

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

23<sup>RD</sup> NAVAJO NATION COUNCIL - Second Year, 2016

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE; ACCEPTING  
AUDIT REPORT 16-02, SPECIAL REVIEW OF THE RAMAH NAVAJO UTILITY AUTHORITY  
CASH RECEIPTS ACTIVITIES SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL  
AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY THE RAMAH NAVAJO  
UTILITY AUTHORITY

BE IT ENACTED:

Section One. Findings.

- A. The Navajo Nation Council established the Resources and Development Committee (RDC) as a Navajo Nation standing committee and as such gave RDC oversight authority over the Chapters. 2 N.N.C. §§ 164 (A) (9), 500 (A) and 501 (C) (1) (2012) *see also* CO-45-12.
- B. The Ramah Navajo Chapter established the Ramah Navajo Utility Authority within the Ramah Navajo Chapter. 21 N.N.C. §51 (A).
- C. The Navajo Nation Council established the Budget and Finance Committee (B&F) as a Navajo Nation standing committee and as such empowered B&F to review and approve audit reports and corrective action plans by resolution. 2 N.N.C. §§ 164 (A) (9), 300 (A) (2013) *see also* CO-45-12 and 12 N.N.C. § 7 (D) (2009).
- D. The Office of Auditor General shall serve RDC with copies of audit report 16-02 and Ramah Navajo Utility Authority's corrective action plan. 12 N.N.C. § 7 (E) (2009).

E. Accepting Audit Report No. 16-02 is in the Navajo Nation's best interest.

**Section Two. Accepting Audit Report No. 16-02 and Approving the Corrective Action Plan**

A. The Navajo Nation accepts Audit Report No. 16-02, a Special Review of the Ramah Navajo Utility Authority Cash Receipts Activities, EXHIBIT A, and approves the Ramah Navajo Utility Authority's Corrective Action Plan, EXHIBIT B.

B. The Navajo Nation directs the Office of the Auditor General to provide copies of the Ramah Navajo Utility Authority's Corrective Action Plan to the Resources and Development Committee, as part of their oversight responsibility for the Chapters. 12 N.N.C. § 7 (F) (2009).

C. The Navajo Nation directs the Ramah Navajo Utility Authority to submit a written status report on its progress in implementing the Corrective Action Plan to the Office of the Auditor General six months after the approval of this resolution. 12 N.N.C. § 7 (F) (2009).

D. The Navajo Nation directs the Office of the Auditor General to review Ramah Navajo Utility Authority's written status report and report to the Resources and Development Committee, as well as the Budget and Finance Committee. 12 N.N.C. § 7 (F) (2) (2009).

E. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review twelve (12) months after the approval of this resolution to verify actions claimed to have been taken by the Ramah Navajo Utility Authority, to issue a written follow-up report indicating the Ramah Navajo Utility Authority's progress in implementing the Corrective Action Plan, and to make

recommendations to the Resources and Development Committee, as well as 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 3 in favor, 0 opposed, this 28<sup>th</sup> day of June, 2016.



Honorable Seth Damon, Chairperson  
Budget and Finance Committee

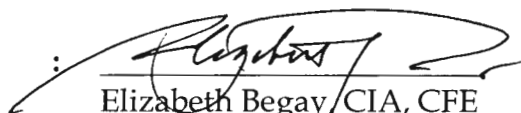
Motion: Honorable Tom T. Chee

Second: Honorable Lee Jack, Sr.

**M-E-M-O-R-A-N-D-U-M**

**TO :** Levon Henry, Chief Legal Counsel  
**OFFICE OF LEGISLATIVE COUNSEL**

**FROM :**



Elizabeth Begay, CIA, CFE  
Auditor General

**OFFICE OF THE AUDITOR GENERAL**

**DATE :** March 23, 2016

**SUBJECT :** Request for Legislation - Ramah Navajo Utility Authority

We request your office to prepare the legislation "An Action relating to Resources and Finance; Accepting the Special Review of the Ramah Navajo Utility Authority Cash Receipts Activities submitted by the Office of the Auditor General and approving the corrective action plan submitted by Ramah Navajo Utility Authority." The legislation sponsor will be Council Delegate Norman M. Begay.

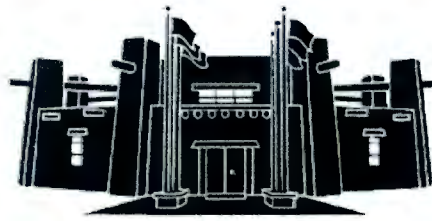
Attached as Exhibit "A" is Audit Report No. 16-02 A Special Review of the Ramah Navajo Utility Authority Cash Receipts Activities and Exhibit "B" is the Corrective Action Plan submitted by Ramah Navajo Utility Authority with the supporting resolution from Ramah Navajo Chapter.

If you have any questions, please contact our office at extension 6303. Thank you.

