

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

24TH NAVAJO NATION COUNCIL - Third Year, 2021

AN ACTION

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

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee ("RDC") serves as the oversight committee of the 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).

SECTION TWO. FINDINGS

- A. The Auditor General submitted an audit report for the Special Review of Lukachukai Chapter, in accordance with 12 N.N.C. § 7(D). The audit report, "A Special Review of Lukachukai Chapter," No. 19-22, dated June 28, 2019, is attached as **Exhibit A**.
- B. The audit report noted five findings from the special review. Additional details of the findings and recommendations from the special review are included in **Exhibit A**.

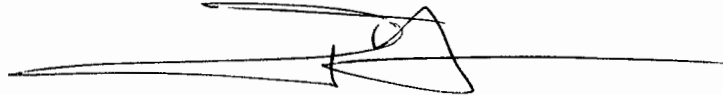
- C. Lukachukai Chapter provided a corrective action ("CAP"), attached as **Exhibit B**, which includes Chapter Resolution LUK2002-05, approving the CAP.

SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby approves, "A Special Review of Lukachukai Chapter", No. 19-22, dated June 28, 2019, which is attached as **Exhibit A**.
- B. The Navajo Nation approves the CAP submitted by Lukachukai Chapter, attached as **Exhibit B**, approving Lukachukai's CAP.
- C. The Navajo Nation directs that copies of the CAP be provided to RDC as part of its oversight responsibility for the Navajo Nation chapters. The Navajo Nation directs that Lukachukai Chapter submit a written status reports on its progress in implementing the corrective action plan to the Office of the Auditor General six months after the approval of this resolution.
- D. The Navajo Nation directs the Office of the Auditor General to review the written status report submitted by Lukachukai Chapter and to report the results to RDC and BFC.
- E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify the actions claimed to have been taken by Lukachukai Chapter, to issue a written follow-up report indicating the Chapter's progress in implementing the CAP, and to make recommendations to RDC and BFC.

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 by teleconference at which a quorum was present and that the same was passed by a vote of 5 in favor and 0 opposed, this 4th day of May 2021.

A handwritten signature in dark ink, appearing to read 'Jamie Henio', is written over a horizontal line. The signature is stylized with a large loop and a long horizontal stroke extending to the left.

Jamie Henio, Chairperson
Budget and Finance Committee

Motion: Honorable Jimmy Yellowhair
Second: Honorable Elmer P. Begay

EXHIBIT

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A



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Special Review of Lukachukai Chapter

Report No. 19-22
June 2019

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



June 28, 2019

Samuel Yazzie, President
LUKACHUKAI CHAPTER
P.O. Box 248
Lukachukai, NM 86507

Dear Mr. Yazzie:

The Office of the Auditor General herewith transmits Audit Report No. 19-22, A Special Review of the Lukachukai Chapter. The audit objective was to verify whether Chapter funds were spent in accordance with Navajo Nation laws and regulations and Chapter policies and procedures. During the audit period of April 1, 2018 to March 31, 2019, \$347,524 of Chapter funds were disbursed. Our review revealed the Chapter has not implemented appropriate controls to provide reasonable assurance it complies with applicable laws, regulations, policies and procedures. Listed below are the issues identified:

Finding I: Payroll taxes were remitted late.

Finding II: New hires were not being reported to the State of Arizona.

Finding III: Personnel action forms were not properly processed for temporary employees.

Finding IV: Controls over chapter property need improvement to ensure property is adequately identified, tracked, insured and well documented.

Finding V: Controls over chapter housing assistance need improvement to ensure home ownerships are properly verified and building materials are used as intended.

Finding VI: Chapter renovation project exceeding \$62,000 was improperly managed.

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 call our office at (928) 871-6303.

Sincerely,



Helen Brown
Delegated Auditor General

xc: Philip Sandoval, Jr., Vice President
Mary Ann Leonard, Secretary/Treasurer
Nelson S. Begaye, Council Delegate
Berlinda McKinley, Community Services Coordinator
LUKACHUKAI CHAPTER
Johnny Johnson, Department Manager II
Edgerton Gene, Senior Program & Projects Specialist
ADMINISTRATIVE SERVICES CENTER/DCD
Chrono

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REVIEW RESULTS

Finding I: Payroll taxes were remitted late.

