LEGISLATIVE SUMMARY SHEET

Tracking No. 0169-19

DATE: June 19, 2019

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

PURPOSE: The purpose of this legislation is to accept the report titled "A Special Review of Manuelito Chapter", No. 19-08, dated December, 2018 and to approve the Corrective Action Plan submitted by the Manuelito Chapter.

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

5-DAY BILL HOLD PERIOD: 23 OK
Website Posting Time/Date: _____
Posting End Date: 7.3.19
Eligible for Action: 7.4.19

Resources & Development Committee
Thence
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION

24th NAVAJO NATION COUNCIL – First Year, 2019

INTRODUCED BY



(Sponsor)

TRACKING NO. 0169-19

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE BUDGET AND FINANCE COMMITTEE; ACCEPTING THE SPECIAL REVIEW OF MANUELITO CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL, AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY MANUELITO 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 Special Review of Manuelito Chapter, in accordance with 12 N.N.C § 7(D). The Report, "A Special Review of the Manuelito Chapter," No. 19-08, dated December, 2018, is attached as **Exhibit A.**

B. The Report lists six (6) findings and recommendations for correction; details of the findings and recommendations from the special review are included in **Exhibit A.**

C. Manuelito Chapter provided a corrective action plan ("CAP"), which is attached as **Exhibit B.**

SECTION THREE. ACCEPTANCE AND APPROVAL

A. The Navajo Nation hereby approves, "A Special Review of Manuelito Chapter", No. 19-08, dated December, 2018, attached as **Exhibit A.**

B. The Navajo Nation approves the CAP submitted by the Manuelito Chapter, 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 the Manuelito Chapter to submit a written status report on its progress in implementing the corrective action plan to the Office of the Auditor General six (6) 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 Manuelito Chapter and to report the results to RDC and BFC.

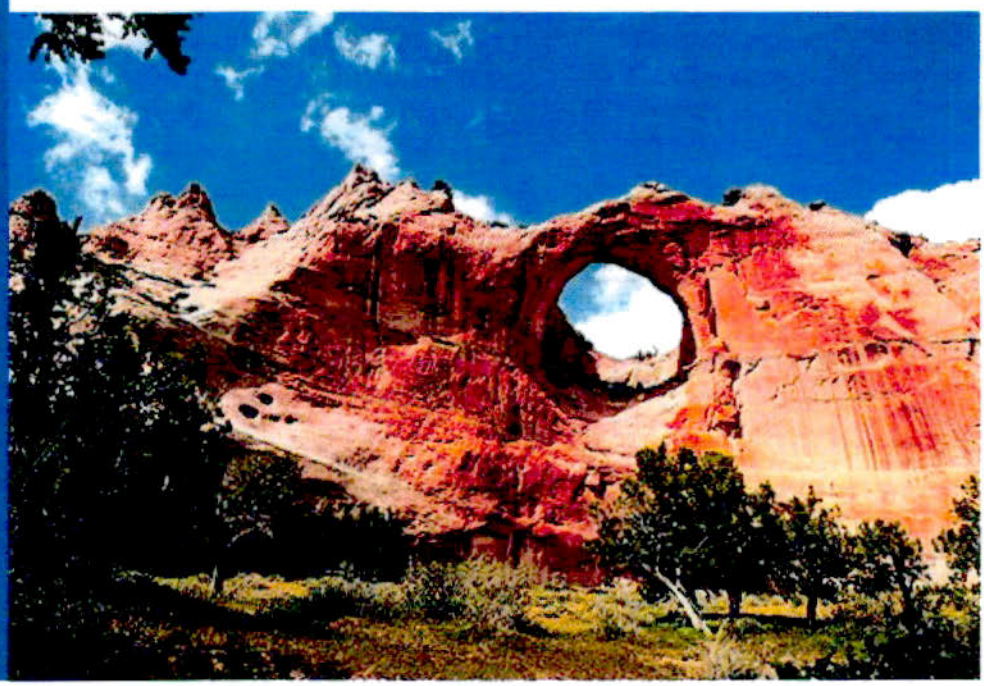
E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up review twelve (12) months after the approval of this resolution to verify the actions claimed to have been taken by Manuelito Chapter, to issue a written follow-up report indicating the progress in implementing the CAP, and to make recommendations to RDC and BFC.

