verify their completion. The Chapter purchased building materials to assist these recipients, but did

not track the materials to make sure they were used to complete the housing projects.

Effect: There is risk that building materials for all 19 housing projects totaling \$17,673 were used for purposes other than housing assistance.

Cause:

- Without a Community Services Coordinator to assist with Chapter operations, the Accounts Maintenance Specialist was unable to make site visits to the recipient homes to verify the completion of housing assistance projects.
- The Accounts Maintenance Specialist also did not use the temporary employees to assist with completing this task.

Recommendations:

1. The Community Services Coordinator should schedule site visits to inspect the housing recipient homes to verify building materials were used to complete approved housing assistance projects.
2. The Community Services Coordinator should seek the assistance of temporary employees to complete the inspections of the housing recipient homes and prepare inspection reports of what was completed.
3. The Chapter officials should review the inspection reports to confirm building materials were used for their approved purpose.

Finding VII: Accounts Maintenance Specialist had complete control over the accounting system with no controls.

Criteria: Fiscal Policies and Procedures, Section VII, requires the Chapter to establish internal controls to ensure its resources are protected against waste and inefficiency and to ensure that accounting data is accurate and dependable. Local Governance Act, Section 1001, requires the Secretary Treasurer to monitor the maintenance of an adequate accounting system to ensure accountability of all funds and expenditures.

Condition: The Accounts Maintenance Specialist had total control over the Chapter's accounting system. There was no independent reviews because the Chapter did not have a Community Services Coordinator and the Secretary/Treasurer did not monitor the accounting system. The Accounts Maintenance Specialist performed the following tasks on a regular basis and without oversight:

1. Creating vendor and employee profiles.
2. Entering and posting transactions (payments, receipts, and budgets).
3. Generating checks.
4. Making adjusting entries.
5. Reconciling the accounting system to the bank.
6. Accessing the online bank account.

Since there was no independent review, the following issues were noted:

1. No independent review of bank reconciliations to verify its accuracy.
2. Terminated employees were not deactivated in the accounting system.
3. The budget for internally generated revenue totaling \$5,346 was not posted.
4. Recorded fixed assets totaling \$374,000 could not be supported with documentation.

Effect: The Chapter is at risk for accounting errors and unauthorized activities going undetected.

Cause:

- Although the Chapter officials and Administrative Service Center were aware that the Accounts Maintenance Specialist was solely managing the accounting system, neither the Chapter officials nor the Administrative Service Center stepped in to review the work of the Accounts Maintenance Specialist.
- The Chapter officials do not know how to review and monitor the Chapter accounting activities.

Recommendations:

1. The Community Services Coordinator should review the accounting system against source documents to ensure accurate posting of transactions, bank reconciliation and proper deactivation of former employee profiles.
2. The Chapter officials should obtain training from the Administrative Service Center to understand how to review and identify discrepancies in financial reports.
3. The Chapter officials and the Administrative Service Center should review the accounting system for accuracy in the absence of the Chapter administrative staff.

CONCLUSION

Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter. Professional services totaling \$60,427 were not procured competitively and secured with a properly executed contract. Sensitive files were not routinely backed up. Unauthorized check signers were on the bank signature authorization form. Travel requests were not approved and expenditures were not supported with documentation. Eligibility for housing assistance and completion of projects were not verified by the Chapter. The Accounts Maintenance Specialist had complete control over the accounting system with no controls.

Overall, the Chapter has not complied with all Navajo Nation and Chapter policies and procedures and laws while expending Chapter funds and there are control weaknesses posing various risks. These deficiencies resulted in the seven findings identified in the audit report.

BACKGROUND

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

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

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

The Chapter expended a total of \$ 311,076 for the 12-month period ending June 30, 2019.

The Chapter administrative duties are performed by the Community Services Coordinator and Accounts Maintenance Specialist. Oversight responsibility is provided by the elected Chapter officials and the Administrative Service Center. The Accounts Maintenance Specialist has been at the Round Rock Chapter since 2010. During the review period the Chapter did not have a Community Services Coordinator since December 2017. However, the Chapter hired a Community Services Coordinator in July 2019. The Chapter was without a Community Services Coordinator for one and half years prior to the current Community Services Coordinator.

