

LEGISLATIVE SUMMARY SHEET

Tracking No. 0052-19

DATE: March 8, 2019

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

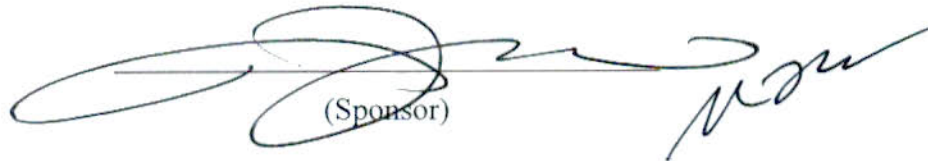
PURPOSE: The purpose of this resolution is to accept the Internal Audit of Tsayatoh Chapter and the subsequent corrective action plan.

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: N - 02
Website Posting Time/Date: 7:10pm 3/11/19
Posting End Date: 03-16-19
Eligible for Action: 03-17-19

Resources & Development Committee
Thence
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION
24th NAVAJO NATION COUNCIL – First Year, 2019
INTRODUCED BY



(Sponsor)

TRACKING NO. 0052-19

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

- 1 A. The Auditor General submitted an Internal Audit Report for the Special Review of
2 Tsayatoh Chapter, in accordance with 12 N.N.C § 7(D). The Report, "Internal Audit
3 of Tsayatoh," Report No. 18-16, dated March, 2018, is attached as **Exhibit A**.
4 B. The Report lists thirteen (13) findings and recommendations for correction; details of
5 the findings and recommendations from the special review are included in **Exhibit A**.
6 C. Tsayatoh Chapter provided a corrective action plan ("CAP"), which is attached as
7 **Exhibit B**.
8

9 **SECTION THREE. ACCEPTANCE AND APPROVAL**

- 10 A. The Navajo Nation hereby approves, "Internal Audit of Tsayatoh Chapter", No. 18-
11 16, dated Msrch, 2018, which is attached as **Exhibit A**.
12 B. The Navajo Nation approves the Corrective Action Plan submitted by Tsayatoh
13 Chapter, which is attached as **Exhibit B**.
14 C. The Navajo Nation directs that copies of the CAP be provided to RDC as part of its
15 oversight responsibility for the Navajo Nation chapters. The Navajo Nation directs
16 that Tsayatoh Chapter submit a written status report on its progress in implementing
17 the corrective action plan to the Office of the Auditor General six (6) months after the
18 approval of this resolution.
19 D. The Navajo Nation directs the Office of the Auditor General to review the written
20 status report submitted by Tsayatoh Chapter and to report the results to the Resources
21 and Development Committee and the Budget and Finance Committee.
22 E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up
23 review twelve months after the approval of this resolution to review the actions taken
24 by Tsayatoh Chapter, to issue a written follow-up report indicating the Department's
25 progress in implementing the CAP, and to make recommendations to the Resources
26 and Development Committee and the Budget and Finance Committee.
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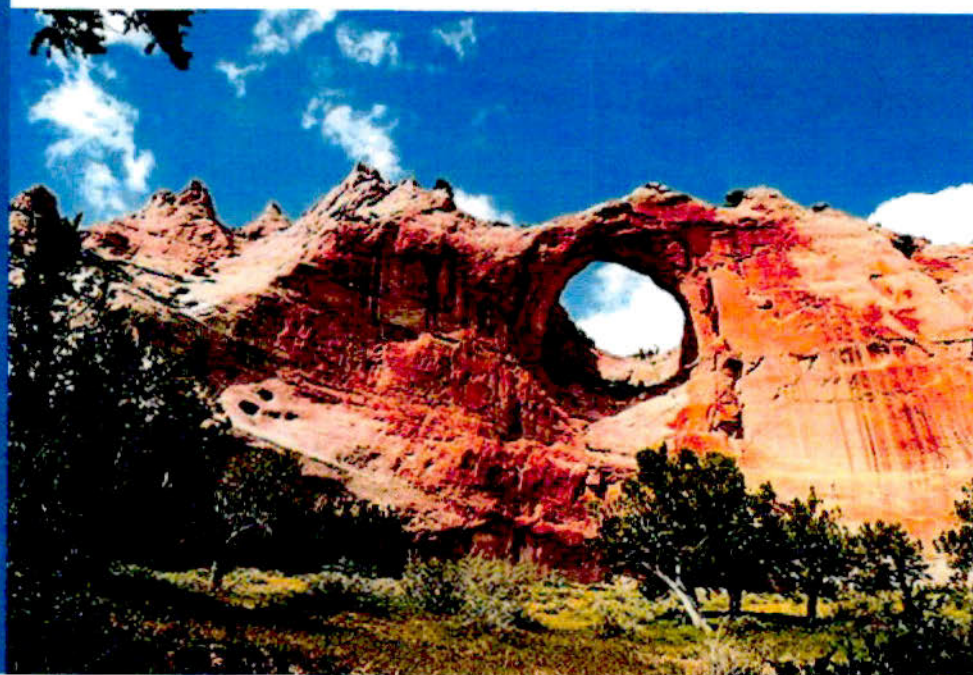
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Internal Audit of Tsayatoh Chapter

Report No. 18-16
March 2018

Performed by:
Jeanine Jones, Senior Auditor
Summer Tracy, Associate
Auditor



March 21, 2018

Walter Hudson, President
TSAYATOH CHAPTER
P.O. Box 86
Mentmore, NM 87319

Dear Mr. Hudson:

The Office of the Auditor General herewith transmits Audit Report no. 18-16, an internal audit of Tsayatoh Chapter, to verify if the Chapter spent funds in accordance with Navajo Nation and Chapter policies. A total of \$1,095,015 was disbursed during the period of our examination from October 1, 2014 through March 31, 2017. Our review revealed that the Chapter is unaware of Chapter, Navajo Nation and New Mexico laws, rules and regulations and has not implemented appropriate controls. Thirteen findings were reported:

- Finding I: The Chapter records were not completed and filed on a regular basis in a locked cabinet in the Chapter administration office. Personal information can be compromised if it is not locked in a safe cabinet. The Chapter records were not easily accessible and retrievable, and therefore, we questioned the validity of \$495,683 (95%) of expenditures out of \$519,319 tested during the period examined.
- Finding II: Payments to the children of the Accounts Maintenance Specialist were unauthorized. The Accounts Maintenance Specialist set up one of her children as a ghost (fake) employee and another as a scholarship recipient so she could issue checks to them without anyone's knowledge. She wrote 17 checks totaling \$11,641 to her children.
- Finding III: Chapter travel was not properly approved, accurately calculated nor supported with appropriate documentation. Consequently, \$32,425 was paid to travelers that could not be justified. Of this amount, \$3,557 was paid to the former Accounts Maintenance Specialist and \$18,853 was paid to the former Community Services Coordinator.
- Finding IV: Disbursements to vendors were unapproved and unsupported with appropriate documentation. Consequently, \$390,077 (95%) out of \$409,851 of payments made to vendors selected for testing during the period examined could not be justified.
- Finding V: Wages paid were not based on actual hours worked. Consequently, \$26,394 (87%) out of \$30,169 paid in wages tested during the period examined could not be justified.
- Finding VI: Personnel documents were not maintained for each employee hired, and new hires were not reported to the state. The Chapter could not justify hiring 83 undocumented employees. Furthermore, not reporting new hires to the state poses a risk of a fine up to \$500 per employee for a total potential fine of \$41,500.
- Finding VII: Chapter officials were compensated for serving as a Chapter official and Chapter employee at the same time. Two individuals were paid \$567 for 64 hours worked and paid stipends at the same time. In addition, the current Secretary/Treasurer was compensated for 200 hours, or \$1,600 in wages, after she was officially elected.