EXHIBIT
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A

OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Special Review of the Manuelito Chapter



Report No. 19-08
December 2018

Performed by:
Stacy Manuelito, Senior Auditor

Office of the Auditor General
The Navajo Nation

Elizabeth O. Begay, CIA, CFE
Auditor General

December 26, 2018

Milton Davidson, President
MANUELITO CHAPTER
HCR 57- Box 9069
Gallup, NM 87301

Dear Mr. Davidson:

The Office of the Auditor General herewith transmits Audit Report 19-08, A Special Review of the Manuelito Chapter. The audit objective was to verify whether the Chapter spent funds in accordance with Navajo Nation and Chapter policies. A total of $933,464 was disbursed from all funding sources during the period of our examination from October 1, 2015 through March 31, 2018. Our review revealed that the Chapter is unaware of Chapter and Navajo Nation laws, rules and regulations and has not implemented appropriate controls. Listed below are the issues identified:

Finding I: Payments to vendors are not supported with appropriate documentation.

Finding II: Contractors are hired without going through the bidding process and establishing a contract.

Finding III: A contractor was paid $74,648 for work that could not be verified.

Finding IV: Travel expenditures are not properly approved, accurately calculated, and supported with appropriate documentation.

Finding V: Property inventory listing is incomplete, items are not tagged with identification numbers, and the fixed assets are not reported in the financial statement.

Finding VI: Housing assistance for building materials totaling $15,733 was awarded to 16 recipients whose eligibility was not verified, and the Chapter did not verify the completion of housing assistance projects.

Detailed explanations on all audit issues can be found in the body of the report. The audit provides recommendations for remediation of the reported issues. In addition, other issues for consideration not significant to the audit objectives but warrant the attention of those charged with governance was reported separately from this audit report to the Chapter officials and administrative staff.

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

Sincerely,

Elizabeth Begay, CIA, CFE
Auditor General

xc: Julia Ellison, Vice-President
Deborah A. Nelson, Secretary/Treasurer
Paulene McCabe, Community Services Coordinator
Seth Demon, Council Delegate
MANUELITO CHAPTER
Johnny Johnson, Department Manager II
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a Special Review of the Manuelito Chapter for the 30-month period ending March 31, 2018 pursuant to the authority vested in the Office of the Auditor General by 12 N.N.C., Chapter 1, § 1 - 10.

Manuelito 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 Chapter administrative duties are performed by the Community Services Coordinator and Accounts Maintenance Specialist. Oversight responsibility is provided by the elected Chapter officials and the Administrative Service Centers.

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. Any unexpended funds at the end of the fiscal year are to be carried over to the next fiscal year.

The Chapter expended $933,464 from all funding sources during the period examined.

Objective, Scope, and Methodology

The following objectives were established for this audit:

- Determine if disbursements to vendors were supported with appropriate documentation.
- Determine if contractors were procured competitively and scope of work is documented in a contract.
- Determine if contractual services were actually provided.
- Determine if travel expenditures were properly approved, accurately calculated, and supported with appropriate documentation.
- Determine if the Chapter completed a property inventory, properly tagged property, and total fixed assets were reported to the financial statement.
- Determine if the Chapter verified the eligibility of housing assistance recipients and funds were used for its intended purpose.
- Determine if temporary employees' personnel files were supported with required documentation.
- Determine if temporary employees' wages were supported with required documentation.
- Determine if the Chapter accurately posted budgets and expenditures to the accounting system.

The audit covers activities for the 30-month period of October 1, 2015 to March 31, 2018. The audit period includes the administration of two Community Services Coordinators. The former Community Services Coordinator resigned on October 13, 2017 and the current Community Services Coordinator started her employment on December 26, 2017.

In meeting the audit objective, 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.

Throughout the course of the special review, there were areas in which controls are functioning as intended. Based on the selected testing performed on Chapter disbursement relating to temporary employee personnel files, wages paid, and comparison of posted budget to actual expenditures, there were no exceptions noted.

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 Manuelito Chapter officials and administration for their cooperation and assistance throughout the audit.

REVIEW RESULTS

Finding I: Payments to vendors are not supported with appropriate documentation.