Objective, Scope, and Methodology

The Office of the Auditor General has conducted a Special Review of the Round Rock 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 in functioning as designed to ensure equipment rental activities are proper.
- Determine if controls are functioning as designed to ensure professional services are competitively procured and a contract is executed with review and approval.
- Determine if controls are functioning as designed to ensure the records management of sensitive files maintained on a computer system are safeguarded from loss by backing up files and storing it in a secure location.
- Determine if controls are functioning as designed to ensure the Chapter's bank account only allows for authorized individuals to sign checks.
- Determine if controls are functioning as designed to ensure travel is approved and expenses are supported with documentation.
- Determine if controls are functioning as designed to ensure proper verification of housing assistance eligibility and completion of home projects.
- Determine if controls are functioning as designed to ensure sufficient segregation of duties in the management of the accounting system.

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

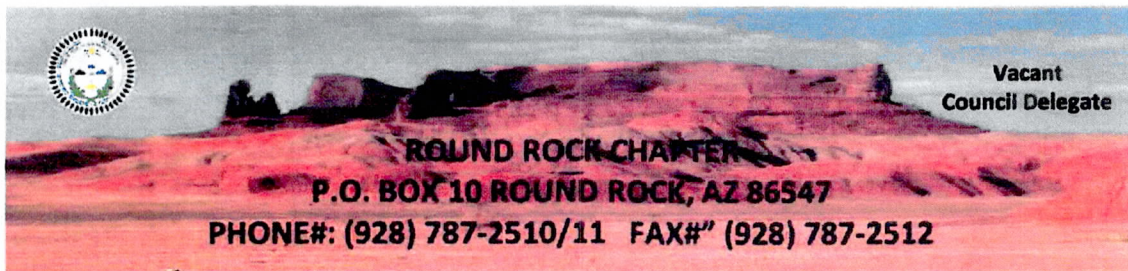
In meeting the audit objectives, we interviewed the Chapter administration and officials, observed Chapter operations, and examined available records. More specifically, we tested samples of expenditures for internal controls and compliance requirements by using a non-statistical, judgmental method.

Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

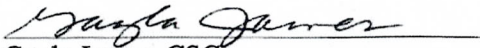
The Office of the Auditor General expresses its appreciation to the Round Rock Chapter officials and administration for their cooperation and assistance throughout the audit.

CLIENT RESPONSE



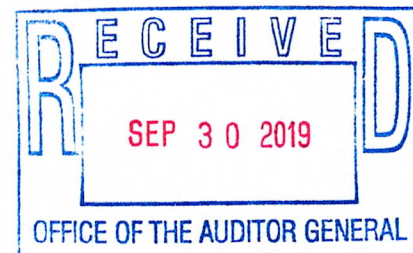
MEMORANDUM

TO: Helen Brown, Principal Auditor/Delegated Auditor General
Navajo Nation Office of Auditor General

FROM: 
Gayla James, CSC
Round Rock Chapter

DATE: September 30, 2019

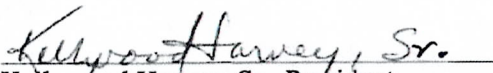
SUBJECT: Special Audit Review – Round Rock Chapter



Please accept this memorandum as an acknowledgement and in receipt of your final draft to the Special Review of Round Rock Chapter dated September 17, 2019. Round Rock Chapter will begin the process of a Corrective Action Plan based on the recommendations made by your office within thirty (30) days.

If you should have any questions, please do not hesitate to contact the Round Rock Chapter at (928) 787-2510/2513 or by email: roundrock@navajochapters.org. Thank you.

