

LEGISLATIVE SUMMARY SHEET

Tracking No. 0114-21

DATE: June 29, 2021

TITLE OF RESOLUTION: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW OF THE TO'HAJIILEE CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO'HAJIILEE CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

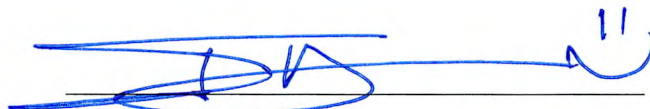
PURPOSE: The purpose of this legislation is to approve the Auditor General's Follow-Up Review of the To'hajiilee Chapter's implementation of the Corrective Action Plan approved by the BFC, and to impose sanctions upon the To'hajiilee Chapter for its failure to implement the Corrective Action Plan.

5-DAY BILL HOLD PERIOD: M Price
Website Posting Time/Date: 5:00pm 07-13-21
Posting End Date: 07.18.2021
Eligible for Action: 07.19.2021

Resources & Development Committee
Thence
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION
24TH NAVAJO NATION COUNCIL - Third Year, 2021

INTRODUCED BY



(Prime Sponsor)

TRACKING NO. 0114-21

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE
COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW
OF THE TO'HAJILEE CHAPTER'S CORRECTIVE ACTION PLAN
IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO'HAJILEE
CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee of the Navajo Nation Council serves as the oversight committee for all Chapters of the Navajo Nation. 2 N.N.C §501(C)(1).
- B. The Budget and Finance Committee of the Navajo Nation Council gives final approval of the Auditor General's audit reports and corrective action plans for audited Chapters. 12 N.N.C §7(D). The Budget and Finance Committee also receives post-audit follow-up reports from the Auditor General. 12 N.N.C §6(B) and §7(H).
- C. The Budget and Finance Committee is authorized to make a final determination on what sanctions, if any, should be imposed upon a Chapter for the failure to implement an approved corrective action plan. 12 N.N.C. §9(B)-(C).
- D. The Navajo Nation Auditor General is charged with the responsibility to conduct financial audits and reviews of the financial records of the Chapters. 12 N.N.C. §2(A)(1).

- 1 E. 12 N.N.C. §1-§10, provides: “12 months after the release of the audit report, the Auditor
2 General will conduct a follow-up to document the status of implementation [of the
3 corrective action plan].” 12 N.N.C. §7(G).
- 4 F. Regarding the audited Chapter’s response to the audit report and implementation of the
5 corrective action plan approved by the Budget and Finance Committee, Title 12 continues:
6 “[a]s part of the follow-up report, the Auditor General shall recommend action to be taken
7 by the Budget and Finance Committee and present the report to the standing committee or
8 committees having oversight responsibility for the audited program.” 12 N.N.C. §7(G).
- 9 G. “Based on the follow-up review and any recommendations made by the standing
10 committee having oversight responsibility for the audited program, the Budget and Finance
11 Committee will determine what actions should be taken.” 12 N.N.C. § 7(I).
- 12 H. If a Chapter fails to comply with the measures set forth in the approved corrective action
13 plan, sanctions may be imposed upon the Chapter pursuant to 12 N.N.C. §9(B)-(C), upon
14 the recommendation of the Auditor General, in accordance with 12 N.N.C. §7(G).
- 15 I. Title 12 provides that “[a]ny director or chapter official whose salary or other payments are
16 withheld pursuant to §9(C) shall have the right to have the withholding reviewed by the
17 Navajo Nation Office of Hearing and Appeals.” 12 N.N.C. §9(D).
- 18

19 **SECTION TWO. FINDINGS**

- 20 A. The Auditor General conducted a comprehensive financial audit of the To’hajiilee Chapter
21 and prepared the “Internal Audit of To’hajiilee Navajo Chapter – No. 18-20” dated March
22 30, 2018, which report is incorporated herein by reference.
- 23 B. The Budget and Finance Committee accepted the Auditor General’s March 30, 2018 audit
24 report and also the Corrective Action Plan for To’hajiilee Chapter that was proposed by
25 the Auditor General. BFC-54-18, dated December 27, 2018, attached hereto as **Exhibit 1**.
- 26 C. Over the past 18 months, the Auditor General has engaged in a follow-up review to
27 determine if the approved Corrective Action Plan has been satisfactorily implemented by
28 the To’hajiilee Chapter. The Auditor General has reported on the accomplishments of the
29 To’hajiilee Chapter in “A Follow-up Review of the To’hajiilee Chapter Corrective Action
30 Plan Implementation.” Report No. 21-06, dated March, 2021, attached as **Exhibit 2**.