Attachment

xc: Norman M. Begay, Sponsor  
**COUNCIL DELEGATE**  
Chrono





**OFFICE OF THE AUDITOR GENERAL**

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**The Navajo Nation**

**A Special Review  
of the  
Ramah Navajo Utility Authority  
Cash Receipts Activities**

**Report No. 16-02  
November 2015**

**Performed by:  
Helen Brown, Principal Auditor**



November 25, 2015

Roy Martinez, President  
Board of Commissioners  
RAMAH NAVAJO UTILITY AUTHORITY  
HCR 61 Box 13  
Ramah, NM 87321

Dear Mr. Martinez:

The Office of the Auditor General herewith transmits Audit Report No. 16-02, A Special Review of the Ramah Navajo Utility Authority Cash Receipts Activities. The audit was conducted with the following objectives:

- Determine whether all cash receipts for water/wastewater services were fully deposited with the bank.
- Determine whether payments for water/wastewater services were properly posted to water user accounts.

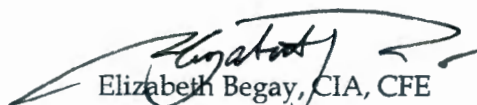
**Review Results**

FINDING: \$21,000 of \$300,000 cash receipts were not deposited and went missing.

The report provides recommendations to correct the reported deficiencies and improve business operations. The Ramah Navajo Utility Authority has agreed to resolve issues that contributed to the financial loss.

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

Sincerely,

  
Elizabeth Begay, CIA, CFE  
Auditor General

**Attachment**

xc: David Jose, President  
Cecil F. Eriacho, Vice-President  
Nancy Martine-Alonzo, Secretary/Treasurer  
Norman M. Begay, Council Delegate  
C. Samantha Whitetail-Eagle, Executive Director/Office of Grants and Contracts  
RAMAH NAVAJO CHAPTER  
Chrono

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## INTRODUCTION AND BACKGROUND

Pursuant to 12 N.N.C. Section 2(A), the Office of the Auditor General has conducted a special review of the Ramah Navajo Utility Authority (Ramah Utility) cash receipts activities. The Executive Director of the Ramah Navajo Chapter Office of Grants and Contracts requested this review due to concerns about undeposited cash receipts and allegations that former Ramah Utility staff member(s) mismanaged the cash receipts.

### Authority and Responsibility

Ramah Utility was established within the Ramah Navajo Chapter by Title 21 of the Navajo Nation Code. The purpose of Ramah Utility is to provide, maintain, and establish utility services on a cost-effective basis to the residents of the Ramah Navajo community. A board of commissioners has authority and responsibility for Ramah Utility's management and operation.

### Billing and Collection

Ramah Utility has approximately 400 residential and commercial water user accounts within the Ramah Navajo community. These water users pay for water and wastewater usage during specified billing periods. The Ramah Utility staff uses utility software for the billing and collections. Meter readings are entered into the system to determine the monthly billing, and the staff collects payments. Once payments are posted to the user accounts, receipts are remitted to the Ramah Navajo Chapter business office for bank deposit.

### Water Revenues

For the 22-month period ending December 2013, Ramah Utility water revenues totaled \$324,303. Table 1 shows the revenues by month:

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**Table 1**  
**Monthly Water Revenues for 22-Month Period (March 2012 - December 2013)**

Month	2012	2013	Total
January		\$ 14,282	\$ 14,282
February		14,121	14,121
March	\$ 14,354	12,885	27,239
April	13,285	14,624	27,909
May	15,032	11,691	26,723
June	13,918	10,619	24,537
July	14,797	23,389	38,186
August	16,177	15,552	31,729
September	13,289	16,304	29,593
October	13,831	16,684	30,515
November	15,043	16,113	31,156
December	14,047	14,266	28,313
<b>TOTAL:</b>	<b>\$ 143,773</b>	<b>\$ 180,530</b>	<b>\$ 324,303</b>

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*Source: Billing/Collection System Data - Daily Deposit Reports*

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## **Staff and Operations**

A general manager directs and manages Ramah Utility. Two water operators are responsible for monthly meter readings, water treatment, water sampling, and other water/wastewater services. The administrative support staff includes both permanent and temporary employees to assist with general office duties, recordkeeping, financial management and the billing/collection for water services.

In March 2012, Ramah Utility hired a full-time accounting clerk. Accordingly, the Ramah Navajo Chapter business office turned over direct management of the billing and collection activities to Ramah Utility. However, in May 2013, the accounting clerk resigned amid allegations of missing cash receipts. Since May 2013, the business office has resumed management of the billing and collection activities.

## **Objectives, Scope, and Methodology**

The objectives of this special review include:

- Determine whether all cash receipts for water/wastewater services were fully deposited with the bank.
- Determine whether payments for water/wastewater services were properly posted to water user accounts.

The scope for this special review was the 22-month period of March 01, 2012 through December 31, 2013.