CONCURRENCE:


Kellywood Harvey, Sr., President
Round Rock Chapter

XC: Chapter Officials (3)
Johnny Johnson, Dept. Manager II, ASC/DCD
Edgerton Gene, Chinle SPPS, ASC/DCD
Karen Briscoe, Principal Auditor
Jasmine Jishie, Associate Auditor

Kellywood Harvey, Sr.
PRESIDENT

Paul Jim
VICE PRESIDENT

Ramona Rogers
SECRETARY/TREASURER

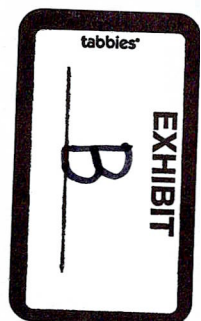
Reeder Descheny
DEL. GRAZING OFFICIAL

Gayla James
C.S. COORDINATOR

Mary L. John
A.M. SPECIALIST

**Round Rock Chapter
Audit Report No. 19-32**

Finding	Corrective Action	Responsible Party(ies)	Timeline
Finding I: Lack of controls over heavy equipment rental activities has led to expensive repairs for the Chapter.	1. Develop heavy equipment policies and procedures and present it to the Chapter membership for approval during a duly called Chapter meeting.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	2. Develop a rental agreement that includes the roles and responsibilities of the renter and to safeguard heavy equipment.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	3. The Accounts Maintenance Specialist will ensure the renter has met all policy requirements and submit the agreement to the Community Services Coordinator to review and verify compliance prior to approval.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	4. File the heavy equipment policies and procedures with the approving chapter resolution.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	5. Implement the heavy equipment policies and procedures.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	6. Hire an on call certified heavy equipment operator to perform all heavy equipment work.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
Finding II: Professional services totaling \$60,427 were not procured competitively and secured with a properly executed contract.			
Issue 1: Professional services were not procured competitively.	1. Adhere to the Navajo Nation Procurement Code including Procurement Rules and Regulations.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	2. Obtain price quotations from various vendors for competitive pricing.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	3. Evaluate price quotations and select the most qualified vendor with the best price.	Community Services Coordinator Chapter Officials	12/31/2021
	4. Notify successful vendor of award in writing.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	5. Obtain all required supporting documentation and approvals prior to disbursement of payment to vendor(s).	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	6. File supporting documentation at Chapter.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
Issue 2: Professional services were not secured with a properly executed contract.	1. Adhere to the Navajo Nation Procurement Code including Procurement Rules and Regulations.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	2. After selecting a vendor for services, seek the assistance of the Administrative Service Center or Department of Justice to develop a contract for professional services.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021