Criteria: The Navajo Nation Procurement Rules and Regulation, Section (V)(A) requires the Chapter to maintain receipts and invoices, and prepare a receiving report for goods and services received. Section (IV)(J) states the Chapter is responsible for filling out a receiving record form by stating exactly what goods and/or services were received. The completed receiving record form and the vendor's invoices are to be retained to support payment.

Condition: We selected 52 payments totaling $479,897 of $547,149 paid to vendors during the 30-month audit period. Specifically, the following exceptions were noted:

Type of Exception	No. of Exceptions
No receipt/ invoice	19 of 52 (or 37%)
No receiving report	30 of 52 (or 58%)

Effect: $411,906 (86%) of the payments made to vendors during the period examined were unsupported and the Chapter did not verify goods and services were received.

Cause: The Accounts Maintenance Specialist did not attach the receiving report and vendor's invoices when preparing checks. The former Community Services Coordinator and Chapter Secretary/Treasurer did not verify the required documentation before signing checks.

Recommendation:

1. The Accounts Maintenance Specialist should obtain and review the appropriate documents such as receiving report, invoice/receipts, or similar documents before preparing checks.
2. Authorized signers should not sign checks in the absence of supporting documentation.

FINDING II: Contractors are hired without going through the bidding process and establishing a contract.

Criteria: The Navajo Nation Procurement Rules and Regulations, Section (IV) requires the bidding process to be followed to ensure the selection of the best qualified contractors and vendors at competitive prices and establish a contract to document the scope of work.

Condition: We examined the $468,406 total expenditures paid to all 5 contractors hired during the 30-month audit period. The following exceptions were noted:

Type of Exception	No. of Exceptions
No competitive bid	5 of 5 (or 100%)
No executed contract	5 of 5 (or 100%)

Effect: The Chapter may have selected a contractor that was not qualified at a higher price. The Chapter is not protecting Chapter assets if issues arise with the services provided by the contractors.

Cause: The Chapter staff and officials did not seek advisement and guidance from Administrative Service Center or Department of Justice for contractual agreements in order to follow the established procurement policy for contractual services.

Recommendation:
1. The Chapter officials and staff should ensure that the procurement of contractual services goes through the bidding process.
2. The Chapter officials should ensure that there is a signed contract in place for all services before any work commence.

FINDING III: A contractor was paid $74,648 for work that could not be verified.

Criteria: The 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: 20 checks totaling $86,408 was paid to a contractor that was hired for land and road improvement projects. The contractor is the vice-president of a neighboring Chapter (Tsayatoh Chapter) and has a full-time job in addition to being a Chapter official. The Manuelito Chapter Accounts Maintenance Specialist stated the contractor worked on weekends on the projects. Our review noted the following issues:

- 18 of 20 ($74,648 of $86,408) checks issued did not have receiving reports to document that the former Community Services Coordinator verified that the contractor completed the projects.
- 12 of 18 ($45,497 of $74,648) checks issued that did not have receiving report also did not have supporting invoice.
- For the eight checks that the contractor submitted invoices, the charges for each project were inconsistent and unsupported.
- The contractor's business was not listed on the internet and Navajo Nation vendor priority listing.
- The truck and the backhoe that the contractor listed on the invoice for the road project may be the same truck and backhoe listed by Tsayatoh Chapter fixed assets inventory.
- The contractor has the key to the Tsayatoh Chapter fuel tank, truck and backhoe.

Effect: There is a risk that Tsayatoh Chapter Vice President, working as a contractor, used the Tsayatoh Chapter's fuel, truck and backhoe to work on the Manuelito Chapter land/road projects. The Manuelito Chapter may have paid the contractor for the use of equipment for land/road projects that should have been paid to Tsayatoh Chapter. Overall, lacking invoices to support payments, there is a risk that the Manuelito Chapter paid the contractor for work that was not done.

Cause: The Chapter President instructed the administration staff to process the payments even if no invoices were attached.

Recommendation: Refer to Ethics and Rules Office and White Collar Crime for further investigation.

FINDING IV: Travel expenditures are not properly approved, accurately calculated, and supported with appropriate documentation.

Criteria: The Fiscal Policies and Procedures, Section (VII) (I) requires all travel requests and travel advances (80% of estimate cost) to be approved. Travelers are required to submit expense reports, trip reports, and receipts to support travel expenses. The CSC shall review all supporting documents the travelers submit.

