

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

25TH NAVAJO NATION COUNCIL - First Year, 2023

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT AND BUDGET AND
FINANCE COMMITTEES; ACCEPTING THE AUDIT OF THE TSIDI TO'II
(BRIDSPRINGS) CHAPTER AND APPROVING THE CHAPTER'S PROPOSED
CORRECTIVE ACTION PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee is the oversight committee for all Navajo Nation Chapters. 2 N.N.C. § 501(C)(1).
- B. As the oversight committee for Chapters, the Resources and Development Committee reviews audit reports and proposed corrective action plans regarding Chapter financial matters. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee has the final authority to review and approve audit reports issued by 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. In accordance with 12 N.N.C. § 6, the Office of the Auditor General has prepared an audit report of the Tsidi To'ii (Birdsprings) Chapter, titled: "Internal Audit of the Tsidi To'ii Chapter" - Report No. 23-11 - dated April 2023 (hereinafter referred to as the "Audit Report"). This Audit Report is attached hereto as **EXHIBIT A**.
- B. The Tsidi To'ii Chapter responded with a letter regarding the Audit Report. The Chapter's response, dated April 11, 2023, is attached hereto as **EXHIBIT B**.

- C. The Tsidi Too'ii Chapter prepared a detailed Corrective Action Plan ("CAP") that was submitted to the Auditor General on August 31, 2023. The CAP addresses the findings in the Audit Report, and the Chapter proposed to cure the Audit Report findings by 10/01/2024. The Chapter's proposed Corrective Action Plan is attached hereto as **EXHIBIT C**.
- D. In Resolution No. TT-09-04-2023, the Chapter acknowledges the findings in the Audit Report and approves the Chapter's Corrective Action Plan to address and resolve the findings. Resolution No. TT-09-04-2023 is attached hereto as **EXHIBIT D**.

SECTION THREE. ACCEPTING THE AUDIT OF THE TSIDI TO'II (BIRDSPRINGS) CHAPTER AND APPROVING THE CHAPTER'S PROPOSED CORRECTIVE ACTION PLAN

- A. The Navajo Nation hereby accepts the Auditor General's audit report of the Tsidi To'ii Chapter titled "Internal Audit of the Tsidi To'ii Chapter" - Report No. 23-11 - dated April 2023, attached hereto as **EXHIBIT A**.
- B. The Navajo Nation hereby approves the Corrective Action Plan proposed by the Tsidi To'ii Chapter, attached hereto as **EXHIBIT C**. This Corrective Action Plan is approved for use by the Tsidi To'ii Chapter in addressing and resolving the findings explained in the Audit Report.

SECTION FOUR. DIRECTIVES

- A. The Tsidi To'ii Chapter shall prepare and submit a written status report on its progress implementing all tasks set forth in its approved Corrective Action Plan. In compliance with 12 N.N.C. § 7(F), the Chapter shall submit such report to the Auditor General no later than six months after the effective date of this Action.
- B. The Auditor General shall receive and review the Tsidi To'ii Chapter's six-month status report and shall prepare a memorandum explaining the Auditor General's opinion about the success of the Chapter's corrective efforts and the Chapter's compliance with its approved Corrective Action Plan during the noted six-month period. 12 N.N.C. § 7(F)(2).

- C. The Auditor General shall then promptly submit such memorandum along with the Tsidi To'ii Chapter's status report to the Resources and Development Committee and the Budget and Finance Committee. 12 N.N.C. § 7(F)(2).
- D. Twelve months after the effective date of this Action, the Auditor General shall conduct a follow-up review of the Tsidi To'ii Chapter to determine whether or not the Chapter has successfully implemented its approved Corrective Action Plan. 12 N.N.C. § 7(G).
- E. The Auditor General shall then promptly prepare its twelve-month report on its findings resulting from the follow-up review. Such report shall include the Auditor General's recommended sanctions, if any, to be imposed upon the Chapter for failure to sufficiently implement its Corrective Action Plan. 12 N.N.C. § 7(G).
- F. The Auditor General's follow-up report shall be presented to the Resources and Development Committee and the Budget and Finance Committee. 12 N.N.C. § 7(G); 12 N.N.C. § 7(H).

