

## LEGISLATION SUMMARY SHEET

TRACKING NO. 0255-21

**DATE:** November 18, 2021

**TITLE OF LEGISLATION:** AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT, AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S INTERNAL AUDIT OF THE TORREON/STAR LAKE CHAPTER; APPROVING THE PROPOSED CORRECTIVE ACTION PLAN OF THE TORREON/STAR LAKE CHAPTER

**PURPOSE OF THIS LEGISLATION:** to accept the Auditor General's Audit Report of the Torreon/Star Lake Chapter and approve the Chapter's proposed Corrective Action Plan to address the audit findings by September 20, 2022.

OLC No. 21-478-1

5-DAY BILL HOLD PERIOD: Johnson  
Website Posting Time/Date: 1:41 pm 11-24-21  
Posting End Date: 11-29-21  
Eligible for Action: 11-30-21

Resources & Development Committee  
Thence  
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION  
24<sup>th</sup> NAVAJO NATION COUNCIL – Third Year, 2021

Introduced by:

Daniel E. Johnson

(Sponsor)

Tracking No. 0255-21

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT, AND BUDGET AND  
FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S INTERNAL  
AUDIT OF THE TORREON/STAR LAKE CHAPTER; APPROVING THE PROPOSED  
CORRECTIVE ACTION PLAN OF THE TORREON/STAR LAKE CHAPTER

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee ("RDC") serves as the oversight committee over all Navajo Nation Chapters. 2 N.N.C. §501(C)(1).
- B. As the oversight committee of Chapters, the RDC reviews audit reports and proposed corrective action plans regarding Chapter financial matters. 12 N.N.C. §7(E).
- C. The Budget and Finance Committee ("BFC") has the authority to review and approve audit reports of the Auditor General, and corrective action plans proposed by audited Navajo Nation programs, including all Navajo Nation Chapters. 12 N.N.C. §6(A) and §7(D).

SECTION TWO. FINDINGS

- A. Pursuant to 12 N.N.C §6 the Office of the Auditor General has prepared and submitted a fiscal review of the Torreon/Star Lake Chapter, titled: "Internal Audit of the Torreon/Star Lake Chapter" - Report No. 21-05 - dated March 2021 ("Audit Report"). **EXHIBIT A.**

1 B. The Torreon/Star Lake Chapter responded to the Audit Report in a letter to the Auditor  
2 General dated March 25, 2021. **EXHIBIT B.**

3 C. To remedy the findings in the Audit Report, the Torreon/Star Lake Chapter has prepared a  
4 Corrective Action Plan, in which the Chapter proposes to cure the audit findings by a deadline  
5 of September 20, 2022. **EXHIBIT C.**

6 D. By Chapter Resolution No. TSL 10/2021-72, dated October 17, 2021, the Torreon/Star Lake  
7 Chapter approved the Corrective Action Plan. **EXHIBIT D.**

8 E. The Budget and Finance Committee has the final authority to approve corrective action plans  
9 proposed in response to audit findings. 12 N.N.C. §7(D).

10  
11 **SECTION THREE. APPROVAL OF AUDIT REPORT AND THE CORRECTIVE**  
12 **ACTION PLAN OF TORREON/STAR LAKE CHAPTER**

13 A. The Navajo Nation hereby approves the Audit Report of the Torreon/Star Lake Chapter, titled:  
14 "Internal Audit of the Torreon/Star Lake Chapter" - Report No. 21-05 - dated March 2021,  
15 attached hereto as **EXHIBIT A.**

16 B. The Navajo Nation hereby approves the Corrective Action Plan submitted by the Torreon/Star  
17 Lake Chapter, attached hereto as **EXHIBIT C.**

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19 **SECTION FOUR. DIRECTIVES**

20 A. A copy of the Audit Report and the Torreon/Star Lake Chapter's Corrective Action Plan, as  
21 approved in this Legislation, shall be provided to the RDC as part of RDC's oversight  
22 responsibility over Navajo Nation Chapters. 12 N.N.C. §7(E).

23 B. The Torreon/Star Lake Chapter shall prepare and submit a written status report on the  
24 Chapter's progress regarding implementation of its Corrective Action Plan. The Chapter shall  
25 submit such report to the Office of the Auditor General ("OAG") no later than six months  
26 after the date of approval of this legislation. 12 N.N.C. §7(F).

27 C. The OAG shall receive and review the Chapter's status report, shall promptly prepare a  
28 memorandum explaining the Auditor General's opinion as to the success of the Chapter's  
29 corrective efforts, and shall submit such memorandum along with a copy of the Chapter's  
30 status report to the RDC and the BFC. 12 N.N.C. §7(F).

