

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

23RD NAVAJO NATION COUNCIL - Third Year, 2017

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE
BUDGET AND FINANCE COMMITTEE; AMENDING BFAP-10-15 TO EXTEND
THE TIME PERIOD TO IMPLEMENT THE CORRECTIVE ACTION PLAN
SUBMITTED BY LEUPP CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee (RDC) is a standing committee of the Navajo Nation Council with oversight authority over the Chapters of the Navajo Nation 2 N.N.C. §§ 500(A) and 501 (C)(1). As the oversight committee of the Navajo Nation chapters, the RDC is to receive audit reports and corrective action plans. 12 N.N.C. § 7(E).
- B. The Budget and Finance Committee (BFC) is a standing committee, of the Navajo Nation Council. 2 N.N.C. § 300(A). The BFC is charged with receiving and approving chapter audit reports from the Auditor General. 12 N.N.C. § 6(A) and 12 N.N.C. § 7(D).
- C. The Auditor General Plan of Operation provides, "the Auditor General will conduct a follow-up review to document the status of the implementation [of the corrective action plan]." 12 N.N.C. § 7(G). This follow-up review is to occur "12 months after the release of the audit report." 12 N.N.C. § 7(G).

SECTION TWO. FINDINGS

- A. The BFC approved Resolution BFAP-10-15 on April 7, 2015 accepting the Audit Report for Leupp Chapter, and approving the Corrective Action Plan (CAP) submitted by Leupp Chapter. See BFAP-10-15, attached as **Exhibit B**.


- B. The Auditor General conducted a follow-up review of the Leupp Chapter's implementation of its CAP. The Follow-Up Report, date March 31, 2017, is attached as **Exhibit A**.
- C. As part of the follow-up review, the Auditor General examined the six month period from June 2016 to November 2016. The Follow-Up Report concluded that Leupp Chapter implemented 22 out of 44, or 50 percent, of its corrective measures. Additional detail is available in **Exhibit A**.
- D. The Auditor General submitted a memorandum dated July 13, 2017, which is attached as **Exhibit C**, revising the initial recommendation to sanction Leupp Chapter officials for not fully implementing the CAP approved in BFAP-10-15. The revised request is made since the current Leupp Chapter President and Vice-President were sworn into office on January 12, 2017. As such, they have not had twelve months to implement the CAP approved by the BFC in Resolution BFAP-10-15 on April 15, 2015.
- E. In **Exhibit C**, the Auditor General requests Leupp Chapter be granted additional time to implement the CAP. This will allow the incoming chapter officials a reasonable time period to implement the CAP.

SECTION THREE. ACCEPTANCE AND APPROVAL:

- A. The Navajo Nation hereby amends BFAP-10-15 by extending the time period for Leupp Chapter to implement the CAP until January 12, 2018, and authorize the Auditor General to implement recommend sanction if Leupp Chapter does not meet the requirement of the Corrective Action Plan.
- B. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review after January 12, 2018 to determine if Leupp Chapter has implemented its CAP. Leupp Chapter shall pay the Office of the Auditor General for the cost of the follow-up review to issue a written follow-up report indicating the Leupp Chapter's progress in implementing the CAP and to make recommendations to the Resources and Development Committee, as well as the Budget and Finance Committee.

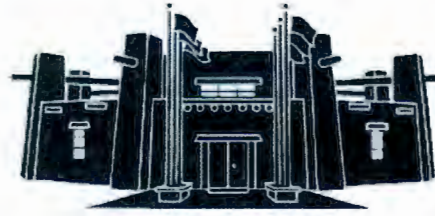
CERTIFICATION

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 5 in favor and 0 opposed, this 3rd day of October, 2017.



Seth Damon, Chairperson
Budget and Finance Committee

Motion: Honorable Dwight Witherspoon
Second: Honorable Lee Jack, Sr.