Criteria:	IRS regulations require payroll taxes collected during a month to be deposited to the bank by the 15th day of the following month. Non-compliance could result in penalties.
Condition:	For the review period, the Chapter did not consistently deposit their payroll taxes by the 15 th of each month. The Chapter made late deposits anywhere from 2 weeks to 3 ½ months after the due date.
Effect:	The Chapter will be assessed penalties and fees which will need to be paid from funds that could have been used for other chapter purposes.
Cause:	<ul style="list-style-type: none">• The former Accounts Maintenance Specialist did not report and remit the chapter payroll taxes.• The current Community Services Coordinator had to research prior pay periods to determine the total taxes due to date which was a time-consuming process. This delayed the reporting and payment of taxes.• Also, since the Chapter officials did not inquire with the staff, they were unaware that the taxes were not being paid timely.
Recommendations:	<ol style="list-style-type: none">1. The Community Services Coordinator should deposit payroll taxes with the bank each month on or before the 15th of each month.2. The Chapter officials should periodically review the chapter balance sheet to verify tax liabilities are being paid by the due dates to avoid unnecessary fines and penalties.

Finding II: New hires were not being reported to the State of Arizona.

Criteria:	Arizona Law, Title 23, Chapter 4, Article 5, requires employers to report newly hired and re-hired employees to the state directory within 20 days of their hire date. There are no exemptions from this law.
Condition:	Of the 30 temporary employees hired by the Chapter during the audit period, none were reported to the State of Arizona.
Effect:	Although the chapter has not been fined to date, the Chapter could be fined \$25 up to \$500 for each unreported new or re-hired employee resulting in potential fines anywhere from \$750 to \$15,000. This would be considered unnecessary costs to the chapter.
Cause:	<ul style="list-style-type: none">• The Chapter staff was not aware that new hires are required to be reported to the State.• The Community Services Coordinator stated when she was hired there was no orientation from supervisors to inform her of the required State reporting.

- Recommendations:
1. The Chapter staff should create an account with the State and electronically report new hires and retain copies of the confirmation notice issued after reporting is complete.
 2. The Community Services Coordinator should periodically reconcile new hire reports to personnel files to verify that all new hires are reported.
 3. The Community Services Coordinator should create a master guide, with applicable directions, that is accessible by all new chapter employees upon hiring, which identifies all reporting requirements.

Finding III: Personnel action forms were not properly processed for temporary employees.

Criteria: Fiscal Policies and Procedures, Section VII.H, as well as the Chapter's Public Employment Program Policies and Procedures, Section IV.A, states that the Chapter administration shall complete, date and sign the employment and termination notices (i.e., personnel action form) of temporary employees and maintain these records at the Chapter in personnel files.

Condition: Personnel action forms for chapter temporary employees were incomplete and lacked authorized signatures. Personnel files for 30 temporary employees revealed the following:

- a) 25 (83%) had employment notices that were not approved by an authorized individual for new hires;
- b) 21 (70%) had employment notices that were not approved by an authorized individual for terminations; and
- c) 11 (37%) had employment notices that did not support the pay rate changes.

Effect: Since the chapter did not adhere to applicable chapter policies, the Chapter paid \$37,826 to individuals who were not properly authorized to work at the Chapter.

Cause:

- For the review period, the chapter only had one staff who prepared the personnel action forms, while the Chapter officials were the approvers, but the Chapter officials did not consistently sign all personnel action forms.
- The Chapter officials did not adhere to all applicable policies and procedures.

- Recommendations:
1. The Chapter staff should consistently prepare personnel action forms for all employees to document all changes in employment such as hiring, terminating, and pay rate changes.
 2. The Chapter officials should ensure that they consistently review and approve personnel action forms.

Finding IV: Controls over chapter property need improvement to ensure property is adequately identified, tracked, insured and well documented.

Issue 1: The Chapter's property is not insured.