1 D. Twelve months after the effective date of this Legislation the OAG shall conduct a follow-up  
2 review of the Torreon/Star Lake Chapter to examine and verify the Chapter's implementation  
3 of its Corrective Action Plan. The OAG shall prepare a report on its findings resulting from  
4 the follow-up review, and such report shall include the Auditor General's recommended  
5 sanctions, if any, to be imposed upon the Chapter for failure to implement its Corrective  
6 Action Plan. 12 N.N.C. §7(G).

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8 **SECTION FIVE. EFFECTIVE DATE**

9 This Legislation shall become effective pursuant to 12 N.N.C. §6(A) and §7(D).

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11 **SECTION SIX. SAVING CLAUSE**

12 If any provision of this Legislation is determined invalid by the Navajo Nation Supreme Court, or  
13 by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, those  
14 provisions of this Legislation not determined invalid shall remain the law of the Navajo Nation.  
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## OFFICE OF THE AUDITOR GENERAL

### The Navajo Nation

#### Internal Audit of the Torreon/Star Lake Chapter

**Report No. 21-05  
March 2021**

**Performed by:  
NEWBERRY & ASSOCIATES, LTD**



March 30, 2021

Richelle Montoya, President  
**TORREON/STAR LAKE CHAPTER**  
P.O. Box 1024  
Cuba, NM 87013

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Dear Ms. Montoya:

The Office of the Auditor General, in conjunction with Newberry & Associates, LTD, herewith transmits audit report no. 21-05, Internal Audit of Torreon/Star Lake Chapter. The audit objective was to determine whether the Chapter maintains adequate internal controls to ensure reliability of its financial reporting, safeguard assets, and comply with applicable laws, regulations, policies and procedures. During the 12-month audit period ending June 30, 2020, our review has revealed the Chapter needs to strengthen controls with activities addressed by its five-management system. The following issues were identified:

- Finding I: Chapter Physical Equipment Inventory Form is incomplete, and the Chapter did not perform an annual physical inventory count.
- Finding II: General and subsidiary ledgers for all Capital Assets owned are not being maintained. Capital Assets are not reported in the financial statements.
- Finding III: Scholarships are awarded to students who had not submitted all essential documents.

Detailed explanation of 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, CFE, Principal Auditor  
Delegated Auditor General

xc: Mario P. Atencio, Vice President  
Sherry Begaye, Secretary/Treasurer  
Wallace Toledo, Community Services Coordinator  
Daniel E. Tso, Council Delegate  
**TORREON/STAR LAKE CHAPTER**  
Sonlatsa Jim-Martin, Department Manager II  
Casey Begay, Senior Programs & Projects Specialist  
**ADMINISTRATIVE SERVICE CENTER/DCD**  
Brett Newberry, CPA, CFE  
**NEWBERRY & ASSOCIATES, LTD**  
Chrono



*Newberry & Associates, Ltd.*

*Chartered Public Accountants*

107 South Cliff  
Flagstaff, NM 86001

Phone 505 865 7033  
Fax 505 865 7803

March 17, 2021

Office of the Auditor General of The Navajo Nation  
Torreon Star Lake Chapter

The internal audit of the Torreon Star Lake Chapter for the 12-month period ended June 30, 2020 was conducted 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.

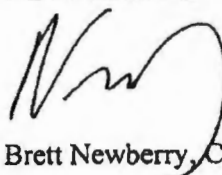
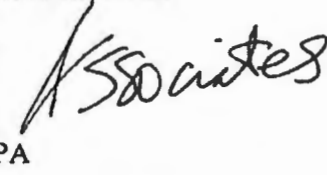
To meet our audit objectives, Chapter administration and officials were interviewed, data was analyzed, and documents were examined.

The results of our audit include three (3) findings. These findings and our related recommendations are described in the accompanying report.

This information is intended for the Navajo Nation Auditor General's Office and is not intended to be and should not be used by anyone other than the specified party. However, this information is a matter of public record, and its distribution is not limited.

Sincerely yours,

NEWBERRY & ASSOCIATES, LTD.

Brett Newberry, CFE, CPA

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## INTERNAL AUDIT RESULTS

**Finding I:** Chapter Physical Equipment Inventory Form is incomplete, and the Chapter did not perform an annual physical inventory count.

**Criteria:** Torreon/Star Lake Chapter Property Policies & Procedures Manual, Section VII (A) states the Chapter shall maintain a complete, detailed, and accurate identification of all chapter properties at all times. . . 2. All properties of the Torreon/Star Lake Chapter shall be identified, classified, and recorded on the Torreon/Star Lake Chapter Physical Equipment Inventory form. In addition, The Property Policies & Procedures Manual, Section VIII (B)(1) states: The Torreon/Star Lake Community Services Coordinator (CSC) shall conduct the physical inventory that will involve an actual observation and identification of each piece of property using the Torreon/Star Lake Chapter Physical Inventory Form. A property condition check is part of the inventory count and shall be recorded on the Torreon/Star Lake Chapter Physical Inventory Equipment Inventory Form. Section VIII (B)(2) states the Accounts Maintenance Specialist (AMS) shall ensure that all pertinent records and documentation of all Torreon/Star Lake Chapter property are kept in files including invoices, warranties, and titles.