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the Leupp Chapter Corrective Action Plan Implementation

**Report No. 17-26
March 2017**

Performed by:
Karen Briscoe, Principal Auditor
Stacy Manuelito, Auditor



March 31, 2017

Valerie Kelly, President
LEUPP CHAPTER
CPO Box 5013
Leupp, AZ 86035

Dear Ms. Kelly,

The Office of the Auditor General herewith transmits Audit Report No. 17-26, a Follow-Up Review of the Leupp Chapter Corrective Action Plan Implementation. The follow-up was conducted in accordance with 12 Navajo Nation Code (N.N.C.) Section 7 to determine the current status of the corrective action plan. The Leupp Chapter developed their corrective action plan in response to the August 22, 2014 audit report no. 14-20. The audit report and the corrective action plan were approved by the Budget and Finance Committee on April 7, 2015, per resolution no. BFAP-10-15.

We reviewed the Leupp Chapter's records for the six month period of June 2016 to November 2016. The Corrective Action Plan listed 44 corrective measures to address the eight audit findings. Of the 44 corrective measures, the Chapter implemented 22 (or 50%) corrective measures. The Chapter did not implement 17 (or 39%) corrective measures and 5 (or 11%) were considered as cannot be determine due to no activity. A summary of the current status of the corrective measures approved by the Budget and Finance Committee in April 2015 is presented below.

Prior Audit Findings	Number of Corrective Action Components			Audit Finding Resolved
	IMPLEMENTED	NOT IMPLEMENTED	CANNOT BE DETERMINE DUE TO NO ACTIVITY	
I. Ineligible recipients receive housing assistance.	3	0	0	Yes
II. Capital Outlay was not expended in accordance with the intent of the Navajo Nation Council.	2	0	1	Yes
III. Expenditures were not authorized and supported with documentation.	6	3	0	No
IV. Expenditures and assets were not accurately posted to the accounting system.	2	2	0	No
V. Chapter employees were not accurately compensated.	8	0	0	Yes


Ltr. to Valerie Kelly
Page 2

VI. The Chapter is not in compliance with State unemployment regulations.	1	0	0	Yes
VII. Chapter property/ equipment, resale items, and housing material were not safeguarded	0	5	4	No
VIII. Chapter officials are not monitoring chapter activities and collaborating with the Chapter administration.	0	7	0	No
Total:	22	17	5	44

CONCLUSION

Title 12, Navajo Nation Code (N.N.C.) Section 8 imposes upon the Leupp Chapter the duty to implement the corrective action plan according to the terms of the plan. As an LGA Certified Chapter, the Leupp Chapter is held to a higher standard regarding the implementation of their Five Management System. However, during this follow-up review, the Chapter did not fully implement the corrective action plan to resolve the audit findings reported to the Chapter since 2014. More importantly, the Chapter did not provide needed services to the Chapter membership. Therefore, the Office of the Auditor General recommends imposing sanctions on the Leupp Chapter and officials in accordance with 12 N.N.C. Section 9. The recommended sanctions are section 9(b): withhold 10% of the Chapter's operating budget allocated by the Navajo Nation government and section 9(c): withhold 20% of the stipend of three Chapter officials. Once the Leupp Chapter fully implemented their corrective action plan, all withheld funds under section 9(b) and 9(c) will be release to the Leupp Chapter. See attached Exhibit A for the review results.

Sincerely,


Elizabeth Begay, CIA, CFE
Auditor General

xc: Angela Cody, Vice -President
Calvin Johnson, Secretary/Treasurer
Walter Phelps, Council Delegate
LEUPP CHAPTER
Johnny Johnson, Department Manager II
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

PRIOR FINDINGS, CORRECTIVE ACTIONS AND CURRENT STATUS

PRIOR FINDING I: Ineligible recipients receive housing assistance.

Chapter Corrective Actions	Status of Corrective Action
1. Chapter administration will ensure applications with supporting documentation are submitted by applicants to determine eligibility.	Implemented
2. Chapter Manager and Chapter officials will evaluate and rank applicants to determine eligibility. Only applicants that are eligible should be approved and assisted. Denials will be returned to requestor or kept on file. Approval will be forwarded to Administrative Assistant.	Implemented
3. Chapter Administrative Assistant will process the checks to vendors and Chapter Manager and Chapter Secretary/Treasurer will review and approve supporting documents before co-signing the checks.	Implemented
Audit Issue Resolved: Yes	