Criteria:	Property Policies and Procedures, Section IV, requires the Chapter to maintain adequate insurance coverage for Chapter property.
Condition:	As of June 14, 2019, the chapter property is not insured for FY 2019.
Effect:	Chapter property valued at approximately \$140,000 could be unrecoverable if such property was stolen or otherwise destroyed.
Cause:	<ul style="list-style-type: none">• When hired in August 2018, the Community Services Coordinator was not informed of the property insurance reporting requirements and only became aware in December 2018 when she was informed of uninsured property by the Risk Management Department. However, she did not submit a property inventory until May 2019.• The property inventory submitted by the Community Services Coordinator is incomplete and missing pertinent information including property identification numbers and values. Therefore, the chapter's exposure summary report was incomplete and Risk Management Department cannot determine the insurance premium to bill the Chapter.
Recommendations:	<ol style="list-style-type: none">1. The Chapter staff should complete an annual inventory each year prior to the new fiscal year and update their inventory records with complete information.2. The Chapter staff should complete the exposure summary report and submit it with the inventory to Risk Management Department.3. The Chapter staff should pay for insurance coverage each year prior to the new fiscal year and avoid lapses in coverage.

Issue 2: Property was not tagged with identification numbers.

Criteria:	Property Policies and Procedures, Section IV, requires Chapter property to be tagged with property identification numbers.
Condition:	Eight fixed assets totaling \$86,387 were physically inspected and all did not have property identification tags. The Community Services Coordinator acknowledged that the property was not tagged with identification numbers.
Effect:	Without identification numbers, the Chapter cannot prove its ownership of recovered property due to theft nor can the Chapter effectively track assigned property that leave chapter premises.

- Cause:
- Without an Accounts Maintenance Specialist to assist with chapter operations, the Community Services Coordinator is short-staffed to address property needs.
 - However, the Community Services Coordinator had temporary employees to assist but did not assign any tasks to complete the property tagging.

- Recommendations:
1. The Chapter staff should ensure all chapter property is tagged with identification numbers.
 2. The Chapter staff should use temporary employees to assist with tagging the property.

Issue 3: The assignment of property to staff and officials is not documented and approved.

Criteria: Property Policies and Procedures, Section IV, states that all Chapter property shall be kept on Chapter premises, except where it has been approved for other locations by the Chapter Manager. If individuals are assigned to be accountable for property, records must be maintained to show the location of such property and the individuals responsible for its safekeeping.

Condition: The grazing official maintains chapter property at his personal residence including a stock trailer, squeeze chutes, livestock panels, a laptop and printer. In addition, the Community Services Coordinator said that the former Accounts Maintenance Specialist had a laptop that was not returned upon her resignation in 2018. The assignment of these chapter property valued at approximately \$18,700 was not documented and there was no authorization for these individuals to take the property off chapter premises and maintain at their personal residences.

Effect: The Chapter is at risk for property loss in the event the items stored away from chapter premises are stolen or destroyed and without proper documentation and approval, the Chapter will be challenged in holding the elected official and staff accountable for any property loss.

- Cause:
- The former Accounts Maintenance Specialist had complete control in managing the chapter property without supervision. Therefore, she assigned herself a laptop without the Chapter officials' knowledge.
 - The Chapter officials are not fully knowledgeable of property controls and the policies and procedures regarding property assignments.

- Recommendations:
1. Chapter staff and officials who are assigned chapter property should sign statements acknowledging the assignment, location, and safeguarding of the property.
 2. The Community Services Coordinator or authorized supervisor should document his/her approval of the property assignment made to staff and officials.

Issue 4: The fixed assets value reported in the financial statements cannot be supported with documentation.

- Criteria: Fiscal Policies and Procedures, Section VII.F, requires the Chapter to maintain fixed assets records and to report the value of fixed assets in the financial statements. The Chapter is required to establish internal controls to ensure that accounting data is accurate.
- Condition: The Chapter does not have records to support the fixed assets value of \$316,669 reported in the financial statements as of March 2019.
- Effect: The chapter financial statements are unreliable because the Chapter is reporting an unsupported value of \$316,669 for its fixed assets. The lack of reliable financial statements would hinder the Chapter in making informed financial decisions.
- Cause:
- The former Chapter staff recorded the current fixed assets value without an independent verification to ensure the accuracy of the reported value.
 - The current Community Services Coordinator has been unable to locate the records that would support the amount recorded by the former AMS and therefore unable to determine how she arrived at the value.
- Recommendations:
1. The Chapter staff should maintain records for chapter fixed assets to support the amount reported in the financial statements.
 2. The Chapter should require the Administrative Services Center to verify that the fixed assets value reported in the financial statements can be supported with documentation.