In meeting our objectives, we performed the following procedures:

- Documented the Ramah Utility cash receipts process and evaluated controls within the process.
- Compiled deposits from bank statements and cash receipt tickets for water collections.
- Analyzed deposits, receipts and billing/collection system reports using ACL (data analytic tool).
- Interviewed Ramah Navajo Chapter business office and Ramah Utility staff.
- Verified the posting of cash receipts for a sample period of 7 months (October 2012 to April 2013).
- Randomly selected a sample of 210 water accounts to verify the posting of payments to these accounts.

## **Government Auditing Standards**

This audit was conducted in accordance with government auditing standards. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the program under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

## REVIEW RESULTS

**FINDING:** \$21,000 of \$300,000 cash receipts were not deposited and went missing.

As noted in Table 1 of this report, Ramah Utility generated over \$300,000 in water revenues over a 22-month period. Although water payments were posted to the water user accounts, a comparison of the cash receipt tickets to bank deposits revealed that not all receipts collected from the payments were deposited. A majority of the undeposited cash receipts occurred consistently during a 7-month period. Between October 2012 and April 2013, 15% to 29% of the monthly cash receipts had not been deposited as shown in Table 2.

**Table 2**  
**Comparison of Deposits and Cash Receipt Tickets**  
**7-month Period (October 2012 to April 2013)**

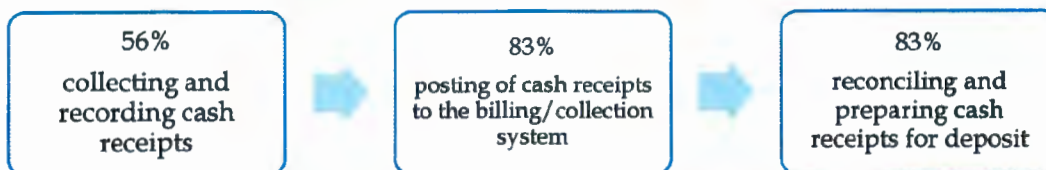
Year	Month	Bank Deposits - Amount	Cash Receipts - Amount	(Undeposited/ Unrecorded	% of Cash Receipts
2012	October	\$ 11,611	\$ 14,050	\$ (2,439)	17%
	November	12,247	15,241	(2,994)	20%
	December	10,176	13,703	(3,527)	26%
2013	January	10,781	14,447	(3,666)	25%
	February	11,878	14,925	(3,047)	20%
	March	9,104	12,887	(3,783)	29%
	April	11,878	13,913	(2,035)	15%
<b>TOTAL:</b>		<b>\$ 77,675</b>	<b>\$ 99,166</b>	<b>\$ (21,491)</b>	<b>22%</b>

*Source: Bank statements and cash receipt tickets*

The following controls over cash collection, recording, depositing, and posting were not operating effectively:

- **Duties of the former accounting clerk were not properly segregated.** To prevent theft or misuse of assets, duties related to collecting, recording, depositing, and posting of cash receipts should be separated among different individuals. This deters any one person from stealing undeposited cash and/or altering records to disguise the theft.

Several individuals including permanent and temporary employees (i.e., student workers) were involved with collecting and recording cash receipts but most of the time, the former accounting clerk was involved. The illustration below shows key steps within the cash receipts process and the percentage of time these steps were performed solely by the former accounting clerk during her employment:



Because her duties of collecting, recording, posting, reconciling and preparing cash receipts for deposit were not segregated, the former accounting clerk performed every step within the cash receipt process without any review or oversight by an independent person. As such, she had opportunities to commit fraud without detection.

- **Reconciliations performed by the business office were insufficient.** Reconciliation is a key internal control that helps detect any unaccounted cash receipts. Generally, cash receipts should be reconciled to source records such as the pre-numbered cash receipt tickets. Reconciliation ensures that no cash is removed from bank deposits.

Although the business office staff reconciled cash receipts to both bank deposit slips and posted cash receipts reports, this reconciliation was insufficient because the former accounting clerk prepared these records to purposely match on a consistent basis. Since the cash receipts were not reconciled to the pre-numbered cash receipt tickets, the business office was unaware that not all cash receipts were posted initially and it was the cash tied to these unposted receipts that were never deposited. After bank deposits were made, receipts that were not posted initially were subsequently posted to the system to offset billed amounts and to make sure water user accounts did not become delinquent. This practice continued without any detection for approximately seven straight months and resulted in the loss of \$21,000.

- **Ramah Utility does not have written cash receipt policies and procedures.** Policies and procedures serve as a link between the company purpose and its day-to-day operations, they provide structure by identifying the business protocol, and they define the roles and responsibilities for employees. Overall, policies and procedures are important for ensuring the overall health of a business.

However, Ramah Utility at the time of the transfer of billing/collection activities did not, and to date still does not, have written cash receipt policies and procedures. While the business office has cash receipt policies and procedures, they were established in 2000 and are not applicable to utility operations.

For Ramah Utility, the absence of policies and procedures meant that staff had no guidance in handling the cash receipts and this increased the risk for receipts to be stolen or misused which occurred with the \$21,000 missing cash receipts.