PRIOR FINDING II: Capital Outlay was not expended in accordance with the intent of the Navajo Nation Council.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Capital Outlay was expended for administrative and unidentified expenses.	
1. Chapter Manager and Chapter officials will prepare a budget for the Capital Improvement Projects and ensure that it is expended on capital improvement and economic development.	Implemented
2. Chapter officials will present the budget for approval by the community membership before initiating the Capital Improvement Projects.	Implemented
Audit Issue Resolved: Yes	
Issue 2: Chapter projects were not properly managed.	
1. Chapter Manager and Chapter officials will develop a checklist on planning construction projects, advertise, and select qualified contractor. Avoid construction during seasonal weather and monitor the chapter projects.	<i>Cannot determine due to capital outlay fund was used as matching with NTUA and CIO powerline extension project. The Chapter did not directly manage the capital projects.</i>
Audit Issue Resolved: No	

PRIOR FINDING III: Expenditures were not authorized and supported with documentation.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Chapter internally generated revenue was expended without an approved budget.	
1. Chapter Manager and Chapter officials will prepare a budget for internally generated chapter revenue.	Not implemented. The Chapter administration posted the budget for the internally generated revenue in the amount of \$49,730. However, the budget was not presented to the Chapter membership for adoption. Any subsequent expenditure is unauthorized.
2. Chapter officials will present the budget to the community for approval via resolution.	
3. Chapter Administrative Assistant will post budget according to the adopted budget via resolution.	
Audit Issue Resolved: No	

Issue 2: Unauthorized inter-fund transfers between chapter funds.	
1. Chapter administration will inform Chapter officials of any inter-fund budget transfers for approval.	Implemented
2. Chapter officials will present the inter-fund transfer to the community for approval via resolution.	Implemented
3. Chapter Administrative Assistant will post the budget according to the budget resolution.	Implemented
Audit Issue Resolved: Yes	
Issue 3: No documentation to justify the use of chapter resources.	
1. Chapter administration will ensure all supporting documentations are attached for Capital Improvement Projects, travel and operating expenditures.	Implemented
2. Chapter Manager and Chapter Secretary/Treasurer will review and ensure that all supporting documentation is attached before cosigning checks.	Implemented
3. Chapter administration will ensure that all documents are filed according to the records management policies and procedures.	Implemented
Audit Issue Resolved: Yes	

PRIOR FINDING IV: Expenditures and assets were not accurately posted to the accounting system.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Chapter expenditures were not properly classified with the correct GL Code (Object Account).	
1. Chapter Administrative Assistant will use the chart of accounts to properly classify goods or services procured to the accounting system. Unidentified and miscellaneous GL code use will be kept at a minimum.	Implemented
2. Chapter Manager and Chapter Secretary/Treasurer will review and ensure goods or services procured are properly classified and posted to the accounting system.	Implemented
Audit Issue Resolved: Yes	
Issue 2: Fixed assets were not recorded in the accounting system and the financial statements.	
1. Chapter Administrative Assistant will post the fixed asset information to the accounting system.	<i>Not implemented.</i> The Chapter did not develop a fixed assets inventory. Additionally, the Chapter officials acknowledged that the Chapter did not have its fixed asset inventory complete during the entrance meeting. Therefore, there were no fixed assets reported on the financial statement.
2. Chapter Manager and Chapter officials will reconcile the posting of the fixed assets and the fixed asset listing.	
Audit Issue Resolved: No	

PRIOR FINDING V: Chapter employees were not accurately compensated.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Administrative staff annual leave accrual rate was not approved.	
1. Chapter officials will clearly define the leave accrual rate for permanent status employees.	Implemented
2. Chapter officials will document and approve the accrual rates that the chapter will be using and Chapter Administrative Assistant will set up the rates in the accounting system.	Implemented
3. Chapter Secretary/Treasurer will review the posted rates to ensure approved accrual rates are posted.	Implemented
Audit Issue Resolved: Yes	
Issue 2: Questionable wages paid to administrative staff.	
1. Chapter Administrative Assistant will post worked hours and sick/annual leave taken to reflect the approved timesheets.	Implemented
2. Chapter Manager and Chapter Secretary/Treasurer will review posting of worked hours and sick/annual leave taken to ensure it reflects the timesheets.	Implemented
Audit Issue Resolved: Yes	
Issue 3: Payroll checks were released 2-6 days early prior to pay periods ending.	
1. Chapter Administrative Assistant will process payroll checks according to MIP pay schedule.	Implemented
2. Chapter Manager and Chapter Secretary/Treasurer will review the posting to ensure checks are not processed early.	Implemented
Audit Issue Resolved: Yes	
Issue 4: Questionable bonus pay paid to staff.	
1. Chapter officials will do a performance evaluation on a quarterly basis. Based on results of performance evaluation if overall rating is "Significantly Exceeds Standards" or "Outstanding," the Chapter officials will present the recommendation of bonus to the community membership for approval.	Implemented
Audit Issue Resolved: Yes	