**Condition:** There is no existing Physical Inventory Equipment form which includes required information such as date of purchase, tag numbers, and required classification. The Chapter does maintain a Statement of Values for Property Insurance Underwriting Exposure Summary Information chart which listed 47 items of property. This Statement is for insurance purposes. However, this Statement of Values was not complete in that it does not include the date of purchase or tag numbers for all 47 items of property, nor does it include the values or serial numbers of several items on the list. The Chapter real property is valued at \$3,118,000 and the Chapter equipment property is valued at \$89,000 per the Statement of Values for Property Insurance Underwriting Exposure Summary Information chart. No physical inventory count that involved actual observation and identification of each piece of property was conducted during the 12-month period ended June 30, 2020.

**Effect:** The Chapter is in violation of its property policies and procedures. The risk is very high that Chapter property is missing, has been stolen, or even misused because the Chapter has no way to identify all the property without a complete property listing or without conducting physical counts periodically. The Chapter AMS and CSC are not being held accountable for their respective job responsibilities.

**Cause:** The AMS is not maintaining a Chapter inventory list. Property files including invoices, warranties, and titles are not being maintained by the AMS. The CSC and Chapter Officials have not supervised the AMS to ensure compliance with property policies and procedures. The CSC has not conducted a physical inventory involving observation and identification of each piece of property on an annual basis.

The Torreon/Star Lake Chapter Officials are not monitoring and reviewing property management and activities of the Torreon/Star Lake Chapter administration on a quarterly basis nor are the officials helping resolve any discrepancies, irregularities, or illegalities in the property control process.

## **INTERNAL AUDIT RESULTS**

### **Recommendations:**

1. The AMS should obtain training in accurate and complete record keeping for real property and equipment property. The AMS should update the property files periodically.
2. The CSC should coordinate with the AMS to create property files for each type of property — i.e., buildings, equipment, vehicles, furniture, computers, etc. Each file should contain information about the property, including date of purchase or acquisition, original cost of the property, current fair market value, Chapter tag number, required classification, maintenance records, warranties, titles, insurance coverage, and any other pertinent documentation.
3. The CSC should coordinate with the AMS to create a Chapter Physical Equipment Inventory Form. This form should include all information as required by the Property Policies and Procedures Manual Section VII Property Identification, Classification and Records.
4. Under the supervision of the CSC, the AMS should determine that all property owned by the Chapter is included on the Physical Equipment Inventory Form, and the Physical Equipment Inventory Form is complete and accurate.
5. The CSC should reconcile the Torreon/Star Lake Chapter inventory list on an annual basis. The CSC should determine that the Physical Equipment Inventory Form is complete and accurate. The CSC should conduct, at least annually, a physical inventory involving observation and identification of each piece of property.
6. The AMS should determine that the Statement of Values for Property Insurance Underwriting Exposure Summary Information chart is updated to include required information for insurance purposes.
7. The Chapter Officials should monitor and review the property management and activities of the Torreon/Star Lake Chapter administration on a quarterly basis.

## **INTERNAL AUDIT RESULTS**

**Finding II: General and subsidiary ledgers for all Capital Assets owned are not being maintained. Capital Assets are not reported in financial statements.**

**Criteria:** Torreon/Star Lake Chapter Property Policies & Procedures Manual, Section V (A) 1. (d) states the Chapter Manager shall keep both general and subsidiary ledgers for all Capital Assets owned. Torreon/Star Lake Chapter Fiscal Policies Manual, Section VII (F)(2)(g) states the Capital Assets account group shall be reported on the Combined Balance Sheet financial statement.

**Condition:** There is no general nor subsidiary ledger for the Capital Assets of the Chapter. Therefore, there is no Capital Assets Account Group included on the Combined Balance Sheet as of June 30, 2020.

**Effect:** The Chapter is in violation of its property policies and procedures. The balance sheet is not reporting an accurate value of the Chapter's assets. The Chapter assets are understated in the monthly and annual Balance Sheets by about \$3,118,000 (value of capital assets included on Statement of Values for Property Insurance). Therefore, the Chapter members have no knowledge of the Capital Assets owned by the Chapter.

**Cause:** The administrative staff are not keeping both general and subsidiary ledgers for all Capital Assets owned. The AMS is not maintaining the Capital Asset Records, nor recording or reporting the Capital Assets into the accounting records and financial statements. The administrative staff do not understand the importance of maintaining general and subsidiary ledgers for all assets, including Capital Assets, and liabilities of the Chapter to aide in the preparation of complete financial statements.

The Torreon/Star Lake Chapter Secretary/Treasurer is not ensuring the administrative personnel are maintaining accurate ledgers to prepare adequate and complete financial reports for the Chapter.