- **Ramah Utility general manager did not monitor the cash receipt activities.** Monitoring helps to ensure that staff is performing their assigned duties appropriately and that assets are safeguarded from loss. To be effective, monitoring needs to be consistent and can be achieved by observing performance and reviewing documents.

The general manager did not routinely monitor the former accounting clerk's activities although her duties were not properly segregated. He helped collect receipts when needed, but there was no evidence that he monitored the cash receipt activities. The general manager was unable to see that the former accounting clerk was performing incompatible duties, which increased the risk for fraud. The general manager indicated that he was not



trained how to monitor such activities, and since they were financially-related, he relied on the business office to do the monitoring.

- **Business office did not conduct surprise cash counts.** A good business practice to ensure all cash receipts are being accounted for at any given time is to conduct surprise cash counts of the cash box or drawer. Despite their concerns about the capability of the limited staff in handling the cash receipt activities, the business office did not perform unannounced cash counts of the Ramah Utility cash receipts. The unannounced cash counts would have revealed that not all cash, checks, money orders collected as receipts by the Ramah Utility staff were matching what was on hand at any given time. This resulted in missing cash receipts.
- **No change in locks or access codes to safeguard cash receipts.** To deter theft or fraud, all cash should be safeguarded in a safe or locked cabinet. Access to the safe or locked cabinet should be restricted to authorized individuals, and the access codes should be periodically changed. Ramah Utility had no policy on how to safeguard the cash receipts such as periodically changing the access code to the safe to prevent any unauthorized access to the cash receipts or limiting access to the office. Therefore, the same individuals who had access to the daily cash drawer also had access to the office where the safe is located, and to the safe which stores the cash drawer. This made it difficult to identify the individuals who may have mishandled or stole the cash receipts.
- **Checks and money orders are not being restrictively endorsed immediately upon receipt.** Restrictively endorsing checks and money orders prevents identify theft and unauthorized persons from cashing them for their own personal use. According to the business office, checks and money orders are deposited electronically from their remote location, and the funds are posted to the bank account in real-time. Since the checks and money orders do not need to be remitted, neither the Ramah Utility staff nor business office endorses them with a restrictive stamp upon receipt. Rather, the business office files the checks and money orders with the deposit slips without defacing these financial instruments. This was evident by the checks and money orders found on file with the deposit slips.
- **Access to the billing system is not protected.** The former accounting clerk shared her assigned username and password for the billing/collection system with other staff enabling them to log into the system to post cash receipts and generate reports for deposit purposes. Because she had full administrative rights allowing her to make changes to the system's data, others with whom she shared access also had these same rights.

Sharing usernames and passwords allows for employees to conceal fraudulent activities by manipulating and/or compromising system data. This presents a risk for identify theft considering the system data includes customer account information such as addresses, telephone numbers and social security numbers. The sharing of access information also made it difficult to distinguish which staff performed the system functions.

- **Software system features were not fully utilized.** To ensure proper accountability of billing and collection activities, the software acquired by Ramah Utility offered a variety of features including the direct printing of receipts to customers. Rather than using this

feature, the staff performed this task manually using pre-numbered cash receipt ticket books, which added costs and the tedious task of preparing handwritten receipts.

Although receipts were recorded on pre-numbered tickets, the ticket numbers were not posted to the system. As a result, the Auditor General could not readily trace posted entries to the receipt books. The printing of receipts directly from the system would have ensured immediate posting of the payments to the water accounts, facilitating a proper audit trail of the transactions. The software is also capable of generating a variety of reports for monitoring purposes but the general manager did not generate these reports on a regular basis. A review and reconciliation of such reports would have facilitated timely detection of questionable activities.

- **Staff does not know how to use the billing software.** As part of its corrective action plan to address prior audit findings, Ramah Utility purchased billing and collection software tailored for water utility companies. Ramah Utility also purchased accounting software that was intended to integrate with the billing/collection software. However, due to technical issues, the integration was unsuccessful. Therefore, Ramah Utility used only the billing/collection software on a regular basis.

To ensure the software is used as intended, users require proper training and supervision while utilizing the software. However, neither the Ramah Utility staff nor the business office received formal or extensive training on the billing/collection software. Rather, the two individuals who were familiar with the software self-taught themselves and learned by trial and error. Other staff, such as the general manager, lacked proficiency of the software and could not supervise staff to make sure the software was used as intended. Therefore, neither the system nor its users were monitored and as a result, questionable activities or system inefficiencies were not detected in a timely manner.