PRIOR FINDING VI: The Chapter is not in compliance with State unemployment regulations.

Chapter Corrective Actions	Status of Corrective Action
1. The Chapter Manager will report wages and pay unemployment taxes for its employees.	Implemented
Audit Issue Resolved: Yes	

PRIOR FINDING VII: Chapter property/equipment, resale items, and housing materials were not safeguarded.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Annual physical count of Chapter property/equipment was not performed.	
1. Chapter administration and officials will conduct a physical inventory and update the inventory listing of any new purchases or any disposals of chapter property	Not Implemented. The Chapter has conducted a physical inventory of its property/equipment as of December 15,

and equipment on an annual basis.	2016. However the physical inventory list provided during the follow-up review was incomplete due to missing pertinent information such as property tags, acquisition date, and values. Additionally, the Chapter officials acknowledge during the entrance meeting that they did not have all the pertinent information documented on the inventory listing. In the absence of information, the Chapter cannot provide reasonable assurance that all property owned and controlled by the Chapter is accounted for on chapter premises.
Audit Issue Resolved: No	
Issue 2: Perpetual inventory was not maintained for resale items.	
1. Chapter administration or PEP workers will make a physical count on any resale items at time of delivery and post the items delivered in the accounting system.	<i>Cannot determine due to no activity.</i> During the audit scope, the chapter did not have any resale activity. Additionally, during the entrance meeting the Chapter officials acknowledge that they did not have any resale activity.
2. Chapter Administrative Assistant or Office Assistant will issue cash receipts on what was sold and record the sale and any spoilage or loss to the accounting system on a daily basis.	
3. Based on cash receipts on items sold, Chapter administration and Chapter officials will do monthly physical inventory count and forward to the Chapter Manager, who will reconcile the physical count to the MIP perpetual inventory system; adjust for any damage/spoilage.	
4. Chapter officials will review the perpetual inventory of resale items activity.	
Audit Issue Resolved: No	
Issue 3: No inventory controls for unused housing materials.	
1. Chapter Administrative Assistant will create an inventory control sheet for the unused housing materials in the warehouse.	<i>Not Implemented.</i> The Chapter has a large quantity of building materials stored at the Chapter warehouse but does not have a perpetual inventory in place to account for items purchased, used, spoiled, or lost. As a result, unused material can be stolen without detection.
2. Chapter PEP workers will do inventory of housing materials and supplies in the warehouse.	
3. Chapter PEP workers will sign in and out for what they take and return.	
4. Chapter Manager and Chapter officials will reconcile the inventory control sheet and what is in the warehouse on a monthly basis. If any discrepancies, it will be resolved immediately.	<i>Not Implemented.</i> The Chapter officials acknowledge they did not develop an inventory for its housing materials at the entrance meeting. As a result, the reconciliation of the inventory control sheet to the physical count of the warehouse cannot be done.
Audit Issue Resolved: No	

PRIOR FINDING VIII: Chapter officials are not monitoring chapter activities and collaborating with the chapter administration.