Finding V: Controls over chapter housing assistance need improvement to ensure home ownerships are properly verified and building materials are used as intended.

Issue 1: The Chapter did not verify that all housing assistance recipients had evidence of home ownership.

- Criteria: Chapter housing policies, Section V, requires applicants to have evidence of home ownership to be eligible for housing assistance.
- Condition: For the review period, the Chapter awarded \$18,589 to a total of 14 recipients. Of the 14, four (29%) did not have proof of home ownership on file contrary to established policies.
- Effect: The Chapter awarded \$4,253 in housing assistance to four applicants who were ineligible.

- Cause:
- The Chapter's housing assistance checklist is not effectively used by staff to verify required documents were provided by applicants.
 - The Chapter officials did not confirm that the Chapter staff obtained home ownership documents from applicants prior to signing checks for housing assistance.

- Recommendations:
1. The Community Services Coordinator should remain consistent in using the checklist to ensure evidence of home ownership is provided by the applicant prior to approving assistance.
 2. Chapter officials should verify applicants approved for housing assistance have evidence of home ownership prior to signing checks.

Issue 2: The Chapter did not verify that building materials were used for their approved purpose.

Criteria: Chapter housing policies, Section VI, requires the Chapter to revisit the homeowner to complete a final inspection to verify building materials were used for their approved purpose and to document this action.

Condition: For the review period, the Chapter awarded \$18,589 to recipients but the staff did not perform onsite monitoring visits to recipient homes to verify the building materials were used for their approved purposes.

Effect: Materials costing \$18,589 could become a potential financial loss to the Chapter if the materials were stolen, sold, or lost due to spoilage.

- Cause:
- Without an Accounts Maintenance Specialist to assist with chapter operations, the Community Services Coordinator's has not been able to make the visits to the recipient's home to evaluate the completion of housing assistance projects.
 - The Community Services Coordinator also has not used the temporary employees to assist with completing this task.

- Recommendations:
1. The Community Services Coordinator should schedule visits to the housing recipients homes to evaluate if the 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 revisits to the housing recipient's homes.
 3. The Chapter officials should verify that the Chapter staff revisit the homes of housing recipients to confirm building materials were used for their approved purpose.

Finding VI: Chapter renovation project exceeding \$62,000 was improperly managed.

Criteria: Fiscal Policies and Procedures, Section VII, states the Chapter must establish internal controls to ensure Chapter assets and resources are protected against waste, loss and inefficiency.

- Condition:** During the audit, a chapter renovation project was identified with project costs exceeding \$62,500 as of March 2019. An evaluation of the project revealed there was no planning, no defined scope of work and unclear project timelines. In addition, licensed professionals needed for the project were not hired and no progress reports were found on file. The Community Services Coordinator also reported the project is delayed with electrical and cooling/heating system issues.
- Effect:** Unforeseen issues and improperly managed change orders could continue to raise project costs and delay the project further. Once the project is completed, the Chapter could have potentially expended more resources than were actually needed resulting in an inefficient use of resources.
- Cause:**
- The former Accounts Maintenance Specialist lacked the expertise and skill sets needed to effectively manage chapter capital projects which resulted in the excess costs.
 - The former Accounts Maintenance Specialist also had complete control over the renovation project and made decisions without input from supervisors and Chapter officials.
- Recommendations:**
1. The Chapter staff and officials should implement project management controls to properly manage the Chapter capital projects.
 2. The Chapter staff and officials should seek guidance from the Capital Projects Management Department within the Division of Community Development to address chapter renovation issues.
 3. The Chapter officials or authorized supervisors should provide proper oversight of Chapter projects.