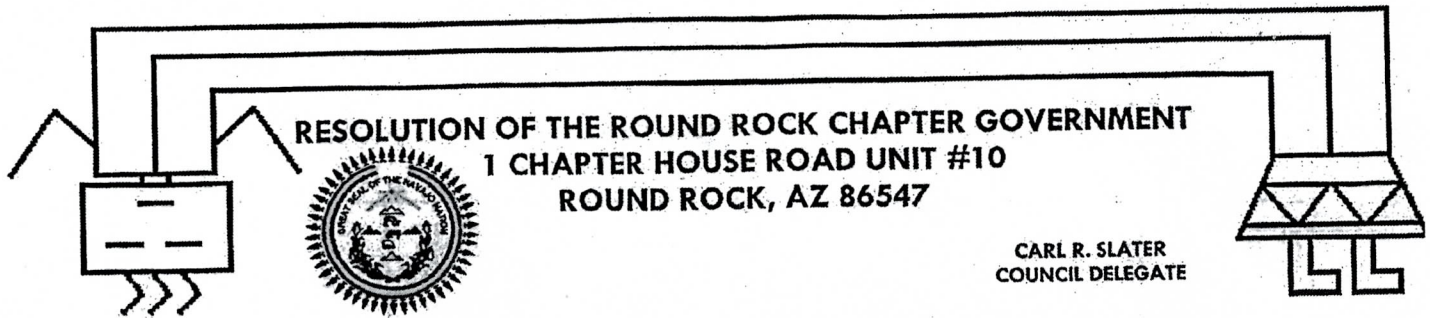


**Round Rock Chapter
Audit Report No. 19-32**

Finding	Corrective Action	Responsible Party(ies)	Timeline
	3. Process contract through the Navajo Nation review process.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	4. Execute contract after Navajo Nation approval and signature of all parties on the contract.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	12/31/2021
	5. File contracts at the Chapter.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
Finding III: Sensitive files were not safeguarded or routinely backed up.	1. Relocate computers to a locked and secure office and limit access to the Chapter administrative staff.	Community Services Coordinator Accounts Maintenance Specialist	9/30/2021
	2. Purchase an external hard drive for storing back-ups of electronic files.	Accounts Maintenance Specialist	9/30/2021
	3. Create a weekly back-up of electronic files on an external hard drive and document this action on a back-up schedule.	Accounts Maintenance Specialist	9/30/2021
	4. Store the external hard drive in a secure location.	Accounts Maintenance Specialist	9/30/2021
	5. Each week, verify the back-up of electronic files and back-up schedule is maintained and sign the schedule after verification.	Community Services Coordinator Chapter Officials	9/30/2021
Finding IV: Unauthorized check signers were on the bank signature authority form.	1. Through an approved chapter resolution, immediately remove the Accounts Maintenance Specialist and former Community Services Coordinator as authorized bank signers.	Community Services Coordinator Chapter Officials	9/30/2021
	2. Through an approved chapter resolution, immediately update the bank signature card with the bank whenever there is a change in authorized bank signers.	Community Services Coordinator Chapter Officials	9/30/2021
	3. Maintain an updated bank signatory card from the bank on file at the chapter at all times.	Community Services Coordinator Accounts Maintenance Specialist Chapter Officials	9/30/2021
Finding V: Travel requests were not approved and expenditures were not supported with documentation.	1. Upon receiving a travel request, prepare a travel authorization form and have the traveler sign the form.	Accounts Maintenance Specialist	9/30/2021
	2. Review the travel authorization form for accuracy, completeness, and reliability. Approve the travel authorization form after review.	Community Services Coordinator	9/30/2021
	3. Inform the traveler to complete the travel expense report after travel is done and submit to the chapter with all support documents.	Community Services Coordinator Accounts Maintenance Specialist	9/30/2021
	4. Verify travel reports and travel costs are reasonable, accurate, authorized and supported with required documentation prior to approving reimbursements.	Community Services Coordinator Accounts Maintenance Specialist	9/30/2021

**Round Rock Chapter
Audit Report No. 19-32**

Finding	Corrective Action	Responsible Party(ies)	Timeline
	5. File all travel documents at the Chapter.	Community Services Coordinator Accounts Maintenance Specialist	9/30/2021
Finding VI: Eligibility for housing assistance and completion of projects were not verified by the chapter.			
Issue 1: The Chapter did not verify that all housing assistance recipients had evidence of home ownership.	1. Use the housing assistance checklist to document the submission of home ownership documents by the applicant. Notify applicants, in writing, of any missing documents.	Accounts Maintenance Specialist	12/31/2021
	2. Review and approve the checklist against the required documents to verify the applicant submitted home ownership documents.	Community Services Coordinator	12/31/2021
	3. Confirm the chapter staff verified home ownership documents were submitted by the applicant prior to authorizing payment.	Chapter Officials	12/31/2021
	4. File housing documents at the Chapter.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
Issue 2: The Chapter did not verify that housing assistance projects were completed.	1. Schedule and complete site visits to inspect housing recipients homes and verify building materials were used to complete approved housing projects.	Community Services Coordinator	12/31/2021
	2. Document the results of the site visits and whether the building materials were used as intended by the recipient. If applicable, work with the recipient to address incomplete projects.	Community Services Coordinator	12/31/2021
	3. File reports in the recipients file at the Chapter.	Community Services Coordinator Accounts Maintenance Specialist	12/31/2021
	4. Each month, review recipient files to verify the chapter staff documented and filed reports. Document this action in the recipient file.	Community Services Coordinator Chapter Officials	12/31/2021
Finding VII: Accounts Maintenance Specialist had complete control over the accounting system with no controls.	1. Verify employee and vendor profiles against source documents to confirm they are inputted accurately in the accounting system. Document this action.	Community Services Coordinator Chapter Officials	12/31/2021
	2. Review posted transactions in the accounting system for accuracy against source documents on a monthly basis. Document this action and note discrepancies identified.	Community Services Coordinator Chapter Officials	12/31/2021
	3. The Accounts Maintenance Specialist will make corrections to the accounting system based on discrepancies identified by the Community Services Coordinator.	Accounts Maintenance Specialist	12/31/2021
	4. Verify corrections are made in a timely manner.	Community Services Coordinator Chapter Officials	12/31/2021



ROUN2102-06

REQUEST AND APPROVE THE 12 MONTH AUDIT PERIOD JULY 1, 2018 THROUGH JUNE 30, 2019 OF THE CORRECTIVE ACTION PLAN (CAP) FOR AUDIT 19-32 FINAL REPORT.