Chapter Corrective Actions	Status of Corrective Action
Issue 1: Monitoring of Chapter activities was not performed.	
1. Chapter officials and administration will communicate on a daily basis and make themselves available to discuss chapter activities and operations.	<i>Not Implemented.</i> During the audit, the auditors noted that there is limited collaboration between chapter officials and staff. According to the Chapter staff there is no staff meeting and the Chapter officials only showed up at the Chapter to sign chapter checks and during chapter meetings. Without sufficient and open communication the chapter cannot carry out duties and responsibilities in an effective and efficient manner for the benefit of the community.
2. Chapter administrative staff will designate an individual to monitor certain chapter projects or operations according to FMS and Title 26.	<i>Not implemented.</i> The Chapter Manager solely manages chapter operations and payments. As a result, over \$200,000 chapter funds budgeted for housing, temporary employment, and capital projects remain unspent despite community needs.
3. Chapter Secretary/Treasurer will monitor the accounting system, ensure all required documents are attached before cosigning checks, and documents are filed according to records policies and procedures. If any discrepancies, it will be resolved immediately.	<i>Not Implemented.</i> The Chapter Secretary/Treasurer did not ensure all documents are properly filed. The Chapter Secretary/Treasurer acknowledged that he did not verify the Chapter's internally generated fund approved budget, and a fixed asset (capital) inventory was developed. As a result, Chapter transactions were not supported and assets were not accounted for.
Audit Issue Resolved: No	
Issue 2: Poor working relationship between Chapter administration and officials.	
1. Chapter officials and administration will communicate on a daily basis and make themselves available to discuss chapter activities and operations.	<i>Not Implemented.</i> The Chapter officials and the chapter staff did not work together to provide efficient services to the Leupp community. The Chapter Manager and the Chapter Secretary/Treasurer disagreed in managing chapter operation, and roles and responsibilities of the officials and staff. We noted delays in approving the carry-over budget, presenting the monthly financial reports, providing services to the chapter community, and overall inefficiencies in Chapter operation.
2. Chapter administrative staff will delegate an individual to monitor or complete certain duties and responsibilities according to FMS and Title 26.	
3. Chapter officials and administration will communicate and make decisions in the best interest of the chapter community.	
4. Chapter officials will share information to the community membership at chapter meetings.	
Audit Issue Resolved: No	

Roberta I. Gorman, President
Kevin Todacheenie, Vice President
Genevieve Riggs Secretary/Treasurer



Walter Phelps, Council Delegate
Allen Jones, Grazing Committee
Priscilla Franklin, Chapter Mgr.

LEUPP CHAPTER

Telephone: (928) 686-3227 or 3229

CPO Box 5372 Leupp, Arizona 86035

Facsimile: (928) 686-3232

February 6, 2015

Elizabeth Begay, CIA, CFE
Acting Auditor General
Office of the Auditor General
The Navajo Nation
P.O. Box 708
Window Rock, Arizona 86515

Dear Mrs. Begay:

The Leupp Chapter herewith submits Corrective Action Plan (CAP) to the office of the Auditor General in
Regards to the final Audit Report No. 14-20 which includes findings and recommendations.

The Leupp Chapter does acknowledge the Office of the Auditor General for Financial Audit conducted. If
You have any questions regarding the CAP, please call the Chapter at (928)686-3227.

Sincerely,

Priscilla Franklin

Priscilla Franklin, Chapter Manager
Leupp Chapter

Concurred:

Roberta Gorman

President

K. Todacheenie

Vice-President

Genevieve Riggs

Secretary/Treasurer

FEB 9 2015

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
Finding I Ineligible recipients of Housing assistance			
	1) Chapter administration will ensure applications with supporting documentations are submitted by applicants to determine eligibility.	Administration	August 2014
	2) Chapter Manager and Officials will evaluate and rank applicants to determine eligibility. Only applicants that are eligible should be approved and assisted. Denials will be returned to requestor or kept on file. Approval will be forwarded to AA.	Manager and Officials	August 2014
	3) Chapter Administrative Assistant will process the checks to vendors.	Administrative Assistant	August 2014
	4) Chapter Manager and Chapter secretary/Treasurer will review and approve supporting documents before cosigning the checks.	Manager and Secretary/Treasurer	August 2014
Finding II Capital Outlay was not expended in accordance with the intent of the Navajo Nation Council			
Issue 1: \$110,000 Capital Outlay was expended for administrative and unidentified expenses	1) Chapter Manager and Chapter officials will prepare a budget for the CIP Projects and ensured that it is expended on capital improvement t and economic development.	Manager and Officials	August 2014
	2) Chapter Officials will present the budget for approve by the community membership.	Officials and community	August 2014
	3) Chapter Manager and Officials will initiate the CIP project	Manager and Officials	August 2014
	4) Chapter Manager and Officials will monitor projects and report to the community	Manager and Officials	August 2014
Issue Chapter projects were not properly managed	1) Chapter Manager and Officials will develop a checklist on planning construction and monitoring of the chapter projects.	Manager and Officials	May 2015
	2) Chapter administration will advertise for contract bidders.	Administration	May 2015
	3) Chapter Manager and Officials will select qualified contractor to work on the project.	Manager and Officials	May 2015