- 1 D. The approved Corrective Action Plan lists seventeen (17) corrective measures for the
2 To'hajiilee Chapter to implement in order to address the numerous audit problems found
3 by the Auditor General. However, according to Report No. 21-06, the To'hajiilee Chapter
4 has implemented only 34% of the corrective measures, leaving 66% unresolved. Thus, the
5 Chapter has failed to adequately implement the Corrective Action Plan. **Exhibit 2.**
- 6 E. As a result, the Auditor General recommends that sanctions be imposed upon To'hajiilee
7 Chapter in accordance with 12 N.N.C. §9(B)-(C). **Exhibit 2.** Also as provided for in 12
8 N.N.C. §9(B)-(C), the Budget and Finance Committee is the final authority that makes a
9 determination regarding the sanctions to be imposed upon the Chapter.

10
11 **SECTION THREE. ACCEPTANCE OF AUDITOR GENERAL'S REPORT AND**
12 **IMPOSITION OF SANCTIONS**

- 13 A. The Navajo Nation hereby accepts the Auditor General's Report: "A Follow-up Review
14 of the To'hajiilee Chapter Corrective Action Plan Implementation" (Report No. 21-06,
15 dated March 2021), attached as **Exhibit 2.**
- 16 B. As authorized by 12 N.N.C. §9(B), the Controller shall immediately withhold ten percent
17 (10%) of all monies payable to the To'hajiilee Chapter from any governmental fund of the
18 Navajo Nation, as defined at 12 N.N.C. §810(S). As provided for in 12 N.N.C. §9(B), this
19 withholding of funds shall continue unless and until the To'hajiilee Chapter demonstrates
20 to the Auditor General that all corrective measures included in the approved Corrective
21 Action Plan for the To'hajiilee Chapter have been satisfactorily implemented.
- 22 C. In addition, as authorized by 12 N.N.C. §9(C), the Controller shall immediately withhold
23 twenty percent (20%) of all stipend payments for Chapter Officials.
- 24 D. Chapter Officials may appeal this withholding of their stipend payments, in accordance
25 with the procedures detailed in 12 N.N.C. §9(D).
- 26 E. When the To'hajiilee Chapter demonstrates proof of adequate compliance with the
27 provisions of the Corrective Action Plan, the Auditor General shall immediately report
28 such compliance to the Controller who shall then release all withheld funds back to the
29 Chapter and to Chapter Officials, in accordance with 12 N.N.C. §9(B)-(C).
- 30

1 **SECTION FOUR. SAVINGS CLAUSE**

2 If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation,
3 or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme
4 Court, the remainder of this Act shall remain as the law of the Navajo Nation.



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

BFD-54-18

23RD NAVAJO NATION COUNCIL - Fourth Year, 2018

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE
BUDGET AND FINANCE COMMITTEE; ACCEPTING THE INTERNAL AUDIT OF
TO'HAIILEE CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR
GENERAL, AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY
TO'HAIILEE NAVAJO CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

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

SECTION TWO. FINDINGS

- A. The Auditor General submitted an Audit Report for the Internal Audit of To'Hajiilee Chapter, in accordance with 12 N.N.C. § 7(D). The Report, "Internal Audit of To'Hajiilee Navajo Chapter," No. 18-20, dated March 30, 2018, is attached as **Exhibit A**.
- B. The Report lists fifteen (15) findings and recommendations for correction; details of the findings and recommendations from the audit are included in **Exhibit A**.


- C. To'Hajiilee Navajo Chapter provided a corrective action plan ("CAP"), which is attached as **Exhibit B**.

SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby approves, "Internal Audit of To'Hajiilee Navajo Chapter," No. 18-20, which is attached as **Exhibit A**.
- B. The Navajo Nation approves the CAP submitted by To'Hajiilee Navajo Chapter, which is attached as **Exhibit B**.
- 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 To'Hajiilee Navajo Chapter 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.
- D. The Navajo Nation directs the Office of the Auditor General to review the written status report submitted by the To'Hajiilee Navajo 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 To'Hajiilee Navajo 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 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 and Chairman not voting this 27th day of December 2018.