CONCLUSION

The Chapter made late payroll tax deposits anywhere from 2 weeks to 3 ½ months after the due date. Temporary employees were not reported to the State as new hires. Employment notices were not being completed and signed by an authorized individual to hire and terminate temporary employees. Chapter property was not insured, tagged, and properly assigned to staff and officials. The reported fixed assets value cannot be supported with documentation. The Chapter was not verifying that all housing assistance recipients had evidence of home ownership. The Chapter did not ensure building materials were used for their approved purpose by recipients. The Chapter has spent more than \$62,500 on chapter renovations without proper oversight.

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 six findings identified in the audit report.

BACKGROUND

The Lukachukai 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 Accounts Maintenance Specialist resigned from the Chapter in October 2018. Therefore, at the time of the review, the Chapter did not have an Accounts Maintenance Specialist. The current Community Services Coordinator was hired in August 2018.

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 \$347,524 for the 12-month audit period ending March 31, 2019.

Objective, Scope, and Methodology

The Office of the Auditor General has conducted a Special Review of the Lukachukai Chapter pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, § 1 - 10.

The following objectives were established for this audit:

- Determine if payroll was paid timely.
- Determine if new hires were reported to the State.
- Determine if personnel action forms were processed for temporary employees.
- Determine if property was insured, tagged, accurately assigned, and the fixed assets value were supported with records.
- Determine if the Chapter verified that housing assistance recipients had evidence of home ownership and building materials were used for their approved purpose.
- Determine if controls were in place for the execution of Chapter projects.

The audit covers activities for the 12-month period of April 1, 2018 through March 31, 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 Lukachukai Chapter officials and administration for their cooperation and assistance throughout the audit.

CLIENT RESPONSE



Lukachukai Chapter Government

Nelson E. Begaye, Council Delegate
Samuel Yazzie, President
Philip Sandoval, Jr., Vice-President
Mary Ann Leonard, Secretary/Treasurer
Reederson Dee, Grazing Representative
Berlinda Mckinley Community Services Coordinator
VACANT, Accounts Maintenance Specialist

JOHNATHAN NEZ
PRESIDENT

MYRON LIZER
VICE-PRESIDENT

June 25, 2019

Navajo Nation Office of Auditor General
Helen Brown, Principal Auditor
Delegated Auditor General
Window Rock, Arizona 86515

RE: Response to the Special Review

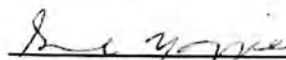
We are in receipt of your final draft of the Special Review of Lukachukai Chapter dated June 25, 2019. Pursuant to 12 Title N.N.C S7A, we agree to the audit findings and will begin the process of Corrective Action Plan based on the recommendations made by your office within 30 days.

If you should have any questions regarding this matter, please feel free to contact the Lukachukai Chapter at (928)787-2500 or email at lukachukai@navajochapters.org.

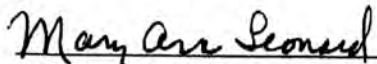
Sincerely,


Berlinda Mckinley
Community Service Coordinator

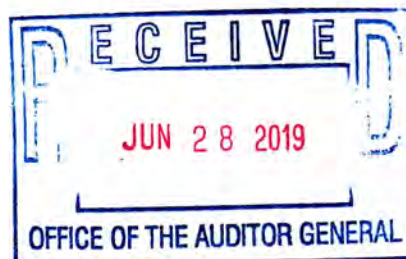
CONCURRENCE:


Samuel Yazzie, President

Phillip Sandoval, Vice President


Mary Ann Leonard, Secretary/Treasurer

Cc: File
Nelson Begaye, Council Delegate
Lukachukai Chapter
Johnny Johnson, NND CD Department Manager II
Edgerton Gene, Senior Programs & Project Specialist
Administrative Service Center/DCD