SECTION FIVE. EFFECTIVE DATE

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

SECTION SIX. SAVING CLAUSE

If any provision of this Action is determined invalid by the Navajo Nation Supreme Court, or by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, those provisions of this Action that are not determined invalid shall be the law of the Navajo Nation.

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 5 in favor and 0 opposed, this 21st day of November 2023.

A handwritten signature in black ink, appearing to read 'Shaandiin Parrish', written in a cursive style.

Shaandiin Parrish, Chairperson
Budget and Finance Committee

Motion: Honorable Carl R. Slater
Second: Honorable Lomardo Aseret



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

Internal Audit of the Tsidi To'ii Chapter

Report No. 23-11
April 2023

Performed by:
Danielle Allison, Assoc. Auditor
Kimberly Jake, Auditor
Beverly Tom, Senior Auditor



May 3, 2023

Mitzi M. Begay, Secretary/Treasurer
TSIDI TO'II (BIRDSPRINGS) CHAPTER
HC 61, Box K
Winslow, AZ 86047

Dear Ms. Begay,

The Office of the Auditor General herewith transmits Audit Report No. 23-11, an Internal Audit of the Tsidi To'ii (Birdsprings) Chapter. The audit objective was to determine whether the Chapter maintains adequate internal controls to safeguard assets, ensure reliability of its financial reporting, and comply with applicable laws, regulations, policies and procedures. During the 12-month audit period ending September 30, 2022, 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: The last financial statement audit was completed 5 years ago in 2017.
- FINDING II: Fixed assets are inaccurately reported on balance sheet.
- FINDING III: Chapter property were not properly identified, recorded, and tracked.
- FINDING IV: Chapter accounting system needs better oversight monitoring.
- FINDING V: Changes within the accounting system are not adequately supported and authorized.
- FINDING VI: Chapter's accounting records contain a Fraud Loss Fund reporting a deficit cash balance of \$101,319.
- FINDING VII: Chapter expended \$5,852 of Internal revenues without an approved budget.
- FINDING VIII: Personnel files for chapter employees were incomplete.
- FINDING IX: Chapter staff bonuses were paid contrary to Personnel and Fiscal Policies and Procedures.
- FINDING X: Employee work hours were not properly recorded and did not justify wages paid.
- FINDING XI: Charge accounts are utilized without important controls.
- FINDING XII: Despite missing documents, the Chapter awarded housing assistance totaling \$8,663.
- FINDING XIII: It is unclear if housing recipients used building materials for their intended purpose.
- FINDING XIV: Purchase of goods and services were not supported with quotes, invoices or receipts.
- FINDING XV: Restricted funds were not expended accordingly to funding guidelines.
- FINDING XVI: Chapter does not adhere to travel policies and procedures.
- FINDING XVII: Travel advances are being processed contrary to travel policies.
- FINDING XVIII: Contractors were hired contrary to Procurement Policies and Procedures.
- FINDING XIX: Contractor was paid \$11,275 before contract deliverables were verified.
- FINDING XX: PEP/SYE projects did not comply with policies and procedures.

Ltr. to Mitzi M. Begay
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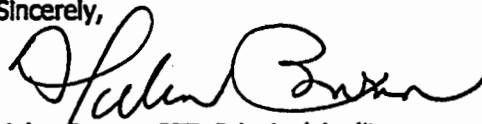
FINDING XXI: Community financial assistance provided by the Chapter lacks transparency.

FINDING XXII: Two outstanding checks have yet to be voided in the accounting system.

Detailed explanations of the 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 contact our office at (928) 871-6303.

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Vacant, President
Vacant, Vice-President
Dolly Wagoner, Chapter Manager
Casey Allen Johnson, Council Delegate
TSIDI TO'II (BIRDSPRINGS) CHAPTER
Milford Maloney, Senior Programs & Projects Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

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REVIEW RESULTS

FINDING I: The last financial statement audit was completed five years ago in 2017.

Criteria: FMS Fiscal Policies and Procedures, Section VII.M, requires the Chapter to obtain an audit of its financial operations at least every two years and which shall include funds received from all Navajo Nation, State, County, Federal and other fund sources. The Chapter Manager and officials shall develop a corrective action plan for any discrepancies cited.