Seth Damon, Chairperson
Budget and Finance Committee

Motion: Honorable Lee Jack, Sr.
Second: Honorable Tom T. Chee



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the To'hajiilee Chapter Corrective Action Plan Implementation

**Report No. 21-06
March 2021**

**Performed by:
Jasmine Jishie, Auditor
Wynonna Henry, Associate Auditor
Beverly Tom, Senior Auditor**



March 31, 2021

Jimmy Secatero, President
TO'HAIILEE CHAPTER
P.O. Box 3398
To'hajiilee, New Mexico 87026

Dear Mr. Secatero:

The Office of the Auditor General herewith transmits audit report No. 21-06, a Follow-up Review of the To'hajiilee Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2018, the Office of the Auditor General performed an Internal Audit of To'hajiilee Chapter and issued audit report no. 18-20. A corrective action plan was developed by the To'hajiilee Chapter in response to the audit. The audit report and corrective action plan (CAP) were approved by the Budget and Finance Committee on December 27, 2018 per resolution no. BFMA-54-18.

OBJECTIVE AND SCOPE

The objective of the follow-up review is to determine whether the To'hajiilee Chapter fully implemented its corrective action plan based on a six-month review period of October 1, 2019 to March 31, 2020. Our review was based on inquiries via video teleconferencing, emails and teleconference calls; review of records; and audit test work.

SUMMARY


Of the 50 corrective measures, the To'hajiilee Chapter implemented 17 (34%) corrective measures, leaving 33 (66%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION

Since the To'hajiilee Chapter did not fully implement its corrective action plan, a majority of the findings from the 2018 audit remain unresolved. Therefore, the Office of the Auditor General recommends sanctions be imposed on the To'hajiilee Chapter and officials in accordance with 12 N.N.C. Section 9 (B) and (C).

We thank the To'hajiilee Chapter administration and officials for assisting in this follow-up review.

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Nora Morris, Vice President
Francesca Abeita, Secretary/Treasurer
Sherrilyn Apache, Community Services Coordinator
Jamie Henio, Council Delegate
TO'HAIILEE CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Guarena Adeky, Administrative Service Officer
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

Exhibit A

REVIEW RESULTS
To'hajiilee Chapter Corrective Action Plan Implementation
Review Period: October 1, 2019 to March 31, 2020

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details
1. Non-payment of Worker's compensation dues to the Navajo Nation Worker's Compensation Insurance Program for the past several years.	3	3	0	Yes	See Attachment A
2. Expenditures were made without approved annual budgets for the four fiscal years ended 9/30/13, 9/30/14, 9/30/15, 9/30/16.	3	0	3	No	See Attachment B
3. Expenditures were made without proper support documentation such as requisition form, purchase orders, receiving report, and quotes to justify the expense.	5	0	5	No	
4. The established checklists required for the Housing Discretionary Fund were missing for all 72 sample transactions selected for test work.	3	2	1	No	
5. Travel expenditure transactions did not have adequate support such as travel authorization, trip report, proof of insurance and driver licenses for those using personal vehicles.	3	0	3	No	
6. Capital assets inventory and inventory of other items have not been taken since 2016. Additionally, there is no current insurance coverage for the Chapter with the Navajo Nation's Risk Management Program for these assets.	4	3	1	No	
7. Lack of controls over safeguarding of Chapter's Property and Equipment items.	1	0	1	No	

8. Use of Chapter property (Rodeo Ground) without approval or compensation.	3	1	2	No	See Attachment B
9. The old Chapter building stands abandoned and is in need of restoration and renovation.	3	1	2	No	
10. The new Chapter building is in need of improvements and better maintenance.	1	0	1	No	
11. Quarterly Federal payroll reporting was not filed timely and the monthly Federal tax deposits were not made timely.	3	2	1	No	
12. Chapter membership does not receive monthly financial reporting and several regular Chapter meeting minutes were not available for audit review in a timely manner.	4	0	4	No	
13. Inadequate filing system that requires organization, effort, and timely action.	4	3	1	No	
14. Bank reconciliations for the years under audit have not been located.	3	2	1	No	
15. Lack of a stable AMS and CSC has weakened the operations and accountability at the Chapter.	1	0	1	No	
16. Name of the Chapter's main bank account has been changed in January 2017 without proper authorization.	1	0	1	No	
17. Lack of accountability over miscellaneous revenue collections for the four years under audit.	5	0	5	No	
TOTAL:	50	17	33	1 - Yes 16 - No	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

Attachment A

◆ 2021 STATUS	Issue #1: Non-payment of Worker's Compensation dues to the Navajo Nation Worker's Compensation Insurance Program for the past several years. RESOLVED
The Worker's Compensation reports for the review period were on file. The reports were complete, reviewed by the Community Services Coordinator and former Chapter President, and the reports and corresponding payments were submitted timely to the Navajo Nation Worker's Compensation Department. A representative from the Worker's Compensation Department also confirmed the Chapter is current on its reporting and payments for Worker's Compensation insurance coverage. With these improvements, this audit finding was deemed resolved.	