Lukachukai Chapter
Audit Report No. 19-22

Finding	Corrective Action	Responsible Party(ies)	Timeline
Finding I: Payroll taxes were remitted late.	1. Verify all payroll transactions are posted in the accounting system.	Community Services Coordinator	4/30/2021
	2. Retrieve 941 Worksheet report from accounting system to identify payroll taxes due.	Accounts Maintenance Specialist	4/30/2021
	3. Verify the 941 worksheet report is accurate and includes all payroll activities for the month prior to authorizing payment of payroll taxes.	Community Service Coordinator	4/30/2021
	4. Submit monthly deposit using EFTPS website by the 15th of each month.	Community Services Coordinator	4/30/2021
	5. Submit quarterly 941 report and monthly deposits.	Community Services Coordinator	4/30/2021
	6. File EFTPS confirmation, 941 Worksheet, and quarterly 941.	Accounts Maintenance Specialist	4/30/2021
	7. Conduct monthly review of payroll taxes to verify deposit are accurately completed by reviewing the payment confirmation and bank statements against the accounting system.	Administrative Service Center Secretary/Treasurer	4/30/2021
Finding II: New hires were not being reported to the state of Arizona.	1. Create a new hire reporting account with State of AZ.	Community Services Coordinator	4/30/2021
	2. AMS will electronically report all new hires to the state of AZ, through the states website, immediately upon hiring.	Accounts Maintenance Specialist Community Services Coordinator	4/30/2021
	3. Verify on a monthly basis that all employees are reported to the State of AZ by reconciling new hire reports to personnel files.	Community Services Coordinator	4/30/2021
	4. File confirmation of New Hires reported in personnel files.	Accounts Maintenance Specialist	4/30/2021
Finding III: Personnel action forms were not properly processed for temporary employees.	1. Prepare Personnel Action Form (PAF) for all employees upon hire and at termination of employment.	Accounts Maintenance Specialist	4/30/2021
	2. Verify PAF is complete and has approval signatures before employees begin work and at the termination of employment.	Community Services Coordinator	4/30/2021
	3. When any changes to employment status occurs such as employee information, employment dates, pay rates, etc. a new PAF will be immediately completed and approved by an authorized individual to document the change.	Accounts Maintenance Specialist Community Service Coordinator	4/30/2021
	4. File PAF with applicable personnel file.	Accounts Maintenance Specialist	4/30/2021
	5. Periodically review personnel files to verify complete, updated, and approved PAF's are on file.	Community Services Coordinator Chapter Secretary/Treasurer Administrative Service Center	4/30/2021

Finding IV: Controls over chapter property need improvement to ensure property is adequately identified, tracked, insured and well documented.			
Issue 1: The Chapter's property is not insured.	1. Conduct a complete inventory of all chapter property before the beginning of each fiscal year and document all pertinent information to the inventory in accordance with property policies and procedures.	Accounts Maintenance Specialist Community Services Coordinator	4/30/2021
	2. Verify all chapter property is accounted for and accurate in the inventory.	Community Services Coordinator Chapter Vice President	4/30/2021
	3. Complete Underwriter Exposure Summary (UES) report for insurance.	Account Maintenance Specialist	4/30/2021
	4. Review, approve, and submit UES report and inventory to Risk Management prior to the beginning of each fiscal year.	Community Services Coordinator	4/30/2021
	5. Immediately pay Navajo Nation for invoiced insurance amount to avoid lapses in coverage.	Accounts Maintenance Specialist	4/30/2021
	6. File inventory report with UES report and insurance documents at the chapter.	Accounts Maintenance Specialist	4/30/2021
	7. Verify the Chapter has proof of insurance coverage on file at the beginning of each fiscal year.	Administrative Service Center Community Service Coordinator Chapter Secretary/Treasurer	4/30/2021
Issue 2: Property was not tagged with identification numbers.	1. Purchase pre-printed property tags.	Accounts Maintenance Specialist	4/30/2021
	2. Affix property tags on all chapter property. In the absence of Chapter staff, temporary employees will assist in tagging property.	Accounts Maintenance Specialist	4/30/2021
	3. Verify the inventory accurately reflects the property tag numbers affixed to the property.	Community Services Coordinator Chapter Officials	4/30/2021
	4. Conduct on-site review of Chapter property to verify property is tagged.	Administrative Service Center	4/30/2021
Issue 3: The assignment of property to staff and officials is not documented and approved.	1. Create a property assignment acknowledgment form that includes the policies for property assignment and have Chapter staff and officials who are assigned chapter property complete and sign the form acknowledging the assignment and accountability for the property. Assignments will be for chapter related business only.	Accounts Maintenance Specialist Community Service Coordinator	4/30/2021
	2. Review and approve the property assignment acknowledgement form then obtain Chapter approval through resolution for property assignment.	Community Services Coordinator Chapter Officials	4/30/2021