#### **Recommendations:**

1. Ramah Utility should properly define the duties and responsibilities of its employees to ensure proper segregation of duties. If staff is limited, as compensating controls, additional management review and supervision should be implemented.
2. Ramah Utility general manager and the business office should reconcile the cash receipts to the cash receipt tickets to make sure no cash is taken before deposit.
3. Ramah Utility should develop appropriate policies and procedures to govern daily operations including the cash receipt activities.
4. Ramah Utility general manager should receive appropriate training on how to effectively monitor cash receipt activities.
5. The business office should perform surprise cash counts of the Ramah Utility cash receipts to ensure all cash is accountable at deposit.
6. Ramah Utility policies and procedures should include access controls to safeguard cash assets.
7. Ramah Utility should restrictively endorse all checks and money orders upon receipt.
8. Ramah Utility should establish appropriate access rights for users of the billing/collection system. To ensure system data integrity and safeguards, the general manager should document, and periodically verify such rights.



9. Ramah Utility general manager should ensure all system features are used.
10. Ramah Utility general manager and staff should obtain proper training on the billing/collection software to facilitate checks and balances for the system.

## CONCLUSION

Within a 22-month period, Ramah Utility generated \$324,303 in revenues from water and wastewater services. Cash receipts for seven months were verified and during this period, \$21,491 cash receipts were not deposited. The loss occurred because controls over cash collection, recording, depositing and posting were not operating effectively. The following control deficiencies were noted:

- Duties of the former accounting clerk were not properly segregated
- Reconciliations performed by the business office were insufficient
- Ramah Utility does not have written cash receipt policies and procedures
- Ramah Utility general manager did not monitor the cash receipt activities
- Business office did not conduct surprise cash counts
- No change in locks or access codes to safeguard cash receipts
- Checks and money orders are not being restrictively endorsed immediately upon receipt
- Access to billing system is not protected
- Software system features were not fully utilized
- Staff does not know how to use the billing software

A former accounting clerk was the primary person who collected, recorded, posted, reconciled and prepared the receipts for deposit. By performing every step, numerous opportunities were present for receipts to be stolen or misused, and to conceal such acts by manipulating records or system data.

Although cash receipts are missing, the former accounting clerk made sure these missing receipts did not affect the water user accounts. As such, it was unbeknownst to water users that the cash receipts for some of their payments were not being deposited.

## **CLIENT RESPONSE**

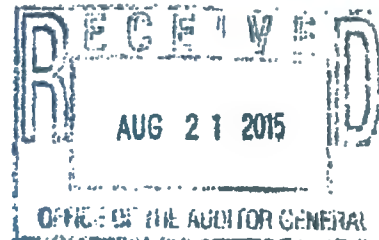


**Ramah Navajo Utility Authority**  
P.O. Box 207  
Pine Hill, New Mexico 87357  
(505) 775-7160 or (505) 775-7262  
Fax No. (505) 775-7003



August 13, 2015

Mrs. Elizabeth Begay, Auditor General  
Office of the Auditor General  
The Navajo Nation  
P.O. Box 708  
Window Rock, AZ. 86515



Dear Ms. Begay;

This letter is in response to the drafted report of the Special Review of the Ramah Navajo Utility Authority (RNUA) cash receipt activities. We, the RNUA and Ramah Navajo Chapter received the verbal report presented by Ms. Helen Brown, Principal Auditor on July 24, 2015. We acknowledge and agree with the report/findings as presented to RNUA and the Chapter.

Once we receive a final report of the Special Review, we will begin developing a Corrective Action Plan to address all the findings. It is our desire to address these findings so that RNUA can move forward with its plans.

We appreciate your assistance and working with us in resolving the issues at hand. Any questions, please feel free to contact Ms. Samantha Whitetail Eagle, Executive Director at 505-775-7105 or Mr. Elmer Yazzie, General Manager at 505-495-0057.

Sincerely;

  
Roy Chap Martinez, President  
Board of Commissioners  
Ramah Navajo Utility Authority

xc: David Jose, Chapter President  
Cecil F. Eriacho, Vice President  
Nancy Martin-Alonzo, Secretary/Treasurer  
Cecelia S. Whitetail Eagle, Executive Director  
Elmer Yazzie, General Manager, RNUA  
File



**Ramah Navajo Utility Authority**  
**P. O. Box 207**  
**Pine Hill, New Mexico 87357**  
**Phone: (505) 775-3061**  
**Fax: (505) 775-3062**



March 18, 2016



Mrs. Elizabeth Begay, CIA, CFA, Auditor General  
Office of the Auditor General  
The Navajo Nation  
P.O. Box 708  
Window Rock, AZ 86515


Dear Mrs. Begay:

This is a Corrective Action Plan on the results of the special review from November 2015 on the RNUA cash receipt activity at Ramah, New Mexico. Attachment is the CAP and the supporting resolutions from Ramah Chapter and the RNUA board of commissioner to your findings and recommendations.

As the general manager, I am that certain the board of commissioner will make all and necessary efforts to clear the RNUA audit perform by your office.

Your sincere consideration of our Corrective Action Plan to this matter will be greatly appreciated, Thank you.