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
	4) Chapter Manager and Officials will select a date for construction to avoid seasonal weather conditions or other unforeseen event.	Manager and officials	May 2015
	5) Chapter Manager and Officials will monitor projects and report to the community.	Manager and Officials	May 2015
Finding III Expenditures were not authorized and supported with documentation			
Issue: Chapter internally generated revenue was expended without an approved budget	1) Chapter Manager and Officials will prepare a budget for internally generated chapter revenue.	Manager and Officials	October 2014
	2) Chapter Officials will present the budget to the community for approval via resolution.	Officials and Community membership	October 2014
	3) Chapter Administrative Assistant will post budget according to the adopted budget via resolution.	Administrative Assistant	October 2014
Issue: Unauthorized inter-fund transfers between chapter funds	1) Chapter administration will inform chapter officials for any inter transfer budget for approval.	Manager and Officials	March 2015
	2) Chapter Officials will present the inter transfer budget to the community for approval via resolution.	Officials and community membership	March 2015
	3) Chapter Administrative Assistant will post budget according to Budget resolution		March 2015
Issue: No documentation to justify the use of \$74,000 chapter resource	1) Chapter administration will ensure all supporting documentations are attached for CIP, Travel and Operating expenditures.	Administration	October 2015
	2) Chapter manager and Secretary/Treasurer will review and ensure that all supporting documentations are attached before cosigning checks.	Manager and Secretary/Treasurer	October 2015

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
	3) Chapter Administration will ensure that all documents are filed according to the record management policies and procedures.	Administration	October 2015
Finding IV: Expenditures and assets were not accurately posted to the accounting system			
Issue: Approximately \$60,000 of Chapter expenditures were not properly classified with the correct GL Code (Object Account)	1) Chapter Administrative Assistant will use the chart of accounts to properly classification for goods and services procured to the accounting system. Unidentified and miscellaneous GL code use will be kept at a minimal.	Administrative Assistant	January 2015
	2) Chapter Manager and Secretary/Treasurer will review and ensure goods and services procured are properly classified and posted to the accounting system.	Manager Secretary/Treasurer	January 2015
Issue: Fixed assets were not recorded in the accounting system and the financial statements	1) Chapter Administration and Officials will conduct a physical inventory of the fixed assets.	Officials and Administration	January 2015
	2) Chapter Administrative Assistant will post the fixed asset information to the accounting system.	Administrative Assistant	January 2015
	3) Chapter Manager and Officials will reconciled the posting of the fixed assets and the fixed asset listing.	Manager and Officials	January 2015
Finding V: Chapter employees were not accurately compensated			
Issue : Administrative staff annual leave accrual rate was not approved	1) Chapter Officials will clearly define the leave accrual rate for permanent status employees.	Officials	January 2015
	2) Chapter Officials will document and approve the accrual rates that the chapter will be using.	Officials	January 2015
	3) Chapter Administrative Assistant will set up the rates in the accounting system.	Administrative Assistant	January 2015