	3. Chapter property will be returned to the chapter when assigned individual leaves Chapter position or otherwise be responsible for the cost of the property. The property will be inspected and, if applicable, the assigned individual will be responsible for damages. These actions will be documented and filed at the chapter.	Community Services Coordinator Chapter Officials	4/30/2021
	4. Verify each quarter that all paperwork regarding the assigned property are on file and individual still has assigned property. Verification will be documented and signed by verifying individual and filed at the chapter.	Administrative Service Center Community Service Coordinator	4/30/2021
Issue 4: The fixed assets value reported in the financial statements cannot be supported with documentation.	1. Create a fixed assets inventory in accordance with policies and procedures.	Accounts Maintenance Specialist	4/30/2021
	2. Verify all fixed assets values are supported with documentation such as invoices, receipts, appraisals, etc.	Community Services Coordinator Administrative Services Center	4/30/2021
	3. Post all fixed assets amounts into the accounting system.	Accounts Maintenance Specialist	4/30/2021
	4. File fixed assets inventory and support documentation at the Chapter.	Accounts Maintenance Specialist	4/30/2021
	5. Verify all fixed assets are accurately reported in the financial statements.	Community Services Coordinator Chapter Secretary/Treasurer Administrative Service Center	4/30/2021
Finding V: Controls over chapter housing assistance need improvement to ensure home ownerships are properly verified and building materials are used as intended.			
Issue 1: The Chapter did not verify that all housing assistance recipients had evidence of home ownership.	1. Ensure applicant has a valid homesite lease or other evidence of home ownership prior to processing the housing assistance application.	Accounts Maintenance Specialist	4/30/2021
	2. Review and verify application packet for completeness and evidence of home ownership prior to approval.	Community Services Coordinator	4/30/2021
	3. Verify application is complete with evidence of home ownership before signing check.	Community Service Coordinator Chapter Officials	4/30/2021
	4. File housing assistance documents and voucher packet at Chapter.	Accounts Maintenance Specialist	4/30/2021
	5. Review housing assistance files and voucher packets for completeness.	Administrative Service Center	4/30/2021
Issue 2: The Chapter did not verify that building materials were used for their approved purpose.	1. Conduct monthly home visits to verify housing recipients used building materials for their approved purpose and document the status.	Community Services Coordinator Chapter Vice President	4/30/2021
	2. Continue to follow up with housing recipients each month until building materials are used. Document the status of the home projects. If materials are not being used as intended, the chapter will evaluate and address the situation.	Community Services Coordinator Chapter Officials	4/30/2021
	3. File status reports at Chapter in recipient file.	Accounts Maintenance Specialist	4/30/2021

Finding VI: Chapter renovation project exceeding \$62,000 was improperly managed.	4. Recipient files will be reviewed to confirm the recipients used the materials for their approved purpose. (i.e. status/completion reports, before and after pictures).	Administrative Service Center Community Services Coordinator Chapter Secretary/Treasurer	4/30/2021
	1. Create a project folder for chapter projects containing documentation for the planning, scope of work, monitoring of projects, close out reports, etc.	Community Services Coordinator	4/30/2021
	2. Seek technical assistance from Capital Project Management Department to ensure projects are properly planned and accurately implemented. Chapter staff and officials will work together to plan and document projects.	Account Maintenance Specialist Community Service Coordinator Chapter Officials	4/30/2021
	3. Create and maintain project timeline, estimate of costs, blue prints, scope of work, materials list, labor list, etc. for each project.	Account Maintenance Specialist Community Services Coordinator	4/30/2021
	4. Hire and supervise a project manager to oversee projects are completed on schedule and as planned.	Community Services Coordinator Chapter Officials	4/30/2021
	5. Conduct on-site reviews weekly or more often if needed and document the project status and address any project issues in a timely manner.	Community Services Coordinator Chapter Vice President	4/30/2021
	6. Maintain all documents in project folder.	Accounts Maintenance Specialist	4/30/2021
	7. Review project folder for completeness.	Community Services Coordinator Administrative Service Center	4/30/2021