- Finding VIII: Disbursements for assistance were not supported with appropriate documentation, awarded within approved budget nor used for their intended purpose. Out of our testing population of \$35,532 used for assistance, the required documentation was missing for \$30,474 in housing, \$4,071 in Veterans' and \$900 in student enrichment assistance. Moreover, we visited eight homes and found material purchased by the Chapter was not used on two homes.
- Finding IX: Capital assets were not reported on the financial statements. There is an understatement of capital assets of \$567,280 on the financial statements.
- Finding X: Property/equipment was not tagged and pertinent information was missing on the inventory listing. In the event of a destruction or theft of the property/equipment, a loss could not be recovered because the existence and value of property/equipment could not be proven for insurance purposes.
- Finding XI: Out of sixty meetings held during the 30-month audit period, thirty-five (59%) of those meetings were missing meeting minutes. In the absence of the meeting minutes, there is no documentation of community membership discussions and actions during the meetings.
- Finding XII: The Chapter did not prepare a perpetual inventory for its wood resale project. The Chapter could not account for approximately \$8,093 of wood purchased for resale and free distribution.
- Finding XIII: The Chapter used the Emergency Fund to purchase wood without a Declaration of Emergency and did not document community assessment and wood distribution. Chapter resources totaling \$10,813 were used without regard to priority of need or emergency necessity.

Detailed explanation on all of these issues can be found in the body of the report.

Sincerely,


Elizabeth Begay, CIA, CFE
Auditor General

xc: David Lee, Vice President
Saraphina Blackgoat, Secretary/Treasurer
Seth Damon, Council Delegate
TSAYATOH CHAPTER
Johnny Johnson, Department Manager II
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General conducted a special review of whether the Chapter spent funds in accordance with Navajo Nation and Chapter Policies and state regulations. The special review was conducted in response to a request from the Chapter officials regarding allegations of misuse of Chapter funds.

The Tsayatoh 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 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 level. The direct services funds are considered restricted funds with specific intended purposes.

The Chapter expended \$1,095,015 from all funding sources during the period examined.

Currently, the Chapter does not have a permanent staff. The former Community Services Coordinator started her employment on September 22, 2014 and was terminated on April 4, 2016. The former Accounts Maintenance Specialist began her employment in June 2016 and resigned on January 9, 2017 after altered checks were discovered by the current Secretary/Treasurer.

The Accounts Maintenance Specialist is responsible for clerical accounting and bookkeeping duties including posting transactions and processing checks.

Objective, Scope, and Methodology

The following objectives were established for this audit:

- Determine whether the records were completed and filed on a regular basis in a locked cabinet in the administration office.
- Determine whether payments to the children of the Accounts Maintenance Specialist were authorized.
- Determine whether travel by the staff was properly approved, accurately calculated, deemed necessary and supported with appropriate documentation.
- Determine whether disbursements to vendors (individuals/businesses) were properly approved and supported with appropriate documentation.
- Determine whether hours worked were recorded and approved and only actual hours worked were paid at authorized pay rate.
- Determine whether appropriate documentation for each employee hired was maintained and new hires were reported to the state.
- Determine whether the employees were compensated for serving as an official and employee at the same time.
- Determine whether disbursements of funds for assistance were supported with appropriate documentation, awarded within the approved budget, and used for intended purposes.
- Determine whether fixed assets were reported on the financial statements.
- Determine whether property/equipment was tagged and all pertinent information was on the inventory listings.

- Determine whether the meeting minutes to document Chapter meeting discussions were prepared.
- Determine whether perpetual inventory for the Chapter's resale items was prepared.
- Determine whether the Emergency Fund was expended in compliance with funding guidelines.

The audit covers activities for the 30-month period of October 1, 2014 through March 31, 2017.

To answer our audit objectives, we interviewed the Chapter administration and officials, observed Chapter operations, and examined available records. More specifically, we used systematic method sampling to test wages and financial assistance, used judgmental method sampling to test vendors, examined all payments to the Accounts Maintenance Specialist's children and payments made for staff travel, and verified all personnel records.

Government Auditing Standards

We conducted this internal 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 Tsayatoh Chapter officials and administration for their cooperation and assistance throughout the audit.

REVIEW RESULTS

Finding I: The Chapter filing system was in disarray and files were not secured.

Criteria:	Records, Policies and Procedures, Section VI (A), requires that a complete and updated permanent filing system be maintained that will enable records to be easily accessed and retrieved. Records, Policies and Procedures, Section IV (C), requires that records are locked in a cabinet within the Chapter administration office.
Condition:	The Chapter's filing system was in disarray and the following was discovered: 1. No supporting documentation for: • Former Account Maintenance Specialist sons' wages and assistance • Meeting minutes and resolutions • Perpetual inventory for resale items • Emergency fund expenditures 2. Missing and misfiled supporting documentation for: • Former Account Maintenance Specialist's and Community Services Coordinator's travel • Procurement • Payroll • Personnel • Financial assistance for housing, veterans and student enrichment In addition, records that did exist were not filed in a locked cabinet.
Effect:	We questioned the validity of \$495,683 (95%) out of \$519,319 of the tested expenditures during the period examined. In addition, personal information was potentially compromised by not being locked in a safe cabinet.
Cause:	The Chapter officials did not properly train the temporary employees before they entrusted them to file records.
Recommendation:	1. The Chapter staff and officials should adhere to the Records, Policies and Procedures to maintain proper records of all Chapter projects and activities. 2. The Chapter staff and officials should properly train their temporary employees to file Chapter documents. 3. The Chapter officials should routinely monitor the Chapter's recordkeeping system and provide feedback.

Finding II: Former Accounts Maintenance Specialist processed seventeen unauthorized payments to her children totaling \$11,641.

Criteria:	Fiscal Policies and Procedures, Section VII, states authorized signers shall review the completed check with all supporting documentation before co-signing the check.
Condition:	Checks were signed without ensuring they were supported with documentation. The former Accounts Maintenance Specialist set up two of her children as check recipients, one as a ghost (fake) employee and another as a scholarship recipient, so she could issue checks to them without anyone's knowledge. Her children never worked for the Chapter nor were they authorized to receive assistance by the community.
Effect:	We identified 17 unauthorized checks totaling \$11,641 issued using the Chapter fund to benefit the former Accounts Maintenance Specialist from October 2014 to March 2017 as shown in Appendix A.
Cause:	The authorized signers did not review the completed checks with their supporting documents before co-signing. Blank checks were pre-signed by the Chapter officials. No one was downloading and reviewing the access and activity report from the accounting system.
Recommendation:	1. The Chapter should work with the Ethics and Rules Office and Office of the Prosecutor to hold the former Accounts Maintenance Specialist liable for issuing unauthorized Chapter checks to her children. 2. The authorized signers should review completed checks with their supporting documents before co-signing checks. 3. The authorized signers should not pre-sign blank checks. 4. The access and activity report should be downloaded to detect unusual activities.

Finding III: Chapter travel was not properly approved, accurately calculated and clearly supported with appropriate documentation.

Criteria:	Fiscal Policies and Procedures, Section VII (I) (1-10), requires that proper authorization is given for travel and allows travel advances up to 80% of the total estimated travel expense. Travel cost should be accurately calculated and supported with appropriate documentation. Only necessary travel should be reimbursed. Nation Travel Policy, Section XII, 3, requires that a reduced rate be applied if a traveler preferred to use their privately owned vehicle when a Chapter vehicle was available.
Condition:	The Chapter reimbursed more than actual travel cost or paid for unnecessary travel for 93 travel reimbursements. Of the total 93 disbursements, 62 (67%) checks were issued with no authorization or supporting documents to the former Chapter staff during their employment with the chapter (October 2014 to March 2017).