**Recommendations:**

1. The Chapter administration should obtain training in maintaining general and subsidiary ledgers for the Capital Assets owned by the Chapter.
2. The Chapter Secretary/Treasurer should obtain training in preparation of adequate and complete financial reports so he/she can ensure the administrative personnel are preparing adequate and complete Chapter financial reports.
3. The CSC should coordinate with the AMS to create a general and subsidiary ledger for all Capital Assets, including buildings and major equipment and vehicles.
4. Under the supervision of the CSC, the AMS should determine that all Capital Assets are included in both the general and subsidiary ledgers. The AMS should then determine that Capital Assets are included in the monthly balance sheet of the financial statements.

## INTERNAL AUDIT RESULTS

5. The Chapter Secretary/Treasurer should determine that the administrative personnel are preparing adequate and complete financial reports and including Capital Assets in the monthly balance sheet.

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**Finding III:** Scholarships were awarded to students who had not submitted all essential documents.

**Criteria:** Torreon/Star Lake Chapter Scholarship or Financial Assistance Policies and Procedures, Section VI (B) states that before a potential applicant can be eligible for scholarship/assistance, they must be on the Chapter Planning and Regular Meeting Agenda with completed and accurate documents. Section VI (H) states the Student shall submit all essential documents to the Chapter as described in Section XI of these policies and procedures or it shall be considered incomplete and denied. Section VIII (G) states the Chapter Staff and Scholarship Committee shall make periodic and random verification on all scholarship recipients for attendance and adequate academic progress.

Students who have received one Chapter scholarship that was paid directly to them and are later applying for a second scholarship must include receipts for the expenditures of the first scholarship that total the dollar amount received in the first scholarship.

**Condition:** Per the Policies and Procedures, certain named documents are required prior to Chapter approval and disbursement of scholarship monies. The auditor examined and tested six (6) out of a total of forty-seven (47) disbursements for scholarship assistance during the 12-month period ended June 30, 2020. The Chapter disbursed four thousand nine hundred dollars (\$4,900) for six (6) scholarships for students whose applications were incomplete. Essential documents were missing from the files of all six (6) scholarship disbursements tested as follows:

1. Required transcripts from prior awarded semesters were missing from three (3) students' documentation.
2. Documentation for required eight (8) hours of community service were missing from two (2) scholarship files.
3. Receipts for the disbursement of scholarship checks payable to individual scholarship recipients were missing from three (3) scholarship files. These three scholarship recipients were applying for a second scholarship from the Chapter and failed to provide essential documentation related to the expenditure of the first scholarship award.
4. The "Scholarship Recipient Cover Letter" (checklist of documents received signed and dated by a Chapter Administrative staff) were not completed for three (3) of the students.

## **INTERNAL AUDIT RESULTS**

**Effect:** The Chapter is in violation of its Scholarship Assistance Policies and Procedures. The Chapter is not adhering to its policies requiring completed and accurate documents before awarding scholarships. Per the Chapter's policies and procedures, these applications should have been denied. There may have been other scholarship disbursements that were incorrectly awarded to students whose applications were not complete.

**Cause:** These four students were awarded six (6) scholarships at chapter meetings by resolution. However, the Chapter administration did not demand, nor did they receive all the required documents before including the scholarship applicants on the chapter meeting agenda. The Chapter administration did not periodically and randomly verify school attendance and/or adequate academic progress on scholarship recipients.

**Recommendations:**

1. The Chapter administration should obtain training regarding responsibilities for implementing and monitoring the Chapter Scholarship and Financial Assistance Policies and Procedures.
2. The CSC and the AMS should determine that all essential documents are included with the student's scholarship application before including the student on the Chapter Planning and Regular Meeting Agenda. Essential documents include receipts for the expenditures of prior scholarships paid directly to the recipients when the student is requesting a second scholarship.
3. The Chapter administration and Scholarship Committee should determine that all scholarship recipients' school attendance and adequate academic progress is being verified periodically. This would include academic transcripts for the semester the scholarship is awarded.
4. The Chapter administration and Scholarship Committee should request and retain proof of community service hours from the scholarship applicants who received a scholarship in previous semesters.

## **INTERNAL AUDIT RESULTS**

### **CONCLUSION**

Chapter physical equipment inventory form is incomplete. The Chapter did not perform an annual physical inventory count for property and equipment during the 12-month period ended June 30, 2020. A general and subsidiary ledger is not being maintained for all Capital Assets owned by the Chapter. Fixed Assets (also known as Capital Assets) are not reported in the financial statements. The Chapter violated its Scholarship and Financial Assistance Policies and Procedures by awarding scholarships to students with incomplete application documents.

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Overall, the Torreon/Star Lake Chapter has not complied with its policies and procedures, and there are control weaknesses posing various risks. These deficiencies resulted in the three findings identified in the audit report.