<p>◆ 2021 STATUS</p>	<p>Issue #2: Expenditures were made without approved annual budgets for the four fiscal years ended 9/30/13, 9/30/14, 9/30/15, 9/30/16. NOT RESOLVED</p>
	<p>For fiscal year 2020, the total Chapter budget was \$614,819. This total budget comprised of a carryover budget of \$402,003; Navajo Nation appropriations of \$178,007; supplemental appropriations of \$34,809; and internal revenues of \$46,316.</p> <p>Although the budgets for the Navajo Nation appropriations were approved, the Chapter did not receive two appropriations which were the Sales Tax and Unhealthy Junk Food in the amount of \$11,383 and \$1,904, respectively. The Chapter administration was unaware of these two appropriations which is an indication the Chapter did not monitor its budgets to ensure all appropriations were accounted for.</p> <p>Furthermore, the Chapter received other revenues from: 1) Filming, \$37,900; 2) Tri-State Western Area Power Administration, \$8,525; and 3) internally generated revenues, \$41. The Chapter did not prepare a detailed budget and obtain community membership approval for these revenues totaling \$46,466. Despite no budget approval, the Chapter expended \$41,461 or 89% of the revenues which are unauthorized expenditures.</p> <p>Overall, this finding was not fully resolved and the risks have not been mitigated. The Chapter was advised to contact the Administrative Service Center to address the appropriations that have not been received to date.</p>
<p>◆ 2021 STATUS</p>	<p>Issue #3: Expenditures were made without proper support documentation such as requisition form, purchase orders, receiving report, and quotes to justify the expense. NOT RESOLVED</p>
	<p>58 expenditures totaling \$42,119 during the review period were mostly for operating supplies, reimbursements, gift and food purchases, contractual services, financial assistance, and fuel purchases. A sample of 34 (59%) expenditures totaling \$29,519 was selected to verify proper supporting documentation. Test work revealed the following:</p> <ul style="list-style-type: none"> 1) 22 of 34 (65%) Quotations are not obtained for expenditures. 2) 27 of 34 (79%) Receiving reports are not completed. 3) 12 of 34 (35%) Payments are not supported with original invoice or receipt. 4) 6 of 34 (18%) Fund approval forms are not concurred for approval and completeness by a Chapter official. <p>Overall, the Chapter could not provide reasonable assurance that expenses were justified with proper documentation. The Chapter did not mitigate the risks and the finding remains unresolved.</p>
<p>◆ 2021 STATUS</p>	<p>Issue #4: The established checklists required for the Housing Discretionary Fund were missing for all 72 sample transactions selected for test work. NOT RESOLVED</p>

For the review period, there were 16 housing recipients who received assistance totaling \$14,784. In verifying whether the housing assistance documentation checklist was consistently used, we found the established checklist was not used for the recipients. Consequently, we noted the following discrepancies with supporting documentation of the housing assistance:

- 1) Supporting documents such as income verification, home site lease, floor plan, site visit and support letter were not on file for all recipients.
- 2) Merchant/vendor quotes were dated ranging from 2-17 months but were still used.
- 3) Receipts were not provided to verify housing materials were purchased by the recipient.
- 4) Housing applications were not reviewed for completeness and eligibility by the Community Services Coordinator.
- 5) Point ranking system was not used to prioritize housing recipients.
- 6) Follow-up visits of housing projects were not documented with pictures or completion reports.

Overall, the Chapter did not comply with housing policies and procedures to ensure recipients were provided with fair and equitable assistance. The risks remain high and the finding is not resolved.