Sincerely,

  
Elmer Yazzie, General Manager  
Ramah Navajo Utility Authority

xc: Darnell Maria, Acting Executive Director, Ramah Navajo 638 program.  
RNUA Board of Commissioners  
Davie Jose, President, Ramah Navajo Chapter

**Ramah Navajo Utility Authority (RNUA) – CORRECTIVE ACTION PLAN**  
**To address audit report no. 16-02**

<u>Finding</u>	<u>Corrective Action(s)</u>	<u>Assigned Individual(s)</u>	<u>Anticipated completion date</u>
Overall finding: \$21,000 cash receipts were not deposited and went missing.	1. Hire accounting staff for RNUA and arrange the following: a) Assign the accounting staff to the Ramah Navajo Chapter Business Office (RNC-BO) for training on a part-time basis (i.e., 20 hours per week). b) Have RNUA General Manager and board assign task and duties for accounting staff c) Seek funding to create permanent, full-time accounting positions d) Seek funding to hire additional accounting staff	General Mgr. RNUA board RNC-BO Controller	June 2016
	2. Develop written financial management policies and procedures that address the following internal controls: a) Segregation of duties b) Reconciliations c) Policies and procedures d) Monitoring/close supervision e) Surprise cash counts f) Safeguarding assets with restricted access/locks g) Restrictively endorsing checks/money orders	General Mgr.	April 2016
	3. Obtain RNUA board and Ramah Navajo Chapter approval of the policies and procedures.	RNUA board RNC officials	May 2016
	4. Train RNUA staff and board members on adopted policies and procedures.	General Mgr.	June 2016
	5. Maintain copy of adopted policies and procedures on file for easy reference by RNUA staff.	General Mgr.	June 2016
	6. Once RNUA has hired appropriate staff, acquired necessary tools, and implemented policies and procedures, relinquish all financial management services directly back to RNUA; services including billing, collection, payroll, property, procurement, disbursements, etc.	RNC-BO Controller	Sept. 2016
Duties of the former accounting clerk were not properly	1. Develop written cash receipt policies and procedures that address segregation of duties within the cash receipts process; make sure	General Mgr.	April 2016



<u>Finding</u>	<u>Corrective Action(s)</u>	<u>Assigned Individual(s)</u>	<u>Anticipated completion date</u>
segregated.	<p>the roles of the staff members are clearly defined, including temporary employees hired to assist with RNUA operations.</p> <ol style="list-style-type: none"> <li>2. Ensure there are sufficient staff members to achieve proper segregation of duties. If staff is limited, management shall implement compensating controls to address such limitations.</li> <li>3. Implement compensating controls such as performing additional reviews or expanding supervisory duties when needed.</li> <li>4. Monitor the cash receipt activities on a daily basis to verify each staff member is performing their assigned roles and duties; any deviations from established policies and procedures will be addressed immediately.</li> </ol>	<p>General Mgr. RNUA board Secretary/ Treasurer (S/T)</p>	<p>Sept. 2016</p> <p>Sept. 2016</p> <p>Sept. 2016</p>
Reconciliations performed by the RNC-business office were insufficient.	<ol style="list-style-type: none"> <li>1. Ensure reconciliation procedures are outlined in the written cash receipt policies and procedures; make sure that the collector of receipts is not the reconciler.</li> <li>2. Prior to each bank deposit, reconcile the cash receipts (i.e., currency, coins, checks, money orders) to the pre-numbered cash receipt tickets and cash receipts journal to make sure no cash was taken before bank deposits are made; immediately investigate any discrepancy and take appropriate action.</li> <li>3. Account for each pre-numbered cash receipt ticket during the reconciliation process; any missing receipt tickets will be investigated.</li> <li>4. Sign the applicable reconciliation form(s) to show the cash receipts were reconciled and fully accounted for prior to bank deposit.</li> <li>5. Monitor activities to ensure cash receipts reconcile and fully accounted for before bank deposits.</li> </ol>	<p>General Mgr.</p> <p>General Mgr.</p> <p>General Mgr.</p> <p>General Mgr.</p> <p>Board S/T</p>	<p>April 2016</p> <p>Sept. 2016</p> <p>Sept. 2016</p> <p>Sept. 2016</p> <p>Sept. 2016</p>
Ramah Utility does not have written cash receipt policies and procedures.	<ol style="list-style-type: none"> <li>1. Make sure the financial management policies and procedures include policies and procedures that cover the cash receipt activities; the roles and responsibilities of the staff members shall be clearly defined in the policies and procedures.</li> <li>2. Obtain RNUA board and Ramah Navajo Chapter approval of the policies and procedures.</li> <li>3. Implement the policies and procedures.</li> </ol>	<p>General Mgr.</p> <p>RNUA board RNC officials General Mgr.</p>	<p>April 2016</p> <p>April 2016</p> <p>April 2016</p>