## **APPENDIX A**

### **INTRODUCTION AND BACKGROUND**

Newberry & Associates, Ltd has conducted an internal audit of Torreon/Star Lake Chapter for the twelve (12) month period ending June 30, 2020. This audit was requested by the Office of Auditor General after selecting Torreon/Star Lake Chapter for an audit.

Torreon/Star Lake Chapter is a political subdivision of the Navajo Nation and is considered a general purpose local government for reporting purposes. The Torreon/Star Lake Chapter is located within the Eastern Agency of the Navajo Nation.

The local chapter government is managed by the Community Services Coordinator (CSC) with administrative support provided by an Accounts Maintenance Specialist and a Public Employment Program (PEP) Office Specialist for part of the 12-month period ending June 30, 2020. Oversight is provided by the elected chapter officials comprising of the President, Vice-President and Secretary/Treasurer. Additional oversight is provided by the Navajo Nation Division of Community Development/Administrative Service Centers.

The Torreon/Star Lake Chapter operates under a five-management system with policies and procedures addressing five key system components: fiscal management, personnel management, property management, records management and procurement. The authorities, duties, and responsibilities of the Torreon/Star Lake Chapter are enumerated in Title 26, Local Governance Act of the Navajo Nation Code.

The majority of the Chapter's resources are provided through appropriations from the Navajo Nation central government. Other revenue is generated from miscellaneous user charges assessed by the chapter for services and/or goods provided to its community members. Torreon/Star Lake Chapter fiscal year 2020 operating budget was approximately \$629,000.

## **APPENDIX B**

### **OBJECTIVE, SCOPE AND METHODOLOGY**

The objective of this audit was to evaluate the Chapter's internal controls, including how well controls are designed, implemented and operated to meet the Chapter's objectives in the following areas:

1. Financial transactions are authorized, valid and properly recorded to permit the preparation of financial statements and other financial reports.
2. Assets are safeguarded against loss or misuse.
3. Chapter activities addressed by the five-management system comply with applicable laws and regulations.

The audit covers activities for the 12-month period of July 1, 2019 through June 30, 2020.

In meeting the audit objectives, we interviewed the Community Services Coordinator, Accounts Maintenance Specialist, three Chapter Officials, and the Administrative Services Center Staff, and we examined available records. Our interviews were conducted by written questionnaires, email, and telephone conversations. All documents we requested were emailed to us. We tested samples of expenditures for internal controls and compliance requirements by using a non-statistical judgmental method.

### **GOVERNMENT AUDITING STANDARDS**

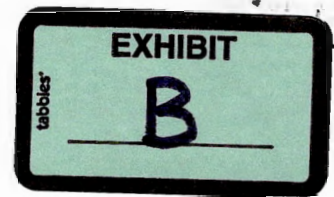
We conducted this internal audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Newberry & Associates, Ltd. expresses its appreciation to the Torreon/Star Lake Chapter administration and officials for their cooperation and assistance throughout the audit.



THE NAVAJO NATION  
TORREON/STAR LAKE CHAPTER

P.O. BOX 1024 \* CUBA, NEW MEXICO 87013 \* (505) 731-2336 - Fax# 505-731-1514  
torreon@navajochapters.org



Daniel E. Tso Council Delegate	Richelle Montoya President	Mario P. Atencio Vice President	Sherry Begaye Secretary/Treasurer	Alex Sandoval Landboard	Willy Toledo Coordinator	Cecelia Toledo Account Maintenance Specialist
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March 25, 2021

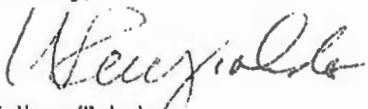
Navajo Nation  
Office of Auditor General  
Helen Brown, CFE, Principal Auditor  
Delegated Auditor General

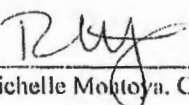
Dear Ms. Brown,


Torreón/Star Lake Chapter received the final draft of the Internal Audit dated March 16, 2021 at their exit meeting on March 17, 2021 at 1:00 pm. Pursuant to 12 Title N.N.C § 7A, Torreón/Star Lake Chapter accepts the final draft and will now proceed to the recommended course of the Corrective Action Plan made by your office within 30 days.

Please feel free to contact the Torreón Star/Lake Chapter at (505)-731-2336 or email, if you should have any questions.