Condition: The Chapter administration did not comply with the travel policies. For the 30-month audit period, 50 travel expenditures totaling $12,207 out of $46,964 were reviewed. 13 of 50 travel expenditures for the former Community Services Coordinator and current Chapter President totaling $3,269 did not have travel documents on file to support the expenses paid to the traveler. The remaining 37 travel expenses had the following exceptions.

Type of Exception	No. of Exceptions
Travel authorizations were missing approval signatures.	5 of 37 (or 14%)
Travelers were paid more than the actual travel expenses.	16 of 37 (or 43%)
Travel expenditure were not supported with documentation (i.e. expense reports, trip reports, receipts)	7 of 37 (or 19%)

Effect: Travel payments totaling $8,194 were unnecessarily paid to travelers and may not have benefit the Chapter because the travel was not authorized or did not have proper receipts and in some cases it was not clear that the travel actually occurred.

Cause: The Chapter allowed some travelers to be paid travel advances at 100% of the total estimated cost but then actual expenses were less than the estimated cost. The travelers were not required to reimburse the Chapter for overpaid travel expenses. In other cases, the former Community Services Coordinator did not review the travel documents at the beginning and conclusion of the travel.

Recommendation:

1. The Community Services Coordinator should approve all staff travel and a Chapter official should approve the Community Services Coordinator travel before the start of travel.
2. The Accounts Maintenance Specialist should not advance more than 80% of estimated travel cost.

3. The Community Services Coordinator and Chapter officials should ensure that all appropriate documents are attached to support the travel before issuing any payments.
4. The Accounts Maintenance Specialist and Community Services Coordinator should review the actual travel cost for accuracy.
5. The Community Services Coordinator and Chapter Secretary/Treasurer should require travelers to reimburse the Chapter for travel expenses paid in excess of actual travel cost.

Finding V: Property inventory listing is incomplete, items are not tagged with identification numbers, and the fixed assets are not reported in the financial statement.

Issue 1: The property records are incomplete and not all property items are tagged with identification number.

Criteria: The Property Policies and Procedures, Section (VII)(A), Section (V)(A) and Fiscal Policies and procedures, Section (VII)(F), requires the Chapter to protect Chapter assets by implementing the following: 1) perform an annual physical inventory of property, 2) maintain a complete and accurate inventory of all property, and 3) tag all property with an identification number.

Condition: We noted the following issues on property :
- The Chapter did not perform an annual physical inventory. The inventory list has not been updated in at least 2 years and is incomplete.
- The Chapter owned buildings: preschool, (2) modular buildings, Senior Center, warehouse, pump house and office equipment were not included in the inventory listing.
- 15 of 16 property items listed in the inventory were physically inspected and did not have property identification numbers affixed to the items.
- Two property items valued at $3,200 were missing and their loss has not been documented.

Effect: The Chapter will not be able to detect lost, damaged, or stolen property.

Cause: The former Community Services Coordinator did not assign the Accounts Maintenance Specialist to conduct an annual physical inventory. The former Community Services Coordinator did not review the property listing for completeness.

Recommendation:
1. The Accounts Maintenance Specialist should conduct an annual physical inventory of Chapter property prior to year-end.
2. The Accounts Maintenance Specialist should ensure all property is tagged and the property identification tags are reflected in the inventory list.
3. The Community Services Coordinator should review the inventory list to ensure completeness.

Issue 2: Fixed assets are not reported in the financial statements.

Criteria: The Fiscal policies and procedures, Section (VII)(F) requires the Accounts Maintenance Specialist to record fixed assets to the accounting system so they are included in the financial statement.

Condition: The financial statement did not report the values of the Chapter fixed assets (such as buildings, heavy equipment, etc.)

Effect: The Chapter's assets are understated in the financial statement.

Cause: The Accounts Maintenance Specialist does not have information on the value of fixed assets.

Recommendation:
1. The Accounts Maintenance Specialist should obtain the value of the fixed assets by researching the purchase invoices or market value and retaining an appraiser for Chapter owned buildings.
2. The Community Services Coordinator should verify that the fixed assets are recorded in the accounting system and reported in the financial statement.

Finding VI: Housing assistance for building materials totaling $15,733 was awarded to 16 recipients whose eligibility was not verified and the Chapter did not verify the completion of housing assistance projects.