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
	4) Chapter Secretary/Treasurer will review the posted rates to ensure approved accrual rates are posted.	Secretary/Treasurer	January 2015
Issue: Questionable wages paid to administrative staff	1) Chapter Administrative Assistant will post worked hours and sick/annual leave taken to reflect the approved timesheets.	Administrative Assistant	January 2015
	2) Chapter Manager and Secretary/Treasurer will review posting of worked hours and sick/annual leave taken to ensure it reflects the timesheets.	Manager and Secretary/Treasurer	January 2015
	3) Chapter Manager and Officials will contact the former Administrative Assistant for non-repayment of advance pay of \$612 requesting documentation of payment(s). If not provided, the Administrative Assistant will be required to pay back \$612 to the chapter.	Manager and Officials	January 2015
Issue: Payroll checks were released 2-6 days early prior to pay periods ending	1) Chapter Administrative Assistant will process payroll checks according to MIP pay schedule.	Administrative Assistant	October 2014
	2) Chapter Manager and Secretary/Treasurer will review the posting to ensure checks are not process early.	Manager and Secretary/Treasurer	October 2014
Issue: Questionable bonus pay paid to staff totaling \$5,500	1) Chapter Officials will do a performance evaluation on a quarterly basis.	Officials	January 2015
	2) Chapter Officials will determine eligibility and then recommend bonus based on results of performance evaluation if overall rating is "Significantly Exceeds Standards" or "Outstanding."	Officials	January 2015
	3) Chapter officials will present the recommendation of the bonuses to the community membership for approval.	Officials and Community membership	January 2015
Finding VII: Chapter property/equipment, resale items and housing materials were not safeguarded			

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
Issue: Annual physical count of Chapter property/equipment was not performed	1) Chapter Administration and Officials will conduct a physical count of all chapter property and equipment on an annual basis.	Official and Administration	January 2015
	2) Chapter administration will update inventory listing of any new purchases or any disposal of chapter property and equipment.	Official and Administration	January 2015
Issue: Perpetual inventory was not maintained for resale items	1) Chapter administration or PEP will make a physical count on any resale items at time of delivery.	Administration and PEP worker	January 2015
	2) Chapter Administrative Assistant will post total items delivered in the accounting system.	Administrative Assistant	January 2015
	3) Chapter Administrative Assistant or Office Assistant will issue cash receipts on what was sold and also record any spoilage or loss.	Administrative Assistant and Office Assistant	October 2014
	4) Chapter Administrative Assistant will post what was sold to the accounting system on a daily basis.	Administrative Assistant	October 2014
	5) Base on cash receipts on items sold, Chapter Administration and Officials will do a monthly physical inventory count, and forward to Manager.	Administration and Officials	October 2014
	6) Chapter Manager will reconcile the physical count to the MIP perpetual inventory system; adjust for any damage/spoilage.	Manager	October 2014
	7) Chapter officials will review the perpetual inventory of resale items activity.	Officials	October 2014
Issue: No inventory controls for unused housing materials	1 Chapter Administrative Assistant will create an inventory control sheet for the unused housing materials in the warehouse.	Administrative Assistant	October 2014
	2) Chapter PEP workers will do inventory of housing materials and supplies in the warehouse.	PEP worker	October 2014
	3) Chapter PEP will sign in and out for what they take and return.	PEP worker	October 2014

LEUPP CHAPTER
Corrective Action Plan
Audit Report No. 14-20

FINDING/ISSUE	CORRECTIVE MEASURES	Responsible Party	TIMELINE
	4) Chapter Manager and Officials should reconcile the inventory control sheet and what is in the warehouse on a monthly basis. If any discrepancies, it will be resolved immediately.	Manager and Officials	October 2014
Finding VIII: Chapter Officials are not monitoring chapter activities and collaborating with the chapter administration			
Issue: Monitoring of chapter activities was not performed	1) Chapter officials and Administration will communicate on a daily basis and should make themselves available to discuss chapter activities and operation.	Administration and Officials	January 2015
	2) Chapter Administrative staff will designate an individual to monitor certain chapter project or operation according to FMS and Title 26.	Administration	January 2015
	3) Chapter Secretary/Treasurer will monitor the accounting system, ensure all required documents are attached before cosigning checks and documents are filed according to records policies and procedures. If deficiencies are found, it should be resolved immediately.	Secretary/Treasurer	January 2015
Issue: Poor working relationship between chapter administration and Officials	1) Chapter officials and Administration will communicate on a daily basis and should make themselves available to discuss chapter activities and operation.	Administration and Officials	January 2015
	2) Chapter Administration will delegate an individual to monitor or do certain duties and responsibilities according to FMS policies and procedures and title 26.	Administration	January 2015
	3) Chapter Official and Administration will communicate and make decision in the best interest of the community.	Officials and Administration	January 2015
	4) Chapter Officials will share information to the community membership at chapter meetings.	Officials	