Effect:	We selected 93 travel disbursements totaling \$32,425 out of a total of \$32,425 paid to the Chapter staff during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Unapproved travel</td><td>73 of 93 (or 78%)</td></tr> <tr> <td>Advances for more than 80% of the estimated travel cost</td><td>72 of 81 (or 89%)</td></tr> <tr> <td>Unsupported with receipts and trip and mileage reports, etc.</td><td>71 of 93 (or 76%)</td></tr> <tr> <td>Inaccurately calculated travel reimbursements</td><td>93 of 93 (or 100%)</td></tr> <tr> <td>Full mileage reimbursement rate was applied when Chapter vehicle was available for business travel.</td><td>93 of 93 (100%)</td></tr> </tbody> </table> The Chapter cannot justify \$32,425 (100%) of travel reimbursements selected for testing during the period examined. Of the total tested, travel disbursements were issued without any authorizations or supporting documents: • Thirteen checks totaling \$3,557 were issued to former Accounts Maintenance Specialist as shown in Appendix A. • Forty-nine checks totaling \$18,853 were issued to the former Community Services Coordinator as shown in Appendix B.	Type of Exception	No. of Exceptions	Unapproved travel	73 of 93 (or 78%)	Advances for more than 80% of the estimated travel cost	72 of 81 (or 89%)	Unsupported with receipts and trip and mileage reports, etc.	71 of 93 (or 76%)	Inaccurately calculated travel reimbursements	93 of 93 (or 100%)	Full mileage reimbursement rate was applied when Chapter vehicle was available for business travel.	93 of 93 (100%)
Type of Exception	No. of Exceptions												
Unapproved travel	73 of 93 (or 78%)												
Advances for more than 80% of the estimated travel cost	72 of 81 (or 89%)												
Unsupported with receipts and trip and mileage reports, etc.	71 of 93 (or 76%)												
Inaccurately calculated travel reimbursements	93 of 93 (or 100%)												
Full mileage reimbursement rate was applied when Chapter vehicle was available for business travel.	93 of 93 (100%)												
Cause:	The Community Services Coordinator and Chapter officials did not approve trips prior to travel and advanced more than 80% of estimated travel cost. Travel reports were not reviewed for accuracy and appropriate documentation.												
Recommendation:	1. The Community Services Coordinator and Chapter officials should properly approve trips and only advance 80% of estimated travel cost. 2. The Community Services Coordinator and Chapter officials should accurately calculate lodging, meals and mileage; have proper documentation with travel authorization, trip and mileage reports, receipts, etc.; and only reimburse necessary travel. 3. The Community Services Coordinator and Chapter officials should apply the reduced mileage rate if traveler prefers to use their privately owned vehicle when Chapter vehicle is available. 4. The Chapter should work with the Ethics and Rules Office and Office of the Prosecutor to hold the former staff liable for issuing unauthorized travel checks.												

Finding IV: Chapter paid vendors without proper approval and appropriate documentation.

Criteria:	Fiscal Policies and Procedures, Section VII (B) (2) (b), requires that a cash disbursement have a Fund Approval Form indicating payment approval and be supported with documents before preparing a check.
Condition:	\$390,077 in payments to vendors were unauthorized and unsupported with appropriate documentation.
Effect:	We selected 50 payments totaling \$409,851 out of a total of \$460,244 paid to vendors during the 30-month audit period. Specifically, the following exceptions were noted:

	<table><tr><th>Type of Exception</th><th>No. of Exceptions</th></tr><tr><td>Fund Approval Forms were not signed.</td><td>18 of 50 (or 36%)</td></tr><tr><td>Three quotes/bids were not obtained.</td><td>36 of 43 (or 84%)</td></tr><tr><td>Receiving reports were not completed.</td><td>32 of 43 (or 74%)</td></tr><tr><td>Payments were not supported with original invoice/receipts, contract, etc.</td><td>17 of 50 (or 34%)</td></tr></table>	Type of Exception	No. of Exceptions	Fund Approval Forms were not signed.	18 of 50 (or 36%)	Three quotes/bids were not obtained.	36 of 43 (or 84%)	Receiving reports were not completed.	32 of 43 (or 74%)	Payments were not supported with original invoice/receipts, contract, etc.	17 of 50 (or 34%)
Type of Exception	No. of Exceptions										
Fund Approval Forms were not signed.	18 of 50 (or 36%)										
Three quotes/bids were not obtained.	36 of 43 (or 84%)										
Receiving reports were not completed.	32 of 43 (or 74%)										
Payments were not supported with original invoice/receipts, contract, etc.	17 of 50 (or 34%)										
	The Chapter cannot justify \$390,077 (84%) of the payments made to vendors tested during the period examined.										
Cause:	The Account Maintenance Specialist did not prepare the Fund Approval Forms and support the payments with appropriate documents before preparing checks.										
Recommendation:	1. The Accounts Maintenance Specialist should prepare a Fund Approval Form indicating payment authorization and support with appropriate documents (i.e., quotes/bids, receiving reports and invoices/receipts, contracts, or similar documents) before preparing checks. 2. Authorized signers should not sign checks in the absence of the Fund Approval Form and supporting documents.										

Finding V: Wages were paid to employees for hours they did not actually work.

Criteria:	Fiscal Policies and Procedures, Section VII (H) (1-2), requires that attendance records/timesheets are maintained to document the hours worked by employees and that only actual hours worked are paid.														
Condition:	The Chapter paid employees for hours they did not actually work.														
Effect:	We selected 60 wages totaling \$30,169 out of a total of \$206,597 wages paid to employees during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Hours worked were not recorded on a sign-in sheet.</td><td>38 of 60 (or 63%)</td></tr> <tr> <td>Hours recorded on the sign-in sheet did not match hours recorded on the timesheet.</td><td>45 of 60 (or 75%)</td></tr> <tr> <td>Hours recorded on the timesheet did not match hours recorded on the payroll in the accounting system.</td><td>26 of 60 (or 43%)</td></tr> <tr> <td>Timekeeper did not sign timesheets.</td><td>41 of 60 (or 68%)</td></tr> <tr> <td>Approver did not sign timesheets.</td><td>45 of 60 (or 75%)</td></tr> <tr> <td>Hourly rates recorded in the accounting system did not match the hourly rates to be paid per the personnel action form.</td><td>54 of 60 (or 90%)</td></tr> </tbody> </table> The Chapter paid wages totaling \$26,394 (90%) of the wages tested during the period examined that were not based on actual hours worked to temporary employees.	Type of Exception	No. of Exceptions	Hours worked were not recorded on a sign-in sheet.	38 of 60 (or 63%)	Hours recorded on the sign-in sheet did not match hours recorded on the timesheet.	45 of 60 (or 75%)	Hours recorded on the timesheet did not match hours recorded on the payroll in the accounting system.	26 of 60 (or 43%)	Timekeeper did not sign timesheets.	41 of 60 (or 68%)	Approver did not sign timesheets.	45 of 60 (or 75%)	Hourly rates recorded in the accounting system did not match the hourly rates to be paid per the personnel action form.	54 of 60 (or 90%)
Type of Exception	No. of Exceptions														
Hours worked were not recorded on a sign-in sheet.	38 of 60 (or 63%)														
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Approver did not sign timesheets.	45 of 60 (or 75%)														
Hourly rates recorded in the accounting system did not match the hourly rates to be paid per the personnel action form.	54 of 60 (or 90%)														
Cause:	The Community Services Coordinator and Accounts Maintenance Specialist did not consistently maintain attendance records/timesheets to document the hours worked by employees. In addition, the Community Services Coordinator and Chapter officials did not reconcile hours worked recorded on the sign-in sheet to the timesheet and to payroll charges in the accounting system to ensure employees were only paid for actual hours worked.														

Recommendation:	1. The Chapter should pay employees only for the hours they actually worked. 2. The Community Services Coordinator and Accounts Maintenance Specialist should maintain attendance/timesheet to document the hours worked by employees. 3. The Community Services Coordinator and Chapter officials should reconcile recorded hours worked on the sign-in sheet to the hours worked on the timesheet and to payroll charges in the accounting system to ensure employees are only paid for actual hours worked.
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Finding VI: The Chapter did not maintain the appropriate documentation on file for each employee and report new hires to the state.