Issue 1: The Chapter awarded housing assistance to 16 recipients whose eligibility was not verified.

Criteria: The Housing Discretionary Policies and Procedure, Sections (V) requires the Chapter to verify eligibility of housing applicants against required documents.

Condition: For the 30-month audit period, the Chapter awarded $15,733 of housing assistance for building materials to 16 recipients. We examined the files of all 16 recipients and noted the following exceptions:

Type of Exception	No. of Exceptions
No home site leases.	6 of 16 (or 38%)
No home assessments to evaluate the applicant's need.	16 of 16 (or 100%)
Not a registered Chapter voter	1 of 16 (or 6%)

Effect: The Chapter awarded $15,733 to 16 recipients whose eligibility was not verified.

Cause: The Accounts Maintenance Specialist did not effectively use the check-off list for ensuring all required documents were on file.

Recommendation:
1. The Community Services Coordinator and Accounts Maintenance Specialist should use the approved check-off list to ensure all required documents are on file prior to approving assistance in accordance to the housing policies and procedures.

Issue 2: The Chapter did not verify the completion of housing assistance projects.

Criteria:	The Housing Discretionary Policies and Procedure, Sections (VII) requires the Community Services Coordinator conduct a follow-up to ensure housing assistance is used for their intended purpose.
Condition:	The Chapter did not verify that the housing assistance projects were complete for all 16 recipients awarded. Additionally, we conducted site visits on five recipients that were assisted with building materials for roof repair; 3 of 5 recipients did not repair their roof.
Effect:	The building materials costing $2,807 for housing projects that were not verified for completeness could be stolen, sold, or lost to spoilage.
Cause:	The former Community Services Coordinator did not conduct on-site visits or assign anyone to verify completion of approved housing projects.
Recommendation:	1. The Community Services Coordinator should track the recipients' use of housing assistance materials. 2. The Community Services Coordinator should document a completion report of housing assistance projects.

Conclusion

The Chapter disbursed a total of $933,464 from all funding sources during the period of our examination. A total of $435,923 (86%) out of $507,837 of the disbursements tested was not spent in accordance with the Chapter and Navajo Nation policies and procedures.

Payments to vendors are not supported with appropriate documentation.

Contractors are hired without going through the bidding process and establishing a contract.

A contractor was paid $74,648 for work that could not be verified.

Travel expenditures are not properly approved, accurately calculated, and supported with appropriate documentation.

Property inventory listing is incomplete, items are not tagged with identification numbers, and the fixed assets are not reported in the financial statement.

Housing assistance for building materials totaling $15,733 was awarded to 16 recipients whose eligibility was not verified and the Chapter did not verify the completion of housing assistance projects.

AUDITEE RESPONSE

Milton Davidson
President

Julia Ellison
Vice-President

Deborah Nelson
Secretary-Treasurer

MANUELITO (KIN HOZHONI) CHAPTER GOVERNMENT
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Paulene F. McCabe
Community Services Coordinator

Seth Damon
23rd NN Council Delegate

Paul Houston
Land Board Member

December 17, 2018

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DEC 26 2018
OFFICE OF THE AUDITOR GENERAL

Navajo Nation Office of Auditor General
Elizabeth Begay, Auditor General, CIA, CFE
Post Office Box 708
Window Rock, Arizona 86515

Dear Ms. Begay:

The chapter staff and officials are in receipt of the final draft to the *"Special Review on Manuelito Chapter"* the Findings dated December 14, 2018. Pursuant to Title 12, N.N.C., §7(A), we agree to the audit findings and will begin the process of the Corrective Action Plan based on the recommendations made by the Office of Auditor General within thirty (30) days.

If you should have any questions, please feel free to contact the Manuelito Chapter Administration at 505-905-3073.