BFAP-10-15

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

23RD NAVAJO NATION COUNCIL - First Year, 2015

AN ACTION

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

BE IT ENACTED

Section One. Findings

- A. The Resources and Development Committee is a standing committee of the Navajo Nation Council with oversight authority over the Chapters of the Navajo Nation. 2 NNC §§500(A), 501(C)(1). The Resources and Development Committee as the oversight committee of the Chapters of the Navajo Nation is to receive audit reports and corrective action plans. 12 NNC §7(E).
- B. The Budget and Finance Committee is a standing committee of the Navajo Nation Council. 2 NNC §300(A). The Budget and Finance Committee is charged with receiving and approving chapter audit reports from the Auditor General. 12 NNC §6(A), 12 NNC §7(D).
- C. Pursuant to 12 NNC §7(D) the Auditor General submits an audit report of the Leupp Chapter (Exhibit A) and Leupp Chapter's Corrective Action Plan (Exhibit B) for approval.

Section Two. Acceptance and Approval

- A. The Navajo Nation hereby accepts the Audit Report No. 14-20, Audit of the Leupp Chapter, attached hereto as Exhibit A, and approves the Leupp Chapter Corrective Action Plan, attached hereto as Exhibit B.
- B. The Navajo Nation hereby directs that copies of the Leupp Chapter Corrective Action Plan be provided to the Office of the President and the Vice President and the Resources and Development Committee, as part of their oversight responsibility for the Leupp Chapter.
- C. The Navajo Nation hereby directs the Leupp Chapter to submit a written status report on its progress in implementation of the Corrective Action Plan to the Office of the Auditor General six months after the approval of this resolution.
- D. The Navajo Nation hereby directs the Office of the Auditor General to review the written status report to be submitted by the Leupp Chapter and report to the Resources and Development Committee, as well as the Budget and Finance Committee.
- E. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify to actions claimed to have been taken by the Leupp Chapter, to issue a written follow-up report indicating the Leupp Chapter 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 5 in favor, 0 opposed, this 7th day of April, 2015.



Jonathan Nez, Chairperson

Budget and Finance Committee


Motion: Dwight Witherspoon

Second: Lee Jack, Sr.



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

TO : Levon Henry, Chief Legislative Counsel
OFFICE OF LEGISLATIVE COUNSEL

FROM : 
Elizabeth Begay, CIA, CFE
Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE : July 13, 2017

SUBJECT : Request for Legislation - Leupp Chapter

We request your office to prepare the legislation "An Action relating to Resources and Finance; Amending BFAP-10-15 to extend the Leupp Chapter implementation of their Corrective Action Plan and the Office of the Auditor General to conduct a follow-up review 12 months after the Leupp Chapter Officials have been sworn into their elected positions or after January 11, 2018. The legislation sponsor for the amendment will be Council Delegate Walter Phelps.

Pursuant to BFAP-10-15, the Office of the Auditor General conducted the follow-up review of the Leupp Chapter implementation of their corrective action plan and reviewed chapter transactions for the period June 2016 to November 2016. The follow-up review report was issued on March 31, 2017, which concluded that Leupp Chapter failed to implement their corrective action plan. Therefore, pursuant to 12 N.N.C. §9, the Auditor General recommended sanctions against the Leupp Chapter and officials.

However, the current Leupp Chapter President and Vice-President were just sworn into office on January 12, 2017. Since the current Chapter President and Vice-President were not the officials that failed to implement the corrective action plan, amending BFAP-10-15 will give due process to the current chapter officials by providing them additional time to implement their corrective action plan.

Attached are Exhibit "A" Audit Report No. 17-26, a Follow-up Review of the Leupp Chapter Corrective Action Plan Implementation that concluded the Leupp Chapter failed to implement their corrective action plan and Exhibit "B", Resolution BFAP-10-15 approved on April 7, 2015 directing the Office of the Auditor General to conduct a follow-up review on the Leupp Chapter implementation of their corrective action plan 12 months after the approval of the resolution.

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

Attachment

xc: Walter Phelps, Sponsor
Chrono