Criteria:	Fiscal Policies and Procedures, Section VII, (H) (1) (g), requires pertinent personnel records to be maintained for each employee including the following: personnel action forms, employee applications, W-4s, voter registrations, social security cards, and parental consent for youths (14 to 17 years old). All applicable Navajo Nation, state and federal laws and regulations relating to payroll should be followed. New Mexico Law (§50-13-1-50-13-4) and the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires that all new hires be reported to the State within 20 days.																
Condition:	The Chapter did not maintain the appropriate documentation on file for each employee and report new hires to the state.																
Effect:	We selected all 83 temporary staff during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Employment Application Forms were not complete.</td><td>40 of 83 (or 48%)</td></tr> <tr> <td>Personnel Action Forms were incomplete.</td><td>57 of 83 (or 69%)</td></tr> <tr> <td>Employees' (W-4) Federal Withholding Allowance Certificate were not on file.</td><td>43 of 83 (or 52%)</td></tr> <tr> <td>Employees were not registered voters.</td><td>29 of 83 (or 35%)</td></tr> <tr> <td>Social Security Card and identification card were not on file.</td><td>45 of 83 (or 54%)</td></tr> <tr> <td>Employees were not reported to the state as new hires.</td><td>83 of 83 (or 100%)</td></tr> <tr> <td>Parent consent form on minor workers were not on file.</td><td>41 of 43 (or 95%)</td></tr> </tbody> </table> The Chapter cannot justify the hiring of undocumented employees. Furthermore, not reporting new hires to the state poses the risk of a fine up to \$500 per employee for a potential total fine of \$41,500.	Type of Exception	No. of Exceptions	Employment Application Forms were not complete.	40 of 83 (or 48%)	Personnel Action Forms were incomplete.	57 of 83 (or 69%)	Employees' (W-4) Federal Withholding Allowance Certificate were not on file.	43 of 83 (or 52%)	Employees were not registered voters.	29 of 83 (or 35%)	Social Security Card and identification card were not on file.	45 of 83 (or 54%)	Employees were not reported to the state as new hires.	83 of 83 (or 100%)	Parent consent form on minor workers were not on file.	41 of 43 (or 95%)
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Parent consent form on minor workers were not on file.	41 of 43 (or 95%)																
Cause:	The Community Services Coordinator and Accounts Maintenance Specialist did not collect all appropriate documentation for each hired employee. In addition, the Chapter officials did not ensure the Chapter complied with the state regulations that require all employers to report new hires.																
Recommendation:	1. The Chapter Community Services Coordinator and Chapter officials should create a checklist to ensure chapter policy and state regulations are followed.																

	2. The Community Services Coordinator and Accounts Maintenance Specialist should ensure all appropriate documentation are completed and filed at the Chapter and report all new hires to the state. 3. The Chapter officials should ensure state regulation is followed and that all new hires are reported to the state.
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Finding VII: Individuals were compensated as a Chapter Secretary/Treasurer and as a Chapter employee at the same time.

Issue 1: Two pro-tem Secretary/Treasurers were paid as Chapter employees while fulfilling their duties as Chapter officials at the Chapter meetings.

Criteria:	Personnel Policies and Procedures, Section XVI (D) (3), states that employees who have been appointed to a public office shall be required to take annual leave or leave without pay to attend their appointed duties.
Condition:	Two Chapter employees were paid for hours worked at the Chapter and simultaneously received stipends as pro-tem Chapter officials.
Effect:	An additional 64 hours, or \$567, in employee wages were paid to two individuals who were also paid stipends for serving as pro-tem Chapter officials at the same time.
Cause:	Chapter employees did not take leave when appointed as Chapter officials.
Recommendation:	1. The Chapter official should work with the current Secretary/Treasurer to forfeit her stipend payment(s) and to reimburse the Chapter. 2. Chapter employees who receive pay as an appointed official should be required to take annual leave or leave without pay while being paid to attend Chapter meetings.

Issue 2: The current Secretary/Treasurer served as both a Chapter official and Chapter employee at the same time.

Criteria:	N.N.C., Title 26, Section 1001, states an individual may not serve as both a Chapter official and Chapter employee at the same time.
Condition:	The Secretary/Treasurer continued to be employed at the Chapter for two months after she was officially elected.
Effect:	The current Secretary/Treasurer was compensated for 200 hours or \$1,600 in wages, after she was officially elected.
Cause:	Current Secretary/Treasurer was allowed to continue her employment with the Chapter after she was officially elected as a Chapter official by the Community Services Coordinator and Chapter officials.
Recommendation:	1. The Chapter officials should work with the current Secretary/Treasurer to forfeit her stipend payment(s) and to reimburse the Chapter.

	2. The Community Services Coordinator and Chapter officials should not allow Chapter officials to serve both as a Chapter official and employee at the same time.
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Finding VIII: Chapter assistance was not supported with the appropriate documentation, awarded within the approved budget and used for its intended purpose.

Issue 1: The Chapter awarded housing assistance without completing appropriate documentation to determine eligibility and awarded amounts over the approved budget limits. The Chapter did not ensure that the assistance was used for its intended purpose.

Criteria:	Transportation Community Development Committee, Housing Discretionary Policies and Procedure, Section II, (IV) (V) (VI), requires the Chapter to verify the eligibility of housing applicants against required documents, evaluate applicants for priority, ensure that housing funds are expended within the approved budgets by the community and follow-up to ensure funds are used for their intended purpose.																		
Condition:	The Chapter awarded housing assistance without completing appropriate documentation and evaluating the priority of projects. Assistance was awarded for more than the approved budget limits and follow-ups were not completed to ensure funds were used as intended.																		
Effect:	We selected 34 housing assistance payments totaling \$30,474 out of a total of \$59,763 paid to recipients during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Applications were not completed with information and signature.</td><td>23 out of 34 (or 68%)</td></tr> <tr> <td>Recipients were not registered voters.</td><td>8 out of 34 (or 24%)</td></tr> <tr> <td>Home site lease or other home ownership documents were missing.</td><td>25 out of 34 (or 74%)</td></tr> <tr> <td>Income verification statements were missing.</td><td>24 out of 34 (or 71%)</td></tr> <tr> <td>Other supporting documents (Authorization for Release of Information, map, Social Security Card, Certificate of Indian Blood, two price quotes) were missing.</td><td>23 out of 34 (or 68%)</td></tr> <tr> <td>Evaluation sheets were not completed.</td><td>21 of 34 (or 62%)</td></tr> <tr> <td>Follow-up assessments were not completed.</td><td>34 of 34 (or 100%)</td></tr> <tr> <td>Housing assistance awarded went over the approved budget limits.</td><td>17 of 34 (or 50%)</td></tr> </tbody> </table> The Chapter awarded \$30,474 (100%) of the housing assistance selected for testing during the period examined to 34 recipients although required documentation was missing. Repairs were not performed in two out of eight homes we visited.	Type of Exception	No. of Exceptions	Applications were not completed with information and signature.	23 out of 34 (or 68%)	Recipients were not registered voters.	8 out of 34 (or 24%)	Home site lease or other home ownership documents were missing.	25 out of 34 (or 74%)	Income verification statements were missing.	24 out of 34 (or 71%)	Other supporting documents (Authorization for Release of Information, map, Social Security Card, Certificate of Indian Blood, two price quotes) were missing.	23 out of 34 (or 68%)	Evaluation sheets were not completed.	21 of 34 (or 62%)	Follow-up assessments were not completed.	34 of 34 (or 100%)	Housing assistance awarded went over the approved budget limits.	17 of 34 (or 50%)
Type of Exception	No. of Exceptions																		
Applications were not completed with information and signature.	23 out of 34 (or 68%)																		
Recipients were not registered voters.	8 out of 34 (or 24%)																		
Home site lease or other home ownership documents were missing.	25 out of 34 (or 74%)																		
Income verification statements were missing.	24 out of 34 (or 71%)																		
Other supporting documents (Authorization for Release of Information, map, Social Security Card, Certificate of Indian Blood, two price quotes) were missing.	23 out of 34 (or 68%)																		
Evaluation sheets were not completed.	21 of 34 (or 62%)																		
Follow-up assessments were not completed.	34 of 34 (or 100%)																		
Housing assistance awarded went over the approved budget limits.	17 of 34 (or 50%)																		
Cause:	The Chapter officials presented requests for assistance to the community for approval before the Community Services Coordinator and Accounts Maintenance Specialist collected all of the required documentation to determine eligibility. The Community Services Coordinator and Chapter officials did not ensure awards were within the approved budget limits. The Community Services Coordinator and Chapter officials did not complete the follow-ups.																		