Anticipated completion date	Assigned individual(s)	Corrective Action(s)	Finding
June 2016 Sept. 2016 Sept. 2016	General Mgr. General Mgr. General Mgr.	1. Receive appropriate training on how to effectively monitor cash receipt activities. 2. Monitor the cash receipt activities on a daily basis or as needed. 3. Develop a monitoring tool (i.e., standard form) to properly document monitoring activities. 4. Ensure the cash receipt policies and procedures address monitoring of activities.	RNA GM did not monitor the cash receipt activities.
April 2016 Sept. 2016 Sept. 2016 Sept. 2016	General Mgr. General Mgr./Accounting staff General Mgr. General Mgr./Board S/T	1. Ensure the cash receipt policies and procedures will address surprise cash counts of cash receipts. 2. Develop a standard cash count form to conduct unannounced cash counts to ensure all cash on hand equals cash receipt tickets at any given time. 3. Immediately investigate any discrepancies and take appropriate action. 4. Periodically review cash receipt records to ensure surprise cash counts are being performed in accordance to policies and procedures.	RNC-BO did not conduct surprise cash counts.
April 2016 June 2016 June 2016	General Mgr. General Mgr./RNA board General Mgr.	1. Address access controls in the cash receipt policies and procedures to safeguard cash assets. 2. Create an office environment that will facilitate safeguarding of cash assets; install mechanisms such as security cameras, alarm systems, safe, and locked cabinets. 3. Train RNA staff and board members on security measures and applicable security policies and procedures.	No change in locks or access codes to safeguard cash receipts.
April 2016 Sept. 2016 Sept. 2016	General Mgr. Accounting staff General Mgr./Board ST	1. Ensure the cash receipt policies and procedures address the endorsing of checks and money orders immediately upon receipt. 2. Use an official endorsement stamp to restrictively endorse all checks and money orders made payable to RNA. 3. Periodically review cash receipt records to ensure all checks and money orders are being properly endorsed with RNA stamp.	Checks and money orders are not being restrictively endorsed immediately upon receipt.
April 2016	General Mgr.	1. Develop guidelines regarding computer access using passwords and user ID's; such guidelines will ensure the integrity and safeguarding of customer account data and RNA financial data.	Access to the billing system is not protected.

<u>Finding</u>	<u>Corrective Action(s)</u>	<u>Assigned Individual(s)</u>	<u>Anticipated completion date</u>
	2. Assign appropriate access rights to staff and board members; document who has what rights (i.e., read (view) only, read/write only, etc.) 3. Monitor staff activities to prevent the sharing of passwords and user IDs. 4. Require staff to periodically change their passwords and the safe combinations to prevent unauthorized access.	General Mgr.  General Mgr.  General Mgr./RNUA board	Sept. 2016  Sept. 2016  Sept. 2016
Software system features were not fully utilized.	1. Obtain further training on the Quikwater system. 2. Ensure existing computer hardware/software is compatible with the current software version of Quikwater system; make adjustments as needed. 3. Require staff to use system features rather than using manual techniques (i.e., pre-numbered cash receipt tickets). 4. If deemed necessary, research other utility billing/collection software to replace the Quikwater system; apply a cost/benefit analysis to ensure it's a feasible option.	RNUA staff General Mgr.  General Mgr./RNUA Board General Mgr./RNUA Board	June 2016 June 2016  Sept. 2016 June 2016
Staff does not know how to use the billing software.	1. Develop a professional development plan (i.e., training plan) for the RNUA staff to strengthen knowledge base and skill sets. 2. Coordinate with Quikwater customer support services to provide additional training for RNUA staff and board. 3. Require all staff and board members to obtain training; appropriate action will be taken for those who refuse training. 4. Take appropriate personnel action against staff who abuses their privileges with and use of the Quikwater system (i.e., sharing of passwords, unauthorized access, circumventing policies and procedures, etc.).	General Mgr.  General Mgr.  General Mgr./RNUA Board General Mgr./RNUA Board	May 2016  June 2016  June 2016 June 2016





**Ramah Navajo Utility Authority  
Board of Commissioner  
P. O. Box 207  
Pine Hill, New Mexico 87357  
Phone: (505) 775-3061  
Fax: (505) 775-3062**



**RESOLUTION OF THE RAMAH NAVAJO UTILITY AUTHORITY  
NO. 2016-002**

**Requesting the Ramah Navajo Chapter's Support of the RNUA's Corrective Action Plan for the Navajo Nation Office of Auditor General Report 16-02, Cash Receipts Discrepancies, and Further Requesting the Navajo Nation Council's Oversight Committee's Acceptance and Approval.**

**WHEREAS:**

1. The Ramah Navajo Utility Authority (RNUA) is authorized by the Navajo Nation Council and codified in Title 21 of the Navajo Nation Code at section 51-60, with objectives to improve and maintain the health and welfare of the community people and nearby communities; and
2. On December 27, 2016 RNUA, President, Mr. Roy C. Martinez, submitted to the Navajo Nation Office of Auditor General a narrative Corrective Action Plan which was received and replied to by Ms. Elizabeth Begay, Auditor General, Navajo Nation, on January 13, 2016; and
3. RNUA to further complete the Corrective Action Plan, met with Ms. Helen Brown, Navajo Nation, Auditor General's Office, on January 15, 2016 in Window Rock, AZ, to resolve slight adjustments needed as a result of failure to communicate and assist issues from the Office of Grants and Contracts, Ramah Chapter Business Office, despite notices to participate; and
4. The General Manager, Elmer Yazzie, and RNUA, under the leadership of President, Mr. Don Raphaelito, worked diligently through the month of February, culminating on March 02, 2016, in a work session with the Navajo Nation Office of the Auditor General, completed a Corrective Action Plan deemed sufficient by the Navajo Nation Auditor General's Office.