<p>◆ 2021 STATUS</p>	<p>Issue #5: Travel expenditure transactions did not have adequate support such as travel authorization, trip report, proof of insurance and driver licenses for those using personal vehicles. NOT RESOLVED</p>
<p>12 travel expenditures totaling \$1,321 were reviewed and test work revealed the following:</p> <ol style="list-style-type: none"> 1) 12 of 12 (100%) Travel authorizations lacked dates or were not on file. 2) 5 of 12 (42%) Supporting documentation such as trip, expense, and mileage reports were not found for travelers. 3) 7 of 12 (58%) Current proof of insurance and driver license were not found for travelers when personal vehicles were used. 4) 4 of 12 (33%) Fund approval forms are not concurred for approval and completeness by a Chapter official. <p>In addition, travelers who used the Chapter vehicle did not have travel authorization. The Chapter allowed the Chapter administration including temporary workers to purchase fuel for the Chapter vehicle. Subsequently, the Chapter reimbursed the administration for these fuel expenses totaling \$725 but not all expenses were supported with fuel receipts. Overall, the Chapter has not provided reasonable assurance travel expenditures are properly supported and authorized.</p>	
<p>◆ 2021 STATUS</p>	<p>Issue #6: Capital assets inventory and inventory of other items have not been taken since 2016. Additionally, there is no current insurance coverage for the Chapter with the Navajo Nation's Risk Management Program for these assets. NOT RESOLVED</p>
<p>The Chapter completed its annual inventory of all property and equipment for fiscal years 2019 and 2020. However, two chapter vehicles were not listed on the latest annual inventory. Nonetheless, the two vehicles were reported on the underwriter exposure summary which is</p>	

for insurance coverage from the Risk Management Department. Records showed the Chapter submitted its FY2020 exposure summary and payment which confirms the vehicles and other chapter property were insured. However, the annual inventories and the underwriter exposure summary should be consistent in reporting chapter property.

The initial audit also cited the Chapter for no current registration and license plate for the Chapter vehicles. Since then, the Chapter obtained permanent license plates for the vehicles and the auditors confirmed the vehicles are on chapter premises. However, the Chapter could not provide a current New Mexico vehicle registration for both chapter vehicles. The Community Services Coordinator made attempts to contact the New Mexico Motor Vehicle Department to obtain current registration for the vehicles but has been unsuccessful with limited services due to the ongoing COVID-19 pandemic. Without current vehicle registrations, the Chapter risks violating state motor vehicle laws and any applicable liability.

◆
2021
STATUS

Issue #7: Lack of controls over safeguarding of Chapter's Property and Equipment items.
NOT RESOLVED

The Chapter installed nine security cameras with two working cameras located outside the perimeter of the Chapter. However, the Chapter has not updated its security camera system and as a result, seven cameras are not currently working. The Chapter explained an upgrade of the current security cameras would be costly but this claim could not be substantiated with vendor quotes or an assessment. The Chapter also lacks any fencing around the compound to secure property and equipment. Overall, the risk that Chapter property and equipment could be stolen or taken off chapter premises without authorization remains and the finding is unresolved.

◆
2021
STATUS

Issue #8: Use of Chapter property (Rodeo Ground) without approval or compensation.
NOT RESOLVED

For the audit period, one cash receipt for rodeo ground rental was identified. However, there was no approved rental form and no evidence that liability insurance was obtained for the event.

The Community Services Coordinator stated the former Chapter officials gave the consent with fee waivers to unknown individuals. This practice made it difficult for the Chapter administration to monitor the rental activities for the rodeo ground. Without proper approval and liability insurance, the Chapter is exposing itself and the Navajo Nation to unnecessary liability. Without rental revenues, the Chapter cannot maintain the rodeo ground and ensure its continued use.

◆
2021
STATUS

Issue #9: The old Chapter building stands abandoned and is in need of restoration and renovation.
Issue #10: The new Chapter building is in need of improvements and better maintenance.
NOT RESOLVED

The Chapter is operating from the new chapter building and the old chapter building was transferred to the Veterans Organization. However, there is no documentation to confirm the building transfer. In addition to the old chapter building, the pre-school building remains unoccupied due to safety concerns.

The Chapter administration and officials stated no building improvements will be made until an assessment is done by the Navajo Nation. The Chapter has been in contact with the Navajo Nation Occupational Safety and Health Administration (NNOSHA) to assess the Chapter buildings. NNOSHA confirmed their office will assess the Chapter buildings whether condemnation or renovations are warranted. However, as of this report, no assessments have been completed. Therefore, the future plans for these chapter buildings remain unclear. In the meantime, the Chapter continues to insure the Chapter buildings with the Navajo Nation Risk Management Department.