Recommendation:	1. The Community Services Coordinator and Accounts Maintenance Specialist should collect and verify all of the required documents and complete an evaluation for eligibility. 2. The Community Services Coordinator and Chapter officials should only award an amount that is within the approved budget, and any changes to the approved budget should be approved by the community. 3. The Chapter officials should present requests for assistance to the community for approval after all of the required documents are collected and eligibility is determined. 4. The Community Services Coordinator and Chapter officials should assign someone to ensure that the Chapter completes a follow-up review of housing recipients to confirm that funds were used for their intended purpose.
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Issue 2: The Chapter awarded Veterans' assistance without completing appropriate documentation and obtaining proper approval. Assistance was awarded for more than the approved budget limits.

Criteria:	Fiscal Policies and Procedures, Section VII (K) (1-6), requires the Chapter to verify eligibility of applicants against required documents and ensure that funds are expended according to approved budget by the community.										
Condition:	\$4,071 awarded as assistance to Veterans was without complete required documentation, and proper approval was not garnered from the Veterans Commander. Assistance was awarded above the approved budget limits.										
Effect:	We selected eight of the Veterans' assistance payments totaling \$4,158 out of a total of \$8,049 paid to recipients during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Applications were not completed with information and signature.</td><td>2 out of 8 (or 25%)</td></tr> <tr> <td>Requests for assistance were not approved by the Veterans Commander.</td><td>7 out of 8 (or 88%)</td></tr> <tr> <td>Applications were not supported with DD-Form 214.</td><td>5 out of 8 (or 63%)</td></tr> <tr> <td>Awarded amounts exceeded approved budget limits.</td><td>1 out of 8 (or 13%)</td></tr> </tbody> </table> The Chapter awarded \$4,071 (88%) of the Veterans' assistance tested during the period examined to seven recipients although required documentation was missing.	Type of Exception	No. of Exceptions	Applications were not completed with information and signature.	2 out of 8 (or 25%)	Requests for assistance were not approved by the Veterans Commander.	7 out of 8 (or 88%)	Applications were not supported with DD-Form 214.	5 out of 8 (or 63%)	Awarded amounts exceeded approved budget limits.	1 out of 8 (or 13%)
Type of Exception	No. of Exceptions										
Applications were not completed with information and signature.	2 out of 8 (or 25%)										
Requests for assistance were not approved by the Veterans Commander.	7 out of 8 (or 88%)										
Applications were not supported with DD-Form 214.	5 out of 8 (or 63%)										
Awarded amounts exceeded approved budget limits.	1 out of 8 (or 13%)										
Cause:	The Chapter officials presented a request for assistance to the community for approval before approval from the commander was granted and without collecting the required documentation to verify eligibility.										
Recommendation:	1. The Community Services Coordinator and Accounts Maintenance Specialist should verify eligibility against required documents and obtain proper approval.										

	2. The Community Services Coordinator and Chapter officials should only award assistance that is within the budget limits, and any changes to the approved budget should be approved by the community. 3. The Chapter officials should present requests for assistance to the community for approval only after all required documents and evaluations are completed.
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Issue 3: The Chapter awarded student enrichment assistance without completing the appropriate documentation. Student enrichment assistance was not budgeted.

Criteria:	Fiscal Policies and Procedures, Section VII (K) (1-6), requires the Chapter to verify eligibility of applicants against required documents and ensure that funds are expended according to an approved budget by the community.						
Condition:	The Chapter awarded student enrichment assistance without completing required documentation. In addition, the Chapter did not include the student enrichment program in the scholarship budget.						
Effect:	We selected all three student enrichment assistance payments totaling \$900 paid to recipients during the 30-month audit period. Specifically, the following exceptions were noted: <table border="1"> <thead> <tr> <th>Type of Exception</th><th>No. of Exceptions</th></tr> </thead> <tbody> <tr> <td>Applications were not completed with information and signature.</td><td>3 out of 3 (or 100%)</td></tr> <tr> <td>Recipients were not registered voters (if under 18, parent(s) is the registered voter).</td><td>2 out of 3 (or 67%)</td></tr> </tbody> </table> The Chapter awarded \$900 (100%) of the student enrichment assistance tested during the period examined although required documents were missing.	Type of Exception	No. of Exceptions	Applications were not completed with information and signature.	3 out of 3 (or 100%)	Recipients were not registered voters (if under 18, parent(s) is the registered voter).	2 out of 3 (or 67%)
Type of Exception	No. of Exceptions						
Applications were not completed with information and signature.	3 out of 3 (or 100%)						
Recipients were not registered voters (if under 18, parent(s) is the registered voter).	2 out of 3 (or 67%)						
Cause:	The Chapter officials presented the request for assistance to the community for approval before developing a budget for student enrichment and before the Community Services Coordinator and Accounts Maintenance Specialist collected the required documentation to verify eligibility.						
Recommendation:	1. The Chapter officials should present assistance to the community for approval only after a budget has been developed. 2. The Community Services Coordinator and Accounts Maintenance Specialist should verify eligibility against the required documents.						

Finding IX: Capital assets were not reported on the balance sheet.

Criteria:	Fiscal Policies and Procedures, Section VII (F) (2) (f-g), requires that accurate and reliable records of all capital assets are maintained and the value of the capital assets are reported on the balance sheet.
Condition:	Capital assets (such as TV, copy machine, cabinets, etc.) were not disclosed on the FY 2017 inventory listing. Capital Assets (such as buildings, heavy equipment, etc.) were not disclosed on the balance sheet.

Effect:	A total of \$17,980 of capital assets was not accounted for on the inventory listing. Overall, a total of \$567,280 of capital assets was understated on the financial statements.
Cause:	The Chapter did not conduct an accurate physical inventory of their property and equipment to detect items missing on inventory listing. The Chapter officials did not review the financial statements to ensure the capital assets and its values were disclosed on the balance sheet.
Recommendation:	1. The Chapter staff and officials should conduct an accurate physical inventory to ensure all property and equipment is accounted for on the inventory listing. 2. The Community Services Coordinator and Accounts Maintenance Specialist should disclose the capital assets and values on the balance sheet. 3. Chapter officials should review the financial statements to ensure the capital assets are disclosed on the balance sheet.

Finding X: Property/equipment was not tagged and pertinent information was missing on the inventory listing.

Criteria:	The Property Policies and Procedures, Section VII (A) (3), requires that all properties be tagged with a property number. The Property Policies and Procedures, Section IV (F), requires the property/equipment records to include serial numbers, quantity, condition and identification number.
Condition:	Not all property/equipment was tagged and important information about the property/equipment was not on the inventory listing.
Effect:	In the event of a destruction or theft of the property/equipment, its loss could not be recovered because existence and value of property/equipment could not be proven for insurance purposes.
Cause:	The Chapter officials and staff did not develop a checklist of pertinent information to be included in the inventory listing nor did they tag all property/equipment.
Recommendation:	1. The Chapter staff and officials should create a checklist of the pertinent information that will be included in inventory listing. 2. The Chapter staff and officials should ensure all pertinent information of the property/equipment is recorded on the inventory listings. 3. The chapter staff and Chapter officials should tag all property/equipment.

Finding XI: The Secretary/Treasurer was not preparing the Chapter meeting minutes.

Criteria:	N.N.C., Title 26, Section 1002 (C) (2) (a), states that the Secretary Treasurer should complete and submit meeting minutes before Chapter officials are compensated.
Condition:	Thirty-five (59%) out of sixty meetings held during the 30-month audit period were missing meeting minutes. Nevertheless, the Chapter officials were paid.

Effect:	In the absence of the meeting minutes, there is no documentation of community membership discussions and actions during the meetings.
Cause:	The Chapter officials were paid by the Community Services Coordinator even though the Secretary/Treasurer did not perform her duty in preparing the meeting minutes.
Recommendation:	1. The Secretary/Treasurer should complete and submit meeting minutes for each meeting. 2. The Community Services Coordinator should only process stipends for the Chapter officials after the Secretary/Treasurer completes and submits the meeting minutes.

Finding XII: Chapter did not prepare a perpetual inventory record of wood for resale.