**NOW THEREFORE BE IT RESOLVED THAT:**

Requesting the Ramah Navajo Chapter's support of RNUA's Corrective Action Plan, herein attached as Exhibit "A", for the Navajo Nation Office of Auditor General's Report 16-02, Cash Receipts Discrepancies, and further requesting the Navajo Nation Council's Oversight Committee's acceptance and approval.

**CERTIFICATION**

We hereby certify that the foregoing resolution was duly considered by the RNUA at a duly called meeting at Pine Hill, New Mexico, at which a quorum was present and that the same was approved by a vote of 4 in favor, 0 opposed, and 0 abstained this 12th day of March 2016. Motioned by: Roy Chap Martinez

Second by: Lee Martinez

Donna Raphaelito

Don Raphaelito, President

Dixie M. Begay

Dixie M. Begay, Secretary/Treasurer

Joe Lee Marie

Joe Lee Marie, Vice-President

Elmer B. Yazzie

Elmer B. Yazzie, General Manager

# RAMAH NAVAJO CHAPTER

David Jose  
President

HCR 61, Box 13 Ramah, New Mexico 87321-9601  
(505) 775-7130/7132  
FAX (505) 775-7137

Norman M. Begay  
Council Delegate  
Navajo Nation Council

Cecil F. Eriacho  
Vice-President

Tribal Office



Leo L. Pino  
Member

Nancy R. Martine-Alonzo  
Secretary/Treasurer

Eastern Navajo Land Board

## RESOLUTION OF THE RAMAH NAVAJO CHAPTER

NO. 031610

REQUESTING THE RAMAH NAVAJO CHAPTER'S SUPPORT OF THE RNUA'S CORRECTIVE ACTION PLAN FOR THE NAVAJO NATION OFFICE OF AUDITOR GENERAL REPORT 16-02, CASH RECEIPTS DISCREPANCIES, AND FURTHER REQUESTING THE NAVAJO NATION COUNCIL'S OVERSIGHT COMMITTEE'S ACCEPTANCE AND APPROVAL.

### WHEREAS:

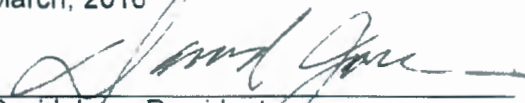
1. The Ramah Navajo Utility Authority (RNUA) is authorized by the Navajo Nation Council and codified in Title 21 of the Navajo Nation Code at section 51-60, with objectives to improve and maintain the health and welfare of the community people and nearby communities; and
2. On December 27, 2016 RNUA, President, Mr. Roy C. Martinez, submitted to the Navajo Nation Office of Auditor General a narrative Corrective Action Plan which was received and replied to by Ms. Elizabeth Begay, Auditor General, Navajo Nation, on January 13, 2016; and
3. RNUA to further complete the Corrective Action Plan, met with Ms. Helen Brown, Navajo Nation, Auditor General's Office, on January 15, 2016 in Window Rock, AZ, to resolve slight adjustments needed as a result of failure to communicate and assist issues from the Office of Grants and Contracts, Ramah Chapter Business Office, despite notices to participate; and
4. The General Manager, Elmer Yazzie, and RNUA, under the leadership of President, Mr. Don Raphaelito, worked diligently through the month of February, culminating on March 02, 2016, in a work session with the Navajo Nation Office of the Auditor General, completed a Corrective Action Plan deemed sufficient by the Navajo Nation Auditor General's Office.

### NOW THEREFORE BE IT RESOLVED THAT:

Requesting the Ramah Navajo Chapter's support of RNUA's Corrective Action Plan, herein attached as Exhibit "A", for the Navajo Nation Office of Auditor General's Report 16-02, Cash Receipts Discrepancies, and further requesting the Navajo Nation Council's Oversight Committee's acceptance and approval.

### CERTIFICATION

We hereby certify that the foregoing resolution was duly considered by the Ramah Navajo Chapter at a duly called meeting in Mt. View, Navajo Nation (New Mexico), at which a quorum was present and that the same was passed by a vote of 19 in favor, 0 opposed, and 4 abstained on this 16<sup>th</sup> day of March, 2016

  
David Jose, President

  
Cecil F. Eriacho, Vice President

  
Nancy R.M. Alonzo, Secretary/Treasurer

  
Leo L. Pino, ENA Land Board Member

Motioned by: Garrett Jim

Seconded by: Joe Lee Maria