Sincerely,

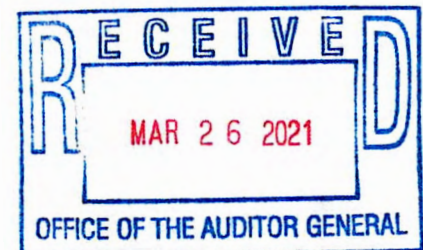
  
Wallace Toledo  
Community Service Coordinator

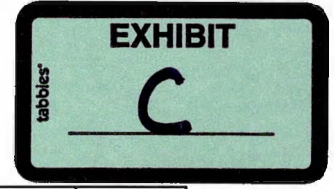
  
Richelle Montoya, Chapter President

  
Mario P. Atencio, Vice President

  
Sherry Begaye, Secretary/Treasurer

cc: Torreón Star Lake Chapter Officials  
Daniel E. Tso, Council Delegate  
Torreón/Star Lake Chapter  
Sonlata Jim-Martin, Department Manager II  
Casey Begay, Senior Programs & Project Specialist  
Administrative Service Center/DCD





Finding	Corrective Action	Responsible Parties	Timeline
Chapter Physical Equipment Inventory Form is incomplete and the Chapter did not perform an annual physical inventory count.	1 ASC will provide training to the AMS in Record Keeping for Real Property and Equipment Property. Also the CSC will coordinate with AMS in creating and maintaining property documents that contains information about the property	ASC/CSC/AMS	September 20, 2022
	2 The AMS will download the Underwriting Exposure Summary Form from Office of Management and Budget website. The CSC will coordinate with and supervise the AMS to document all Fixed and Real property are recorded on the inventory spreadsheet. The completed form will abide by the Property Policies and Procedures Manual Section VII Property Identification, Classification, and Records.	CSC/AMS	September 20, 2022
	3 CSC will reconcile and review the Physical Equipment form on an annual basis to determine the inventory form is complete and accurate	CSC	September 20, 2022
	4 AMS will complete the Underwriting Exposure Summary form and update for insurance purposes.	AMS	September 20, 2022
	5 On a quarterly basis, the Chapter Officials will monitor inventory activities, including documents filed at the chapter.	Chapter Officials	September 20, 2022
Finding	Corrective Action	Responsible Parties	Timeline
General and subsidiary ledgers for all Capital Assets owned are not being maintained, Capital Assets are not reported in the financial statements.	1 CSC will solicit for an Appraiser to value the Chapter Fixed Assets. The Appraiser will be selected according to the Navajo Nation Procurement Process.	CSC/Chapter Officials	September 20, 2022
	2 The Chapter will budget cost for the fixed asset module from the FY 2022 Budget, in addition to the Training, and Fees associated with producing general and subsidiary ledgers for Fixed/Capital Assets.	CSC/AMS/Chapter Officials	September 20, 2022
	3 Chapter Administration will obtain Technical assistance from ITG with executing reports for Fixed Assets. Chapter Administration and Chapter Officials shall receive Fixed Assets Module Training from ITG.	CSC/AMS/Chapter Officials	September 20, 2022
	4 ASC will provided training to the Secretary/Treasurer on how to present a complete financial reporting with fixed assets for monthly chapter meetings	ASC/ S/T	September 20, 2022

Finding	Corrective Action	Responsible Parties	Timeline
Scholarships are awarded to students who had not submitted all essential documents.	1 ASC will provide training to the Chapter Administration, Officials, and Scholarship Committee on responsibilities for processing, implementing, and monitoring of the Chapter Scholarship and Financial Assistance in accordance with applicable policies and procedures.	CSC/AMS/Chapter Officials/NN DCD ASC/Scholarship Committee	September 20, 2022
	2 Chapter Administration and Scholarship Committee will verify all essential documents, including receipts from previous Scholarship assistance, are submitted with current applications for approval. Checklist will be utilized to determine all documents are received.	CSC/AMS/Scholarship Committee	September 20, 2022
	3 Chapter Administration and Scholarship Committee will verify documentation on proof of community service hours from previous semester for the returning applying recipients.	CSC/AMS/Scholarship Committee	September 20, 2022
	4 Chapter Administration and Scholarship Committee will verify attendance and adequate academic progress for all scholarship recipients. The student must provide school documentation on attendance and academic progress from previous semester. This will be verified during Fall and Spring Semesters.	CSC/AMS/Scholarship Committee	September 20, 2022
	5 Chapter Officials will review recipients application for approval signatures on the Fund Approval Form and Checklist before presenting to community members during planning/regular meetings	Chapter Officials	September 20, 2022

AMS - Account Maintenance Specialist  
ASC - Administrative Service Center  
CSC - Community Services Coordinator  
CO - Chapter Officials  
ITG - Information Technology Group  
MIP - Micro Information Product  
SC - Scholarship Committee  
S/T - Secretary/Treasurer





# TORREON/STAR LAKE CHAPTER

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Daniel E. Tso *Council Delegate*    Richelle Montoya *President*    Mario P. Alencio *Vice-President*    Sherry Begaye *Secretary/Treasurer*    Alex Sandoval *Landboard*    Coordinator    Cecelia Toledo *Accounts Maintenance Specialist*