Criteria:	Fiscal Policies and Procedures, Section VII (J) (a), requires that perpetual inventory records on resale items are maintained to reflect the receipts and issuance of inventory as well as the inventory balances.
Condition:	A perpetual inventory was not established to record the receipt, issuance and balance of the inventory of wood held for resale. As of August 17, 2017, the Chapter did not have any wood. However, according to the income statement, the Chapter purchased 110 truckloads of wood for \$10,813 and only generated \$2,720 in sales.
Effect:	The Chapter could not account for \$8,093 of wood purchased for resale.
Cause:	Although the Community Services Coordinator and Accounts Maintenance Specialist documented the number of truckloads delivered to the Chapter in the accounting system, they did not transfer this information to a perpetual inventory.
Recommendation:	1. The Community Services Coordinator and Accounts Maintenance Specialist should create a perpetual inventory upon receipt of goods subject to resale and record issuance of inventory to maintain a perpetual balance. 2. The Community Services Coordinator and Accounts Maintenance Specialist should perform physical inventory on a monthly basis to reconcile to the perpetual balance.

Finding XIII: The Chapter used the Emergency Fund to purchase wood without a Declaration of Emergency and did not document a community assessment or the distribution of wood.

Criteria:	Procurement Policies and Procedures, Section VI (E), requires that the Emergency Fund only be expended after the following criteria are met: 1. The Navajo Nation or Chapter president issues a Declaration of Emergency. 2. The Chapter completes a community assessment and a list of recipients receiving emergency fund commodities distributed free-of-cost. 3. The Chapter provides relief services in order of priority. 4. The Chapter ensures that a community-approved budget is in place.
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Condition:	The Chapter was unable to provide proof that wood purchased for \$10,813 was used for a bona-fide emergency. Although the community approved an \$8,000 budget out of the emergency fund for wood, the purchases of wood were not related to a Declaration of Emergency; the Chapter did not complete a community assessment and keep a record of how the wood was distributed.
Effect:	The resources totaling \$10,813 were used without regard to priority of need or emergency necessity.
Cause:	The Community Services Coordinator and Chapter officials did not officially declare an emergency and assess the emergency event to strategize how to best assist their community members before expending the emergency fund.
Recommendation:	1. The Chapter Community Services Coordinator and Chapter officials should create a plan of emergency to ensure policies are carried out before considering expending the emergency fund. 2. The Chapter president should issue an official Declaration of Emergency first before expending the emergency fund. 3. The Community Services Coordinator and Chapter officials should perform a community assessment of the emergency event. 4. The Community Services Coordinator and Chapter officials should provide services based on priority.

Conclusion

The Tsayatoh Chapter is not a good steward of Navajo resources. The Chapter disbursed a total of \$1,095,015 from all funding sources during the period of our examination. A total of \$495,683 (95%) out of \$519,319 of the disbursements tested was not spent in accordance with the Chapter and Navajo Nation policies. Our audit revealed that the Chapter is unaware of Chapter, Navajo Nation and New Mexico laws, rules and regulations and has not implemented appropriate controls. Also, the Chapter has not hired full-time, trustworthy staff to safeguard assets and personal information.

Appendix A

Checks issued to Accounts Maintenance Specialist's children

Date Cashed	Check no.	Amount
6/24/2016	8974	738.80
7/8/2016	8990	664.92
7/22/2016	9019	738.80
8/5/2016	9038	738.80
8/19/2016	9051	664.92
9/9/2016	9057	738.80
9/15/2016	9108	664.92
9/28/2016	9137	738.80
10/14/2016	9153	738.80
10/28/2016	9164	738.80
11/9/2016	9174	664.92
11/22/2016	9188	664.92
12/5/2016	9207	738.80
12/22/2016	9222	738.80
1/6/2017	9239	701.86
1/19/2017	9271	664.92
6/16/2016	8953	300.00
Total:		\$11,640.58

Source: Tsayatoh Chapter MIP (accounting system) and Bank Statements

Checks issued to Accounts Maintenance Specialist without authorization and supporting documentation

Date Cashed	Check no.	Amount
9/28/2016	9131	392.04
10/7/2016	9140	335.04
10/19/2016	9159	229.20
10/24/2016	9160	195.40
10/26/2016	9162	269.40
11/9/2016	9176	189.54
11/16/2016	9180	622.56
11/21/2016	9186	180.04
12/5/2016	9204	305.76
12/14/2016	9210	226.80
12/15/2016	9219	76.44
12/16/2016	9221	229.20
1/12/2017	9243	305.10
Total:		\$3,556.52

Source: Tsayatoh Chapter MIP (accounting system) and Bank Statements

Appendix B

Checks issued to the Community Services Coordinator without authorization and supporting documentation

Date Cashed	Check no.	Amount	Date Cashed	Check no.	Amount
10/15/2014	7864	204.96	9/16/2015	8466	139.75
10/22/2014	7884	322.37	9/30/2015	8554	818.22
11/5/2014	7894	226.45	9/30/2015	8556	58.94
11/17/2014	7919	168.00	10/23/2015	8596	255.70
12/9/2014	7950	225.68	11/3/2015	8618	701.50
1/20/2015	8043	507.37	11/17/2015	8628	291.72
2/17/2015	8093	172.50	11/17/2015	8632	311.04
3/18/2015	8144	265.65	12/1/2015	8656	110.05
3/20/2015	8136	668.88	12/1/2015	8657	89.50
3/27/2015	8149	152.37	12/1/2015	8661	693.45
3/27/2015	8151	512.88	12/4/2015	8677	311.04
4/6/2015	8162	330.05	12/16/2015	8702	102.15
4/6/2015	8163	175.54	12/21/2015	8707	888.95
6/9/2015	8246	367.40	12/29/2015	8718	495.64
6/15/2015	8254	132.34	1/8/2016	8731	331.28
7/14/2015	8298	774.52	1/12/2016	8734	246.02
7/23/2015	8341	289.04	1/25/2016	8773	460.38
7/27/2015	8358	111.80	2/4/2016	8779	775.44
8/3/2015	8372	727.37	2/4/2016	8780	203.30
8/11/2015	8392	101.03	3/3/2016	8823	754.92
8/13/2015	8398	104.15	3/15/2016	8850	516.77
8/13/2015	8399	452.96	3/21/2016	8857	584.28
8/24/2015	8417	184.59	4/1/2016	8865	446.14
9/1/2015	8435	849.85	4/1/2016	8866	697.68
9/9/2015	8452	541.72	Total:		\$18,853.33

Source: Tsayatoh Chapter MIP (accounting system) and Bank Statements

CLIENT RESPONSE



RUSSELL BEGAY – Honorable President
• JOHNATHAN NEZ – Honorable Vice
President
SETH DAMON – Honorable Council Delegate

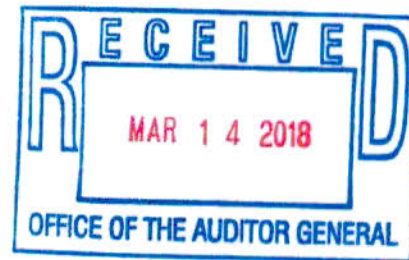
TSAYATOH COMMUNITY GOVERNANCE

P.O. Box 86
Mentmore, NM 87319
(505) 905-2649; Fax (505) 905-0537
tsayatoh@navajochapters.org - Email
tsayatoh.nndes.org - Website

March 11, 2018

Office of the Auditor General
The Navajo Nation
Elizabeth O. Begay, CIA, CFE
Auditor General

P.O. Box 708
Window Rock, AZ 86515



Ya'at'eeh, Ms. Begay

The Tsayatoh Community Governance and Administration acknowledge the receipt of the Tsayatoh Internal Audit and Exit meeting, Tuesday, March 06, 2018.

In Lieu of Tsayatoh Community Governance Resolution Requesting for an Internal Audit, we appreciate your administrative work and the internal operations research being carried out in a timely matter.

The Tsayatoh Community Governance and Administration have made recommendations of additional changes and had made comments on this date.

Again, we appreciate your offices assistance and will continue the cooperation within the corrective measures and if your office should have any questions, Please call our community governance and administration at (505) 905-2649. Thank you.