Respectfully Submitted,

Paulene F. McCabe
Community Services Coordinator
Manuelito Chapter Administration

CONCURRENCE:

Milton Davidson, Chapter President

CC: Chapter Officials (2)
ASC: Johnny Johnson, Department Manager
Patricia Begay, SPPS, Ft. Defiance Service Area

EXHIBIT B

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Manuelito Chapter
Corrective Action Plan
Audit Report No. 19-08

Issue	Corrective Action	Responsible Parties	Completed By:
Finding I: Payments to vendors are not supported with appropriate documentation.	1. The Accounts Maintenance Specialist will prepare a Fund Approval Form, attached with supporting document: (3) quotes, original invoices, and similar documents to support each fund disbursement before preparing a check for payment.	AMS	July 28, 2019
	2. Community Services Coordinator and Secretary/Treasurer (authorized signers) will sign checks after the Fund Approval Form are attached with the supporting documents.	CSC and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding II: Contractors are hired without going through the bidding process and establishing a contract.	1. The Chapter officials and staff will ensure the procurement of contractual services goes through the bidding process.	CSC, AMS, Pres., VP, and S/T	July 28, 2019
	2. The Chapter Officials and staff will ensure that there is a signed contract in place for all services before any work commence.	CSC, AMS, Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding III: A contractor was paid $74,648 for work that could not be verified.	1. The Chapter staff and officials will work with Ethics and Rules Office and Office of the Prosecutor (White Collar Crime Unit) for further investigation.	CSC, AMS, Pres., VP, and S/T	July 28, 2019

Issue	Corrective Action	Responsible Parties	Completed By:
Finding IV: Chapter travel expenditures are not properly approved, accurately calculated, and supported with appropriate documentation.	1. The Accounts Maintenance Specialist will prepare the travel authorization packet and calculate the estimated cost. Travel advances (if any) will be 80% of the estimated travel cost. Privately-owned vehicle (if used), the mileage rate issued from Office of the Controller will apply.	AMS	July 28, 2019
	2. The Community Services Coordinator will review the travel authorization packet for accuracy prior to approving travel.	CSC	

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	3. The Community Services Coordinator and Chapter officials will review and approve travel packets with complete Travel Expense Report that are signed, attached with supporting documents (i.e. trip report, mileage report, original receipts for meals and hotel stay, sign-in sheet for conferences and/or training, agenda, etc.) within ten (10) days after return from the trip.	CSC, Pres., VP, and S/T	

Finding V: Chapter Property Inventory listing is incomplete, items are not tagged with identification numbers, and the fixed assets are not reported in the financial statement.

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 1: The Chapter Property Inventory listing is incomplete.	1. The Accounts Maintenance Specialist will complete a physical inventory include capital fixed assets valued $1,000 and above. The pertinent information that will be included in the inventory such as serial number, property tag number, quantity, and condition.	AMS	July 28, 2019
	2. The Accounts Maintenance Specialist will tag all property/ equipment.	AMS	
	3. The Community Services Coordinator will check to ensure all pertinent information for property/equipment is accurate.	CSC	
	4. The Chapter Officials will review property listing to ensure all property/equipment are tagged and pertinent information is listed.	Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 2: The Chapter Capital assets were not reported on the balance sheet.	1. The Accounts Maintenance Specialist will research and obtain supporting documentation (i.e. invoice/receipt, appraisal, etc.) for Chapter's fixed asset values listed on the physical inventory.	AMS	July 28, 2019
	2. The Accounts Maintenance Specialist will report capital fixed assets values on the balance sheet.	AMS	

	3. The Community Services Coordinator will review and verify all capital fixed asset values are accurate and posted on the balance sheet.	CSC	
	4. The Chapter officials will review the financial statements to ensure the capital fixed assets are disclosed on the balance sheet.	Pres., VP, and S/T	

Finding VI: Chapter housing assistance for building materials totaling $15,733 was awarded to 16 recipients whose eligibility was not verified, and the Chapter did not verify the completion of housing assistance projects.

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 1: The Chapter awarded housing assistance to 16 recipients at a total of $15,733 whose eligibility was not verified.	1. The Accounts Maintenance Specialist will verify all required documents are attached to the application according to the housing discretionary checklist.	AMS	July 28, 2019
	2. The Community Services Coordinator will review and coordinate with housing committee to verify all applicants meet the eligibility requirement per TCDC housing discretionary policy.	CSC	
	3. The Chapter officials will seek community approval through a regular chapter meeting only to the number of applicants.	Pres., VP, and S/T	
Issue	Corrective Action	Responsible Parties	Completed By:
Issue 2: The Chapter did not verify the completion of housing assistance projects.	1. The Community Services Coordinator will prepare a Scope of Work which will include, but not limited to assessment of the house, a 'before' picture, the materials to be used (quotes), PEP workers (if needed), and a plan to construct the housing assistance projects.	CSC	July 28, 2019
	2. The Community Services Coordinator and PEP supervisor (if any) will conduct periodic reviews and document progress on the housing assistance projects, building materials, inventory.	CSC	
	3. The Community Services Coordinator will do a Completion Report that will reflect the Scope of Work such as visual inspection, material used, an 'after' pictures, etc.	CSC	
	4. Chapter officials will review the Completion Report and conduct a visual inspection to verify housing assistance is complete.	Pres., VP, and S/T	