Condition: The Chapter became certified in 2011 and obtained financial statement audits for fiscal year 2012 and 2017 but no audits for the subsequent years. Therefore, the Chapter has not complied with the financial audit requirements.

For the two audits that were completed, the following opinions were issued:

- 2012 audit disclosed a qualified opinion with one finding regarding capital assets records.
- 2017 audit disclosed a disclaimer with six findings regarding capital asset records, receipts and deposits, payroll, cash disbursement, travel per diem expenditures, and Internal Revenue Service (IRS) compliance.

Despite the audit findings, there is no record of a corrective action plan that addresses these findings. The Administrative Assistant was unable to substantiate her claim that corrective action plans were developed in response to these audits with copies of the corrective action plans.

Effect: As a certified Navajo Nation chapter, the Chapter was given full responsibility for its finances and operations. Without financial audits, the Chapter cannot provide assurance its financial management system generates reliable and accurate financial statements. Furthermore, without corrective action plans, the Chapter likely did not correct the control deficiencies to mitigate potential risks.

Cause:

- The Chapter did not have funds to pay for the annual financial statement audits. Currently, the Chapter has yet to earmark chapter funds for the next audit.
- All indications are the Chapter did not know how to use the results of the financial statement audit to improve its financial management system.

Recommendations:

1. When chapter funds are identified, the Chapter Manager should refer to the Procurement Policies and Procedures to procure financial statement audit services with a certified public accountant.
2. The Chapter Manager should develop a corrective action plan to ensure outstanding audit findings from the prior financial statement audits are addressed.

3. The Chapter officials should review and concur the corrective action plan, and monitor activities to make sure the plan is being implemented.

FINDING II: Fixed assets are inaccurately reported on balance sheet.

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| Criteria: | FMS Fiscal Policies and Procedures, Section VII.F, requires the Chapter to maintain accurate and reliable fixed asset records and to report the fixed assets value to the financial statements. The Chapter is required to establish internal controls to ensure that accounting data is accurate. In addition, FMS Property Policies and Procedure, Section IV, states all property and equipment of a value of more than \$1,000 shall be capitalized and recorded in the Chapter's Capital Asset ledger. |
| Condition: | <p>Based on the Chapter's property and financial records, the fixed assets reporting on the Balance Sheet was deemed inaccurate. The following discrepancies contributed to the inaccuracies:</p> <ul style="list-style-type: none">• The fixed asset values posted to the general ledger have not been updated since December 31, 2020.• A backhoe with loader which was sold in May 2016 has not been removed from the general ledger.• Exercise equipment, security system, grader, and the Senior Center building are not reported as fixed assets.• Non-operating Chevy flatbed truck is still reported as fixed asset.• There are no historical records to determine when the fixed assets were purchased or acquired. |
| Effect: | The Chapter balance sheet as of September 30, 2022 is unreliable because the Chapter cannot support \$284,058 in fixed assets. The lack of reliable financial statements would hinder the Chapter in securing additional funding for projects or other key services. |
| Cause: | <ul style="list-style-type: none">• The current Chapter Manager has not obtained technical assistance from the Tuba City Administrative Service Center to establish reliable property records and implement the correct process for reporting fixed assets.• The Chapter had an appraisal done in 2010 on the chapter buildings but has not used this information to update its fixed asset records.• The Chapter has not addressed the recommendations provided from 2012 and 2017 financial statement audits to correct its fixed assets records and reporting. |
| Recommendations: | <ol style="list-style-type: none">1. The Chapter Manager should use the appraisal report to update the fixed asset values in the accounting system.2. The Chapter administration and officials should obtain training and ongoing technical assistance from the Tuba City Administrative Service Center to establish proper property records, reconcile these records for |

accuracy and determine the correct reporting of these assets to the financial statements.

3. The Chapter Manager should develop corrective measures to address prior audit findings pertaining to fixed assets and obtain concurrence on these corrective measures from the Chapter officials and the Tuba City Administrative Service Center.