Lukachukai Chapter

Carl R. Slater, Council Delegate
Samuel Yazzie, President
Philip Sandoval, Jr., Vice-President
Mary Ann Leonard, Secretary/Treasurer
Reederson Dee, Grazing Representative
Berlinda Mckinley, Community Services Coordinator
Benita Yazzie, Accounts Maintenance Specialist

**JOHNATHAN NEZ
PRESIDENT**

**MYRON LIZER
VICE-PRESIDENT**

LUK2002-05

RESOLUTION OF THE LUKACHUKAI CHAPTER

APPROVING THE FINAL AMENDMENT OF THE CORRECTIVE ACTION PLAN (CAP) AUDIT REPORT NO. 19-22 FOR LUKACHUKAI CHAPTER GOVERNMENT.

WHEREAS:

1. Pursuant to the "Local Government Act" 26 N.N.C. Chapter 1, Section 3 (A) the Lukachukai Chapter # 036 "The Chapter" s continued as a certified local chapter of the Navajo Nation Government by the Navajo Nation Council resolution number CHP-34-98: AND
2. Pursuant to chapter 1, subchapter 1, section 131 (1)(2) of the same "Act" the chapter has the responsibility and authority to promote, protect and preserve the interest and general welfare including safety of its community people, programs, property, etc.; AND
3. Pursuant to the "Self-Determination Act" (P.L. 93-638) as amended by the U.S. Congress, the Navajo Nation is entitled and supported to initiate plans and make decisions, recommendations, request according to the needs, desires; AND
4. The Lukachukai Chapter was audited in June 2019 by the Navajo Nation Office of Auditor General with several findings for correction; AND
5. The Lukachukai Chapter and Administrative Service Center Chinle Office were directed to develop a Corrective Action Plan within 30 days from the report given by Office of Auditor General; AND
6. The Lukachukai Chapter resolution LUK1909-02 Accepting and Approving the Lukachukai Chapter Corrective Action Plan for Navajo Nation Audit Report No. 19-22 was passed and implemented to correct findings; AND
7. The final amendment of the Navajo Nation Audit Report No. 19-22 was reviewed by the Office of Auditor General with minor corrections and approved on February 19, 2020.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Lukachukai Chapter hereby approves the final amendment of the Corrective Action Plan (CAP) Audit Report No. 19-22.

CERTIFICATION

We, hereby certify that the foregoing resolution was duly considered by the Lukachukai Chapter at a duly called meeting at Lukachukai, Navajo Nation, Arizona at which a quorum was present and that same was passed by a vote of 14 in favor, 0 opposed and 4 abstained on this 15th day of October, 2020.

Motioned by: Henry Nez

Seconded by: Philip Sandoval Jr.

Samuel Yazzie
Samuel Yazzie, Chapter President

Mary Ann Leonard
Mary Ann Leonard, Chapter Secretary/Treasurer

BUDGET AND FINANCE COMMITTEE

4 MAY 2021

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0054-21: An Action Relating to the Resources and Development Committee and the Budget and Finance Committee; Accepting the Special Review of Lukachukai Chapter Submitted by the Office of the Auditor General; Approving the Corrective Action Plan Submitted by Lukachukai Chapter
Sponsored by Carl Slater, Council Delegate

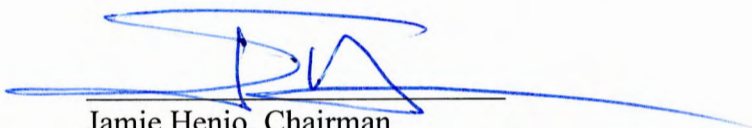
Motion: Jimmy Yellowhair

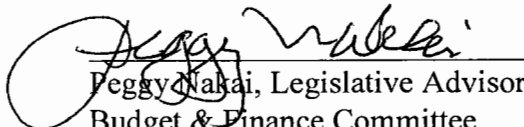
Second: Elmer P. Begay

Vote: 5-0, Chairman not voting

Final Vote Tally:

Jamie Henio		
Raymond Smith Jr.	yea	
Elmer P. Begay	yea	
Nathaniel Brown	yea	
Amber K. Crotty	yea	
Jimmy Yellowhair	yea	



Jamie Henio, Chairman
Budget & Finance Committee

Peggy Nakai, Legislative Advisor
Budget & Finance Committee