WHEREAS:

1. Pursuant to the Navajo Nation Local Governance Act (26 N.N.C.), Chapter 1, Subchapter 1, Section 3 (A) the Round Rock Chapter Government, is a certified Chapter Organization, which elects a Delegate to the Navajo Nation Council. The Chapter is also listed as being certified at Part 1, Section 10, of 11 N.N.C., the "Navajo Nation Election Code; AND
2. Pursuant to the same "Act", Chapter 1, Subchapter 1, Section 1 (B-1), the Navajo Nation Council; delegates to our Chapter, governmental authority with respect to local matters consistent with Navajo Law, including custom and tradition; AND
3. Section 1 (B-2), authorizes our Chapter, to improve Community decision making; allow us to excel and flourish; enable our Navajo Leaders to lead towards a prosperous future, and improve the strength and sovereignty of the Navajo Nation. Our Chapter is compelled to govern with responsibility and accountability to us, the Local Citizens; AND
4. Pursuant to the Federal "Indian Self-Determination and Education Assistance Act (P.L; 93-638), as amended, our Chapter Government, is entitled and supported to initiate plans and make recommendations, requests, and thus; determine the promotion, protection, and preservation of the general welfare of our Community People, as well as the Navajo Nation; AND
5. The Round Rock Chapter is requesting to approve the 12-month audit period July 1, 2018 through June 30, 2019 Corrective Action Plan (CAP) for audit 19-32 final report; and
6. The Round Rock Chapter had their Financial Management System audited within the Fiscal Year 2019; and
7. The Round Rock Chapter had seven findings (1) Lack of control over heavy equipment rental activities had led to expensive repairs for the chapter – Develop and Implement Heavy Equipment Policies & Procedures (2) Professional Services totaling \$60,427 were

Ramona Rogers
PRESIDENT

Paul Jim
VICE-PRESIDENT

VACANT
SECRETARY/TREASURER

Robert Wagner
GRAZING OFFICIAL

Gayla James
COMMUNITY SERVICES
COORDINATOR

Mary L. John
ACCOUNTS
MAINTENANCE
SPECIALIST

not procured competitively and secured with a properly executed contract – Procurement Rules and Regulations to ensure accountability - Service contracts will be enforced; (3) Sensitive files were not safeguarded or routinely backed up – Secure in locked office and back-up files on external drive; (4) Unauthorized check signers were on the bank signature authority form – Remove unauthorized check signers and update bank signatory card; (5) Travel requests were not approved and expenditures were not supported with documentation – Pre and Post Approval of Travel Authorization with supporting documentation; (6) Eligibility for housing assistance and completion of projects were not verified by the chapter – Pre and Post documentation for homeownership and verification of building materials properly installed for completion of project; (7) Accounts Maintenance Specialist had complete control over the accounting system with no controls – Segregation of Duties, Community Services Coordinator, Account Maintenance Specialist and Chapter Secretary/Treasurer will designate duties to avoid errors and unauthorized activities.

NOW THEREFORE BE IT RESOLVED THAT:

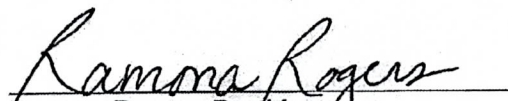
1. The Round Rock Chapter is requesting approval of the Corrective Action Plan for Audit 19-32 final report to the Navajo Nation Office of Auditor General.
2. The Round Rock Chapter Community Services Coordinator, Accounts Maintenance Specialist, Chapter President, Chapter Vice-President, and Chapter Secretary/Treasurer shall work in partnership to ensure the Corrective Action Plan is enforced.