**RESOLUTION OF THE TORREON/STAR LAKE CHAPTER TSL 10/2021- 72: APPROVING THE  
CORRECTIVE ACTION PLAN (CAP) FOR PERIOD OF OCTOBER 2021 TO OCTOBER 2022 IN  
RESPONSE TO THE TORREON/STAR LAKE CHAPTER INTERNAL AUDIT 21 – 05.**

**WHEREAS,**

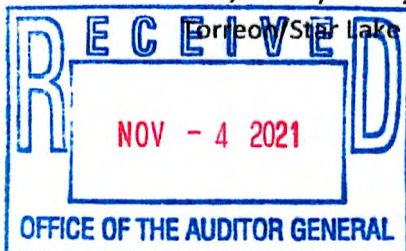
1. Pursuant to 26 N.N.C., Section 3 (A) the Torreon/Star Lake Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at the 11 N.N.C., part 1, section 10, and
2. Pursuant to 26 N.N.C., Section 1 (B) the Torreon/Star Lake Chapter is vested with the authority to review all matters affecting the community and to make appropriate correction when necessary and make recommendation to the Navajo Nation and other local agencies for appropriate actions, and
3. The Torreon/Star Lake Chapter received the final draft of the Internal Audit No. 21-05 on March 16, 2021 with the Audit Findings and recommendations in three areas. The Correction Action Plan (CAP) was approved by the Office on Auditor General on October 7, 2021.
4. The Torreon/Star Lake Chapter is requesting approval for the Corrective Action Plan (CAP) for the 12- months audit period of September 20, 2021 to September 20, 2022.

**NOW THEREFORE BE IT RESOLVED THAT**

1. The Torreon/Star Lake Chapter hereby approves the Corrective Action Plan for Audit No. 21-05. Reference Exhibit 'A - Resolution Number TSL 10/2021- and Exhibit 'B' – Internal Audit of the Torreon/Star Lake Chapter and the Corrective Action Plan (CAP).
2. The Torreon/Star Lake Chapter Administration (Community Service Coordinator and Accounts Maintenance Specialist) and Officials (Chapter President, Chapter Vice President, and Chapter Secretary/Treasurer) will work in partnership to ensure the Corrective Action Plan is enforced.

**CERTIFICATION**

We, hereby certify that the foregoing resolution was duly considered by the Members of the Torreon/Star Lake Chapter at a duly called meeting at the Torreon/Star Lake Chapter House,

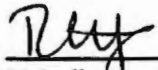




Navajo Nation at which a quorum was present and that the same was passed by vote of 8 in-favor, 0 opposed, 1 abstained on this 17th day of October 2021.

Motion made be Vivian Montoya-Watuema

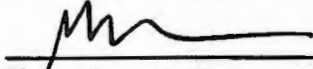
second by Mildred Walters



Richelle Montoya, Chapter President

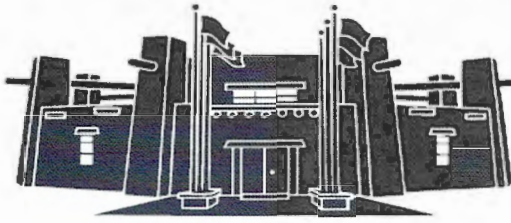


Mario P. Atencio, Vice President




Sherry Begaye, Secretary/Treasurer

Alex Sandoval, Land Board



## MEMORANDUM

TO: Hon. Delegate Daniel E. Tso, Chairman  
Health, Education, and Human Services Committee  
24<sup>th</sup> Navajo Nation Council

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

DATE: November 18, 2021

SUBJECT: **AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT,  
AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE  
AUDITOR GENERAL'S INTERNAL AUDIT OF THE TORREON/STAR  
LAKE CHAPTER; APPROVING THE PROPOSED CORRECTIVE  
ACTION PLAN OF THE TORREON/STAR LAKE CHAPTER**

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Per your request, the Office of Legislative Counsel has prepared the above-referenced proposed legislation and related summary sheet. Based on existing Navajo Nation law and other applicable laws, and upon review of all supporting documents submitted to OLC, this legislation as drafted is legally sufficient. However, as with any action of government, this legislation may be subject to review by the Navajo Nation courts in the event of proper legal challenge.

**Please ensure that this legislation is precisely what you want.** You are encouraged to review this proposed legislation to ensure that it is drafted to your satisfaction.

OLC has reviewed the appropriate standing committees' authorities to consider this legislation, based on the standing committees' powers and responsibilities set forth in Title 2 of the Navajo Nation Code. Based on its review, OLC has listed those committees in the title of this legislation. Nevertheless, the Speaker of the Navajo Nation Council may assign this legislation to committee(s) other than those shown in the title, pursuant to his authority under 2 N.N.C. §164(A)(5).

If you find this document unacceptable for any reason, please immediately contact me at the Office of Legislative Counsel (at extension 7166) and advise me of the changes you would like made to this proposed legislation. Thank you.