◆
2021
STATUS

Issue #11: Quarterly Federal payroll reporting was not filed timely and the monthly Federal tax deposits were not made timely.
NOT RESOLVED

The initial audit reported the Chapter received several reminder notices from the Internal Revenue Service (IRS) for delinquent taxes in the amount of \$1,099 that were to be paid by December 31, 2007. Records showed the Chapter paid the outstanding delinquent balance on February 26, 2020.

The Federal 941 reports for the review period totaled \$3,195. Of these two quarterly reports, the Chapter was late five months in submitting one of these reports. In addition, merit bonuses were paid to four temporary workers totaling \$800 which were not reported as payroll expenditures. Therefore, the Chapter did not properly withhold and remit applicable taxes as required by the IRS.

Since the Chapter submitted one Form 941 late and did not accurately apply payroll taxes to merit bonuses, the risk for liability and fines still remains and the finding is unresolved.

◆
2021
STATUS

Issue #12 Chapter membership does not receive monthly financial reporting and several regular Chapter meeting minutes were not available for audit review in a timely manner.
NOT RESOLVED

For the review period, the Accounts Maintenance Specialist did not provide monthly financial reports for the Community Services Coordinator or the former officials. Rather, a fund balance report was prepared by the Secretary/Treasurer using the Woven Integrated Navajo Data (WIND) system that posts chapter financial activities on the Navajo Nation Division of Community Development website. The Chapter administration confirmed these fund balance reports were used as financial reports by the former Secretary/Treasurer to the community membership. However, we could not reconcile the fund balance report and financial statements. As a result, the accuracy of the financial reports is questionable.

The former Secretary/Treasurer also did not document detail financial reporting in the meeting minutes. Further, the financial reports were not attached to the meeting minutes or posted on the Chapter's website for public viewing. Without accurate financial reporting, the Chapter membership cannot make informed financial decisions so the finding remains unresolved.

◆
2021
STATUS

Issue #13: Inadequate filing system that requires organization, effort, and timely action.
NOT RESOLVED

The Chapter administration has maintained a filing system since 2017 and based on our records inventory, most records were readily available for the follow-up review. However, the Chapter could not provide pertinent records such as the following:

- 1) Detailed budgets for Chapter Activity fund
- 2) Housing assistance required documents for recipients
- 3) Four travel voucher packets
- 4) Receipts for expenditures
- 5) Rental forms and liability insurance
- 6) Bank signatory card
- 7) Cash receipts tickets

Overall, this finding was not fully resolved and the risks have not been mitigated. The Chapter still needs to continue improving its filing system.

<p>◆ 2021 STATUS</p>	<p>Issue #14: Bank reconciliations for the years under audit have not been located. NOT RESOLVED</p>
	<p>Bank reconciliations for the six-month review period were provided by the Chapter administration. These bank reconciliations showed the Accounts Maintenance Specialist prepared the bank reconciliations each month and the Community Services Coordinator reviewed her work except two months of February and March 2020. In February 2020, it was unclear when the bank reconciliation was completed since the date of completion and review of the bank reconciliation were not documented. For March 2020, the bank reconciliation was delayed for approximately nine months due to the closure of the Chapter as a result of the COVID-19 pandemic.</p> <p>In addition, the former Secretary/Treasurer or other officials did not provide review of the bank reconciliations during the six-month review period. As a result, the Chapter could not provide reasonable assurance bank reconciliations are monitored to ensure bank reconciliations are accurate, completed timely, and are on file.</p>
<p>◆ 2021 STATUS</p>	<p>Issue #15: Lack of a stable AMS and CSC has weakened the operations and accountability at the Chapter. NOT RESOLVED</p>
	<p>The Chapter's Community Services Coordinator and Accounts Maintenance Specialist were both hired December 2017. The former Chapter officials who contributed to this review stated that Chapter operations have been improving since the administration was hired. Although we observed a good working relationship between the administration through meetings and interviews, we still noted the following:</p> <ol style="list-style-type: none"> 1) As the primary user of the accounting system, the Accounts Maintenance Specialist's work is not routinely monitored although the Community Services Coordinator is set up with credentials. 2) The former Secretary/Treasurer was not readily available to assist the Chapter administration with monitoring of financial activities. 3) The Community Services Coordinator and Accounts Maintenance Specialist could not account for all documents that were requested.

Overall, with permanent Chapter administration, the Chapter has more stability but accountability still needs to be strengthened. As a result, applicable risks still exist.