CERTIFICATION

We hereby certify the foregoing resolution was duly considered by the Round Rock Chapter at a duly called Chapter Meeting at Round Rock, Navajo Nation, Arizona, at which a quorum was present and that same was passed by a vote of 03 in favor, 00 opposed, and 01 abstained on this 23rd day of February, 2021.

Motion by: Robert Wagner

Second by: Carl R. Slater


Ramona Rogers, President



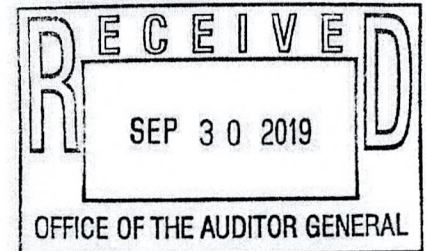
MEMORANDUM

TO: Helen Brown, Principal Auditor/Delegated Auditor General
Navajo Nation Office of Auditor General

FROM: Gayla James
Gayla James, CSC
Round Rock Chapter

DATE: September 30, 2019

SUBJECT: Special Audit Review – Round Rock Chapter



Please accept this memorandum as an acknowledgement and in receipt of your final draft to the Special Review of Round Rock Chapter dated September 17, 2019. Round Rock Chapter will begin the process of a Corrective Action Plan based on the recommendations made by your office within thirty (30) days.

If you should have any questions, please do not hesitate to contact the Round Rock Chapter at (928) 787-2510/2513 or by email: roundrock@navajochapters.org. Thank you.

CONCURRENCE:

Kellywood Harvey, Sr.
Kellywood Harvey, Sr., President
Round Rock Chapter

XC: Chapter Officials (3)
Johnny Johnson, Dept. Manager II, ASC/DCD
Edgerton Gene, Chinle SPPS, ASC/DCD
Karen Briscoe, Principal Auditor
Jasmine Jishie, Associate Auditor

Kellywood Harvey, Sr.
PRESIDENT

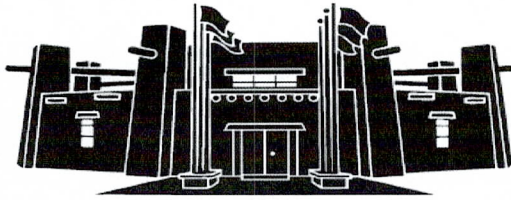
Paul Jim
VICE PRESIDENT

Ramona Rogers
SECRETARY/TREASURER

Reeder Descheny
DEL. GRAZING OFFICIAL


Gayla James
C.S. COORDINATOR

Mary L. John
A.M. SPECIALIST



MEMORANDUM

TO: Honorable Carl Roessel Slater
24th Navajo Nation Council

FROM: 
Kristen Lowell, Principal Attorney
Office of Legislative Counsel

DATE: March 24, 2021

SUBJECT: AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE BUDGET AND FINANCE COMMITTEE; ACCEPTING THE SPECIAL REVIEW OF ROUND ROCK CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL; APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY ROUND ROCK CHAPTER

As requested, I have prepared the above-referenced proposed resolution and associated legislative summary sheet pursuant to your request for legislative drafting. Based on existing law and review of documents submitted, the resolution as drafted is legally sufficient. As with any action of government however, it can be subject to review by the courts in the event of proper challenge.

Please ensure that this particular resolution request is precisely what you want. You are encouraged to review the proposed resolution to ensure that it is drafted to your satisfaction.

The Office of Legislative Counsel confirms the appropriate standing committee(s) based on the standing committees' powers outlined in 2 N.N.C. §§301, 401, 501, 601 and 701. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. §164(A)(5).

If the proposed resolution is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like made to the proposed resolution.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0053-21__

SPONSOR: Carl Slater

TITLE: An Action Relating to the Resources and Development Committee and the Budget and Finance Committee; Accepting the Special Review of Round Rock Chapter Submitted by the Office of the Auditor General; Approving the Corrective Action Plan Submitted by Round Rock Chapter

Date posted: March 25, 2021 at 3:11PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*