Respectfully,

Walter B. Hudson, President
Tsayatoh Community Governance

Attachment

*Cc: David Lee, Vice-President
Saraphina Blackgoat, Secretary/Treasurer
Seth Damon, Honorable Council Delegate
Johnny Johnson, Department Manager II
ADMINISTRATION SERVICE CENTER/DCD
Tsayatoh Adm. files*

WALTER HUDSON
Chapter President

DAVID LEE
Chapter Vice President

SARPHINA BLACKGOAT
Secretary/Treasurer

TERI WATCHMAN
Land Board

VACANT
Community Service Coordinator

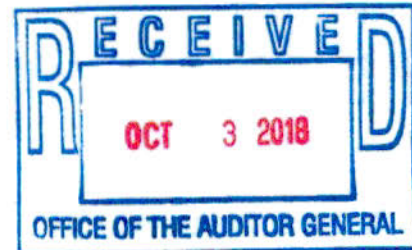
VACANT
Accounts Maintenance Specialist



RUSSELL BEGAY – President
JOHNATHAN NEZ – Vice President
SETH DAMON – Council Delegate

TSAYATOH COMMUNITY GOVERNANCE

P.O. Box 86
Mentmore, NM 87319
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September 27, 2018

Elizabeth Begay, Auditor General
Office of the Auditor General
P.O. Box 708
Window Rock, Arizona 86515

Dear Mrs. Begay,

We have revised the corrective action plan according to your recommendations. Attached is the Chapter's Resolution approving the Corrective Action Plan (CAP) with a copy of the CAP.

Feel free to contact the Tsayatoh Chapter at 505-905-2649 if you have any questions. Thank you.

Sincerely,

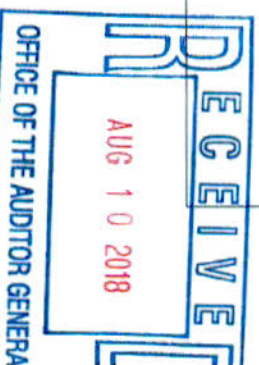
Mr. Walter Hudson, Chapter President
Tsayatoh Chapter

CC: Tsayatoh Chapter Administration
Mr. Walter Hudson, Chapter President
Mr. David Lee, Chapter Vice-President
Ms. Saraphina Blackgoat, Chapter Secretary/Treasurer
Mr. Seth Damon, Council Delegate

**Tsayatoh Chapter
Corrective Action Plan
Audit Report No. 18-16**

Issue	Corrective Action	Responsible Parties	Completed By:
Finding I: The Chapter filing system was in disarray and files were not secured.	1. The Chapter staff and officials will review and follow the Records Policies and Procedures on how to maintain proper records of all Chapter projects and activities.	CSC, AMS, Pres., VP, and S/T	March 31, 2019
	2. The CSC and AMS will update, maintain an accurate and complete inventory of all chapter records. Keeping all chapter records complete and current at all times.		
	3. The CSC will conduct an annual records inventory with the AMS to ensure proper storage, disposal, transfer or filing of all records.		
	4. The CSC and AMS will maintain and safeguard all chapter records in a secured filing cabinet.		
	5. The Chapter staff and officials will conduct proper training to their temporary employees to file Chapter documents.		
	6. The Chapter officials will routinely monitor and sign the monitoring tool to ensure the Chapter's record keeping system is complete and provide feedback.		

Issue	Corrective Action	Responsible Parties	Completed By:
Finding II: Former Accounts Maintenance Specialist processed seventeen unauthorized payments to her children totaling \$11,641.	1. The Chapter staff and officials will work with Ethics and Rules Office and Office of the Prosecutor to hold the former Accounts Maintenance Specialist liable for issuing unauthorized Chapter checks to her children.	CSC, AMS, Pres., VP, and S/T	March 31, 2019
	2. The authorized signers will review to ensure all supporting documents are attached for example as follows: fund approval form, invoices, quotes, claim forms, timesheets and similar documents. To support each fund disbursement before co-signing checks.	CSC, S/T	
	3. The authorized signers will not pre-sign blank checks without all supporting documents are attached.	CSC, S/T	
	4. The chapter staff and officials will contact ITG for assistance and training on how to access and generate an activity report to detect unusual transaction activities. Also, if any unauthorized	CSC, AMS, Pres., VP, and S/T	



**Tsayatoh Chapter
Corrective Action Plan
Audit Report No. 18-16**

	payments are detected the chapter will notify ASC or Ethics and Rules.		
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Issue	Corrective Action	Responsible Parties	Completed By:
Finding III: Chapter travel was not properly approved, accurately calculated and clearly supported with appropriate documentation.	1. The Accounts Maintenance Specialist will prepare the travel authorization packet and calculate the estimated cost. The Community Services Coordinator will review and approve the travel authorization packet prior to travel. If travel advance is requested, the CSC will review the calculation of 80% of the estimated cost.	CSC and AMS	March 31, 2019
	2. Prior to reimbursement for travel, the Community Services Coordinator and Chapter officials will review and approve travel packets with complete Travel Expense Reports that are signed, attached with supporting documents (i.e. trip reports, mileage reports, original receipts for meals and hotel stays, sign-in sheets for conferences and/or trainings, agendas, etc.) within ten (10) days after return from the trip.	CSC, Pres., VP, and S/T	
	3. The Community Services Coordinator will apply the privately-owned vehicle reimbursement mileage rates issued from the Office of the Controller, which are the mileage rates for business miles published in the Federal Travel Regulations.	CSC	
	4. The Chapter will work with the Ethics and Rules Office and Office of the Prosecutor to hold the former staff liable for issuing unauthorized travel checks.	CSC, Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding IV: Chapter paid vendors without proper approval and appropriate documentation.	1. The Accounts Maintenance Specialist will prepare a Fund Approval Form, attached with supporting documents: (3) quotes, original invoices, and similar documents to support each fund disbursement before preparing a check for payment.	AMS	March 31, 2019
	2. Authorized signers (CSC and S/T) will sign checks after the Fund Approval Form are attached with the supporting documents.	CSC and S/T	

**Tsayatoh Chapter
Corrective Action Plan
Audit Report No. 18-16**

Issue	Corrective Action	Responsible Parties	Completed By:
Finding V: Wages were paid to employees for hours they did not actually work.	1. Chapter temporary workers will use timecards to record hours worked. The Accounts Maintenance Specialist will verify all the hours on the timecards onto a master timesheet and is the timekeeper.	AMS	March 31, 2019
	2. The Community Services Coordinator will reconcile the timecards to the master timesheet and to what is entered in the accounting system prior to issuance of payroll.	CSC	
	3. The Secretary/Treasurer will review hours worked on the timecard to the hours worked on the master timesheet and to payroll charges in the accounting system to ensure employees are only paid for actual hours worked before co-signing on the check.	S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding VI: The Chapter did not maintain the appropriate documentation on file for each employee and report new hires to the state.	1. The Community Services Coordinator and Accounts Maintenance will develop a checklist to ensure chapter policy and state regulations are followed. The list includes Personnel Action Form (PAF), Employment Application Form, Employee's Federal Withholding Allowance Certificate (W-4), Copy of Social Security Card, Employee Performance Evaluation Form, State New Hire Form, Parental Consent Form (14 to 17-year-old), and copy of voter registration.	CSC and AMS	March 31, 2019
	2. The Community Services Coordinator and Accounts Maintenance Specialist will report all new hires to the state and form completed will filed at the Chapter.	CSC and AMS	
	3. The Chapter officials will review forms completed that all new hires are reported to the state.	Pres., VP, and S/T	

**Tsayatoh Chapter
Corrective Action Plan
Audit Report No. 18-16**

Finding VII: Individuals were compensated as a Chapter Secretary/Treasurer and as a Chapter employee at the same time.