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0255-21\_

SPONSOR: Daniel E. Tso

**TITLE: An Action Relating to the Resources and Development, Budget and Finance Committees; Accepting the Auditor General's Internal Audit of the Torreon/Star Lake Chapter; Approving the Proposed Corrective Action Plan of the Torreon/Star Lake Chapter**

***Date posted:*** November 24, 2021 at 1:41PM

Digital comments may be e-mailed to [comments@navajo-nsn.gov](mailto: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.: 0255-21**

**SPONSOR: Honorable Daniel E. Tso**


**TITLE: An Action Relating to the Resources and Development, Budget and Finance Committees; Accepting the Auditor General's Internal Audit of the Torreon/Star Lake Chapter; Approving the Proposed Corrective Action Plan of the Torreon/Star Lake Chapter**

**Posted: November 24, 2021 at 1:41 PM**

**5 DAY Comment Period Ended: November 29, 2021**

**Digital Comments received:**

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

  
\_\_\_\_\_  
**Legislative Tracking Secretary  
Office of Legislative Services**

11/30/21 8:20 AM  
\_\_\_\_\_  
**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 #0255-21:** AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S INTERNAL AUDIT OF THE TORREON/STAR LAKE CHAPTER; APPROVING THE PROPOSED CORRECTIVE ACTION PLAN OF THE TORREON/STAR LAKE CHAPTER.

*Sponsor: Honorable Daniel E. Tso*

Has had it under consideration and reports a **DO PASS** with no amendments.

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

Respectfully submitted,



Rickie Nez, *Chairperson*  
Resources and Development Committee of  
the 24th Navajo Nation Council

Date: December 22, 2021 – Regular Meeting (Teleconference)  
Location: Resources and Development Committee also called in via teleconference from their location within the boundary of the Navajo Nation.

**Main Motion:**

**M:** Mark A. Freeland                      **S:** Thomas Walker, Jr.                      **V:** 5-0-1 (CNV)  
**In Favor:** Thomas Walker, Jr.; Kee Allen Begay, Jr.; Mark A. Freeland; Herman M. Daniels; Wilson C. Stewart, Jr.  
**Opposition:** None  
**Excuse:** None  
**Not Voting:** Rickie Nez, *Chairperson*

(NOTE: VOTE TALLY attached hereto)





**24<sup>th</sup> NAVAJO NATION COUNCIL**

Fourth Year 2022

Mr. Speaker:

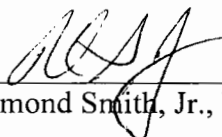
The **BUDGET & FINANCE COMMITTEE** to whom has been assigned

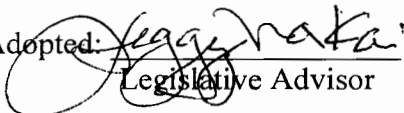
**NAVAJO LEGISLATIVE BILL # 0255- 21:**

An Action Relating to the Resources and Development, and Budget and Finance Committees; Accepting the Auditor General's Internal Audit of the Torreon/Star Lake Chapter; Approving the Proposed Corrective Action Plan of the Torreon/Star Lake Chapter *Sponsored by Daniel E. Tso, Council Delegate*

has had it under consideration and reports the same with the recommendation that It **Do Pass** without amendment.

Respectfully submitted,

  
\_\_\_\_\_  
Raymond Smith, Jr., Vice Chairman

Adopted:  Not Adopted: \_\_\_\_\_  
Legislative Advisor Legislative Advisor

**19 January 2022**

The vote was **5** in favor **0** opposed yeas: *Jamie Henio, Jimmy Yellowhair, Amber K. Crotty, Nathaniel Brown, Elmer P. Begay*

*Main Motion: Jamie Henio*

*Second: Jimmy Yellowhair*

## BUDGET AND FINANCE COMMITTEE

19 January 2022

Special Meeting

### VOTE TALLY SHEET:

**Legislation No. 0255- 21:** An Action Relating to the Resources and Development, and Budget and Finance Committees; Accepting the Auditor General's Internal Audit of the Torreon/Star Lake Chapter; Approving the Proposed Corrective Action Plan of the Torreon/Star Lake Chapter *Sponsored by Daniel E.*

*Tso, Council Delegate*


*Motion: Jamie Henio*

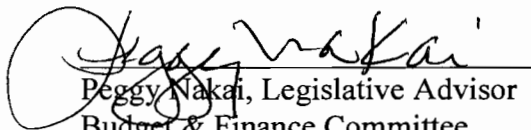
*Second: Jimmy Yellowhair*

*Vote: 5-0, Vice Chairman not voting*

### Final Vote Tally:

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

  
\_\_\_\_\_  
Raymond Smith, Jr., Vice Chairman  
Budget & Finance Committee

  
\_\_\_\_\_  
Peggy Nakai, Legislative Advisor  
Budget & Finance Committee