Milton Davidson
President

Julia Ellison
Vice-President

Deborah Nelson
Secretary-Treasurer

Paulene F. McCabe
Community Services Coordinator

Speaker Seth Damon
24th NN Council Delegate

Paul Houston
Land Board Member

MANUELITO (KIN HOZHONI) CHAPTER GOVERNMENT
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MAY 21 2019
OFFICE OF THE AUDITOR GENERAL

RESOLUTION OF THE MANUELITO CHAPTER
Eastern Navajo Agency – District 16

MANU-2019-04-10-02

Supporting and Approving the Manuelito Chapter Corrective Action Plan Audit No. 19-08 During the Period of Examination from October 1, 2015 through March 31, 2018.

WHEREAS:

1. Pursuant to Resolution CAP-34-98, Navajo Nation Council adopted 26 N.N.C., Navajo Nation Local Governance Act (LGA), vested with the authority to review all matters affecting its community and make appropriate sound decisions; and

2. The Manuelito Chapter represents the community through its fiduciary responsibility to oversee the chapter financial accounting system and recordkeeping of documents to ensure all appropriations and distribution of funds are accounted for; and

3. Pursuant to Title 12, Chapter 1, §1 & §2, the Office of the Auditor General was established to provide continuing professional audit and management services to the Navajo Nation government with regard to the adequacy of management and accounting systems, procedures, practices and internal control, including;

4. ... conducting financial audits and reviews of financial records of chapters, ...; conducting performance audit reviews ...; Providing management advisory services; Assisting the Office of the Prosecutor in the investigation of possible fraud and/or misappropriation of assets of the Navajo Nation and; Assisting in the building of an effective, responsive, strong, and accountable government.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Manuelito Chapter hereby supports and approves the Manuelito Chapter Corrective Action Plan Audit No. 19-08, during the period of examination from October 1, 2015 through March 31, 2018, to ensure all appropriations and distribution of funds are accounted for through proper financial accounting system and recordkeeping of all documents; and

2. The Navajo Nation Office of Auditor General shall continue professional audit and management services with regard to the adequacy of management and accounting practices.

Milton Davidson
President

Julia Ellison
Vice-President

Deborah Nelson
Secretary-Treasurer

MANUELITO (KIN HOZHONI) CHAPTER GOVERNMENT
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Paul Houston
Land Board Member

Motion by: John K. Billy; Second by: Janice Johnson

CERTIFICATION

WE HEREBY CERTIFY, that the foregoing resolution was duly considered by the Manuelito Chapter at a duly called meeting at Manuelito, New Mexico, Navajo Nation, McKinley County, at which a quorum was present and that same was passed by a vote of -16- in favor, -00- opposed, and -02- abstained, this 10th day of April, 2019.

Milton Davidson, Chapter President

Seth Damon, Council Delegate, 24rd NNC

Julia Ellison, Vice President

Deborah Nelson, Secretary/Treasurer

Office of Legislative Counsel
Telephone: (928) 871-7166
Fax # (928) 871-7576

Honorable Seth Damon
Speaker
24th Navajo Nation Council

MEMORANDUM

TO: Honorable Seth Damon, Speaker
24th Navajo Nation Council

FROM: _____
Candace French, Attorney
Office of Legislative Counsel

DATE: June 19, 2019

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

Per your request, attached is the above-reference proposed resolution and associated legislative summary sheet. Based on existing law, the resolution drafted is legally sufficient once the budget impact analysis is attached. However, as with all legislation, the proposed resolution is subject to review by the courts in the event of a challenge.

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

Please review the proposed resolution to ensure it is drafted to your satisfaction. If you approve, please sign as "Primary Sponsor" and submit it to the Office of Legislative Services where the proposed resolution will be given a tracking number and referred to the Office of the Speaker. If the proposed legislation is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like to make to the proposed resolution.