◆
2021
STATUS

Issue #16: Name of the Chapter's main bank account has been changed in January 2017 without proper authorization.
NOT RESOLVED

The prior audit cited the Chapter for removal of the legal name To'hajiilee Chapter from its bank account and Canoncito Band of Navajos was substituted to take its place. In review of bank statements, we found the Chapter combined the names of Canoncito Band of Navajos/To'hajiilee Navajo Chapter to the bank account. The Chapter did not have proper approval documentation such as a chapter resolution that authorized the name change. The Chapter administration stated the name change was done prior to their hiring and could not provide further explanation for the name change. The applicable risk remains as the finding is unresolved.

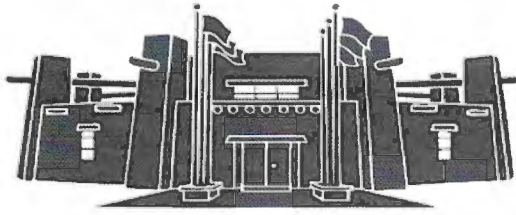
◆
2021
STATUS

Issue #17: Lack of accountability over miscellaneous revenue collections for the four years under audit.
NOT RESOLVED

25 cash receipts from internally generated revenues totaled \$168 for the audit period. The Chapter collected revenues from trash services and rodeo ground rental. The Chapter only provided eight cash receipt tickets with the remaining 19 cash receipts totaling \$126 presumed missing. Test work revealed the following control discrepancies:

- 1) 19 of 25 (76%) Revenues are not recorded on pre-numbered cash receipts tickets.
- 2) 19 of 25 (76%) Cash receipts are not reconciled and posted to the accounting system.
- 3) 20 of 25 (80%) Cash receipts are not posted to the correct revenue code.
- 4) 20 of 25 (80%) Posted cash amount did not reconcile to the actual cash receipt ticket.
- 5) 25 of 25 (100%) Revenues are not deposited weekly but rather done monthly.
- 6) 25 of 25 (100%) Revenue log was not reviewed for completeness by the Community Services Coordinator.

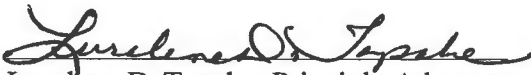
Overall, the roles and responsibilities of the Accounts Maintenance Specialist, Community Services Coordinator, and Chapter officials within the cash receipt process with regards to posting, reconciling and monitoring were not properly performed thus resulting in the control discrepancies. In absence of stronger controls over cash receipts, the Chapter cannot provide reasonable assurance it fully accounts for its miscellaneous revenues.



MEMORANDUM

TO : Hon. Rickie Nez, Chairman
Resources and Development Committee
24th Navajo Nation Council

: Hon. Jamie Henio, Chairman
Budget and Finance Committee
24th Navajo Nation Council

FROM : 
Luralene D. Tapahe, Principle Advocate
Office of Legislative Counsel

DATE : June 29, 2021

SUBJECT : **AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW OF THE TO'HAJIILEE CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO'HAJIILEE CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN**

I have prepared the above-referenced proposed legislation and related summary sheet, pursuant to Hon. Delegate Henio's request. The Office of Legislative Counsel has determined that this draft is legally sufficient. However, as with any legislation, it is subject to review by the Navajo Nation Courts in the event of a proper legal challenge. Also, please note that the Speaker is authorized to refer this proposed legislation to standing committees other than those listed in the title.

Please review this legislation to ensure it is drafted to your satisfaction. If the draft is acceptable, please sign it as the "sponsor" of the legislation and submit it to the Office of Legislative Services. OLS will give the legislation a tracking number and will then forward the document to the Office of the Speaker for assignment to committees.

If the proposed legislation is unacceptable to you, please immediately contact me at the Office of Legislative Counsel (extension 7166) and advise me of the changes you would like made. Ahe'he'.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0114-21__

SPONSOR: Jamie Henio

TITLE: An Action Relating to Resources and Development and Budget and Finance Committees; Accepting the Auditor General's Follow-up Review of the To'hajiilee Chapter's Corrective Action Plan Implementation, and Imposing Sanctions Upon the To'hajiilee Chapter for Failure to Implement the Corrective Action Plan

Date posted: _July 13, 2021 at 5:00 PM

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

Written comments may be mailed to:

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

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

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

**THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY**

LEGISLATION NO.: 0114-21

SPONSOR: Honorable Jamie Henio

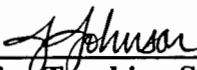
TITLE: An Action Relating to Resources and Development and Budget and Finance Committees; Accepting the Auditor General's Follow-up Review of the To'hajiilee Chapter's Corrective Action Plan Implementation, and Imposing Sanctions Upon the To'hajiilee Chapter for Failure to Implement the Corrective Action Plan