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 1: Two pro-term Secretary/Treasurers were paid as Chapter employees while fulfilling their duties as Chapter officials at the Chapter meetings.	1. Chapter employees who receive pay as an appointed official will be required to take annual leave or leave without pay while being paid to attend Chapter meetings.	CSC, AMS, Pres., VP, and S/T	March 31, 2019
	2. The Chapter officials will work with the current Secretary/Treasurer to forfeit her stipend payment(s) and to reimburse the Chapter. If the Secretary/Treasurer does not repay her stipends, then the Community Services Coordinator will enforce by withholding stipend payments until repayment is paid off.	CSC and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 2: The current Secretary/Treasurer served as both a Chapter official and Chapter employee at the same time.	1. The Chapter officials will work with the current Secretary/Treasurer to forfeit her stipend payment(s) and to reimburse the Chapter. If the Secretary/Treasurer does not repay her stipends, then the Community Services Coordinator will enforce by withholding stipend payments until repayment is paid off.	CSC, Pres., VP, and S/T	March 31, 2019
	2. If a temporary employee is elected as chapter official, then the temporary employee will resign effective immediately.	CSC	

Finding VIII: Chapter assistance was not supposed with the appropriate documentation, awarded within the approved budget and used for its intended purpose.

Issue	Corrective Action	Responsible Parties	Completed By:
Issue 1: The Chapter awarded housing assistance without completing appropriate documentation to determine	1. The Accounts Maintenance Specialist will verify all the required documents attached to the housing assistance application and the Community Services Coordinator will review and approve for eligibility.	CSC and AMS	March 31, 2019

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<i>eligibility and awarded amounts over the approved budget limits. The Chapter did not ensure that the assistance was used to its intended purpose.</i>	2. The Community Services Coordinator and Chapter officials will verify amount awarded to the approved budget limits to ensure its within limits. If any changes to the approved budget, new approved budget limit will used.	CSC, Pres., VP, and S/T	
	3. The Chapter officials will present requests for assistance to the community for approval after all the required documents are collected and eligibility is determined.	Pres., VP, and S/T	
	4. The Community Services Coordinator and Chapter officials will assign someone to inventory building materials and to document the project from start to finish, to ensure building materials are used as intend.	CSC, Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
<i>Issue 2: The Chapter awarded Veterans' assistance without completing appropriate documentation and obtaining proper approval. Assistance was awarded for more than the approved budget limits.</i>	1. The Accounts Maintenance Specialist will verify all the required documents attached to the Veterans assistance application and the Community Services Coordinator will review and approve for eligibility and obtain approval from the Vet. Commander.	CSC and AMS	March 31, 2019
	2. The Community Services Coordinator and Chapter officials will verify amount awarded to the approved budget limits to ensure its within limits. If any changes to the approved budget, new approved budget limit will used.	CSC, Pres., VP, and S/T	
	3. The Chapter officials will present requests for assistance to the community for approval only after all required documents and evaluations are completed.	Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
<i>Issue 3: The Chapter awarded student enrichment assistance without completing the appropriate documentation. Student enrichment assistance was not budgeted.</i>	1. The Accounts Maintenance Specialist will verify all the required documents attached to the student enrichment assistance application and the Community Services Coordinator will review and approve for eligibility. 2. The Community Services Coordinator and Chapter officials will verify amount awarded to the approved budget limits to ensure	CSC, AMS, Pres., VP, and S/T	March 31, 2019

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	its within limits. If any changes to the approved budget, new approved budget limit will be used.		
	3. The Community Services Coordinator and Chapter officials will develop a detail budget and present the budget to the community for approval.		
	4. The Chapter officials will present requests for assistance to the community for approval only after all required documents and evaluations are completed.	Pres., VP, and S/T	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding IX: Capital assets were not reported on the balance sheet.	1. The Account Maintenance Specialist will complete a physical inventory and update its inventory list include capital fixed assets valued \$1,000 and above.	AMS	March 31, 2019
	2. The Accounts Maintenance Specialist will disclose the capital fixed assets and values on the balance sheet. The Community Services Coordinator will review and verify all capital fixed assets and values are posted on the balance sheet.	CSC and AMS	
	3. The Chapter officials the review the financial statements to ensure the capital fixed assets are disclosed on the balance sheet.	Pres., VP, and S/T	

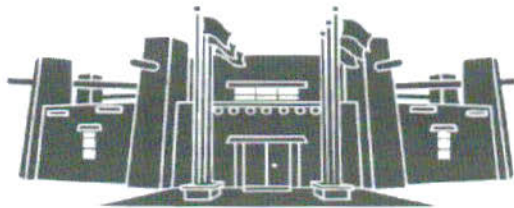
Issue	Corrective Action	Responsible Parties	Completed By:
Finding X: Property/equipment was not tagged and pertinent information was missing on the inventory listing.	1. The Accounts Maintenance Specialist will create a checklist of the pertinent information that will be included in inventory listing. The pertinent information will include serial numbers, quantity, condition and insurance for proper identification of items and to ensure proper reporting of any losses. The Accounts Maintenance Specialist will tag all property/equipment.	AMS	March 31, 2019
	2. The Community Services Coordinator will check to ensure all property/equipment are tagged and review inventory listing to ensure all required property/equipment information are listed.	CSC	
	3. The officials will review property listing to ensure all property/equipment are tagged and information are listed.	Pres., VP, and S/T	

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Issue	Corrective Action	Responsible Parties	Completed By:
Finding XI: The Secretary/Treasurer was not preparing the Chapter meeting minutes.	1. The Secretary/Treasurer will submit meeting minutes in a timely manner after each meeting.	S/T	March 31, 2019
	2. The Community Services Coordinator will only process stipends for the Chapter officials after the Secretary/Treasurer submits complete meeting minutes.	CSC and S/T	

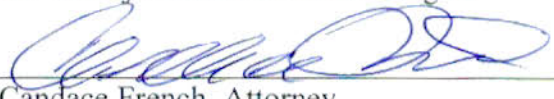
Issue	Corrective Action	Responsible Parties	Completed By:
Finding XII: Chapter did not prepare a perpetual inventory record of wood for resale.	1. The Accounts Maintenance Specialist will create a perpetual inventory system to track resale of woods and maintain a balance of woods.	AMS	March 31, 2019
	2. The Accounts Maintenance Specialist will complete physical inventory on a monthly basis. The Community Services Coordinator will reconcile physical inventory to the perpetual balances.	CSC and AMS	

Issue	Corrective Action	Responsible Parties	Completed By:
Finding XIII: The Chapter used the Emergency Fund to purchase wood without a Declaration of Emergency and did not document a community assessment or the distribution of wood.	1. The Chapter staff and officials will create an emergency response plan and obtain approval from the community.	CSC, AMS, Pres., VP, and S/T	March 31, 2019
	2. The Chapter President will declare an emergency first before expending the emergency fund.	President	
	3. The Chapter staff and officials will develop a community assessment in preparation of an emergency event.	CSC, AMS, Pres., VP, and S/T	
	4. The Chapter staff and officials will use the assessment to provide services based on priority.	CSC, AMS, Pres., VP, and S/T	



MEMORANDUM

TO: Speaker Seth Damon
24th Navajo Nation Council Delegate

FROM: 
Candace French, Attorney
Office of Legislative Counsel

DATE: March 8, 2019

RE: AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE BUDGET AND FINANCE COMMITTEE; ACCEPTING THE INTERNAL AUDIT OF TSEYATOH CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL, AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY TSEYATOH 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. 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.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0052-19_____ SPONSOR: Seth Damon

TITLE: An Action Relating to the Resources and Development Committee and the Budget and Finance Committee; Accepting the Internal Audit of Tseyatoh Chapter Submitted by the Office of the Auditor General, and Approving the Corrective Action Plan Submitted by Tseyatoh Chapter

Date posted: March 11, 2019 at 7:10pm

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) 871-7590

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.: 0052-19

SPONSOR: Honorable Seth Damon

TITLE: An Action Relating to the Resources and Development Committee and the Budget and Finance Committee; Accepting the Internal Audit of Tseyatoh Chapter Submitted by the Office of the Auditor General, and Approving the Corrective Action Plan Submitted by Tseyatoh Chapter

Posted: March 11, 2019 at 7:10pm

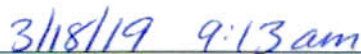
5 DAY Comment Period Ended: March 17, 2019

Digital Comments received:

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



Legislative Secretary
Office of Legislative Services



Date/Time