Posted: July 13, 2021 at 5:00 PM

5 DAY Comment Period Ended: July 18, 2021

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing	<i>None</i>
Comments/Recommendations	<i>None</i>



**Legislative Tracking Secretary
Office of Legislative Services**

07/19/21 8:32AM
Date/Time

**RESOURCES AND DEVELOPMENT COMMITTEE
24th NAVAJO NATION COUNCIL**

THIRD YEAR 2021

COMMITTEE REPORT

Mr. Speaker,

The **RESOURCES AND DEVELOPMENT COMMITTEE** to whom has been assigned:

LEGISLATION # 0114-21: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEE: ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP BUDGET REVIEW OF THE TO'HAIJILEE CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION AND IMPOSING SANCTIONS UPON THE TO'HAIJILEE CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN. *Sponsor: Honorable Jamie Henio*

Has had it under consideration and reports a DO PASS with amendment but a recommendation as follow:

RDC recommends no sanctions be imposed on the To'Hajiilee Chapter's current Chapter officials; RDC further recommends that the To'Hajiilee Chapter be provided an additional 6 months to continue working on their CAPs. After six months, a follow-up report be provided to the RDC and BFC by both the To'Hajiilee Chapter officials and the Office of the Auditor General.

And thereafter the legislation was referred to Budget and Finance Committee.

Respectfully submitted,



Mark A. Freeland, Pro Tem Chairperson
Resources and Development Committee of
the 24th Navajo Nation Council

Date: August 18, 2021 –Regular Meeting (Teleconference)
Meeting Location: (RDC members called in via teleconference from their location within the boundary of the Navajo Nation.)

Main Motion:

Motion: Kee Allen Begay, Jr.

S: Herman M. Daniels

V: 5-0-1 (PTCNV)

In Favor: Mark A. Freeland, Wilson C. Stewart, Jr., Kee Allen Begay Jr., Thomas Walker, Jr., and Herman M. Daniels

Excuse: NONE

Not Voting: Presiding Pro Tem Chairperson Mark A. Freeland

AMENDMENT # 1:

Motion: Kee Allen Begay, Jr.

S: Thomas Walker, Jr.

V: 5-0-1 (PTCNV)

In Favor: Mark A. Freeland, Wilson C. Stewart, Jr., Kee Allen Begay Jr., Thomas Walker, Jr., and Herman M. Daniels

Excuse: NONE

Not Voting: Presiding Pro Tem Chairperson Mark A. Freeland

(NOTE: VOTE TALLY attached hereto)

RESOURCES AND DEVELOPMENT COMMITTEE
24th Navajo Nation Council

THIRD YEAR 2021

ROLL CALL
VOTE TALLY SHEET

LEGISLATION # 0114-21: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEE: ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP BUDGET REVIEW OF THE TO'HAJIILLEE CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION AND IMPOSING SANCTIONS UPON THE TO'HAJIILLEE CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN. *Sponsor: Honorable Jamie Henio*

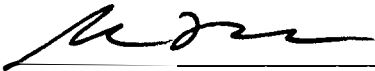
Date: August 18, 2021 –Regular Meeting (Teleconference)
Meeting Location: (RDC members called in via teleconference from their location within the boundary of the Navajo Nation.)

Main Motion:


Motion: Kee Allen Begay, Jr. S: Herman M. Daniels V: 5-0-1 (PTCNV)
In Favor: Mark A. Freeland, Wilson C. Stewart, Jr., Kee Allen Begay Jr., Thomas Walker, Jr., and Herman M. Daniels
Excuse: NONE
Not Voting: Presiding Pro Tem Chairperson Mark A. Freeland

AMENDMENT # 1:

Motion: Kee Allen Begay, Jr. S: Thomas Walker, Jr. V: 5-0-1 (PTCNV)
In Favor: Mark A. Freeland, Wilson C. Stewart, Jr., Kee Allen Begay Jr., Thomas Walker, Jr., and Herman M. Daniels
Excuse: NONE
Not Voting: Presiding Pro Tem Chairperson Mark A. Freeland



Mark A. Freeland, Presiding Pro Tem Chairperson.
Resources and Development Committee



Shammie Begay, Legislative Advisor
Office of Legislative Services