FINDING III: Chapter property were not properly identified, recorded, and tracked.

| | |
|------------------|--|
| Criteria: | FMS Fiscal Policies and Procedures, Section VII.F., requires the Chapter to protect Chapter assets by implementing the following: 1) perform an annual inventory of property, 2) maintain a complete and accurate inventory of all property, and 3) tag all property with an identification number. |
| Condition: | <p>We identified 20 Chapter fixed assets based on Chapter property inventory and expenditure activities. These 20 items were examined further and the following deficiencies were noted:</p> <ul style="list-style-type: none">• 13 fixed assets were not tagged with property identification numbers and could not be traced to the inventory records.• Documentation for disposal of the backhoe was not on file and the asset is still reported on the property inventory.• Fixed assets such as security system, exercise equipment, and a boat were not recorded on the property inventory.• Computer monitors and towers, and executive desks could not be found on chapter premises. |
| Effect: | The Chapter cannot readily identify property that is lost, stolen or damaged. Further, assets that are not properly accounted for can negatively impact accountability and financial reporting of such assets. |
| Cause: | The current Chapter administration indicated they have no knowledge of how property was managed by the prior chapter administration. They do not know the location of some property items and what has been disposed of. Therefore, the staff has yet to update its inventory records. |
| Recommendations: | <ol style="list-style-type: none">1. The Chapter administration and officials should request for training from the Tuba City Administrative Service Center on proper recording and monitoring of fixed assets.2. The Administrative Assistant should purchase pre-numbered identification tags, affix the tags to the property items and record the numbers on the property inventory.3. The Chapter Manager should assign available chapter staff to assist with the annual physical count prior to the start of the fiscal year, update the property inventory with pertinent information and make sure all property is tagged. |

4. The Chapter officials should monitor property management activities to confirm staff are following policies and procedures to account for fixed assets.

FINDING IV: Chapter accounting system needs better oversight monitoring.

- Criteria:** FMS Fiscal Policies and Procedures, Section V.D.2, states the primary objectives of the Chapter's accounting system were to provide reliable and consistent financial information on a timely basis, safeguard the Chapter's assets, and to provide reasonable assurance that the Chapter complies with all applicable laws and regulations.
- Condition:** The Chapter's accounting system is not monitored by the Chapter Manager and Secretary/Treasurer. The Chapter Manager obtained MIP training and was provided system access credentials but her access to the accounting system could not be substantiated. Currently, the Administrative Assistant is the only active, full-time user of the accounting system with minimal oversight. The Secretary/Treasurer has not obtained training to be a view only user.
- Effect:** With no adequate oversight, any abuse of the accounting system or compromise of financial data could go undetected and result in potential financial loss to the Chapter.
- Cause:**
- The Secretary/Treasurer claims she requested for MIP training but so far, no training has been provided.
 - The accounting system is on the Administrative Assistant's desktop and located where it is not accessible for others to log on to the desktop.
- Recommendations:**
1. The Chapter Manager should routinely access the accounting system and generate applicable reports to monitor the Administrative Assistant's work.
 2. The Secretary/Treasurer should continue to request for financial reports to monitor the Chapter's financial activities.
 3. The Chapter should request for MIP training from the Tuba City Administrative Service Center especially in the areas of monitoring and providing oversight.

FINDING V: Changes within the accounting system are not adequately supported and authorized.

- Criteria:** FMS Fiscal Policies and Procedures, Section V.D.3, states accounting records provide the documentary support for account balances and must be properly maintained to provide fiscal accountability for the Chapter. Accounting records include source documents, journals, registers, ledgers and other supplementary records. In addition, FMS Personnel Policies and Procedures, Section II, states the Chapter Manager is responsible for

approving or disapproving all documents in accordance with functional responsibilities.

Condition:

There are three individuals who can access the Chapter's accounting system and make various changes to the accounting data using journal entries. Most of these changes are to correct mistakes or other errors. The accounting system creates a journal voucher each time journal entries are made but there was no documentary support for these journal vouchers.

In evaluating the accounting system, several other financial discrepancies were noted and they would need to be researched further and corrections made with journal vouchers:

- Outstanding accrued liabilities of \$959 for SUTA Tax Payable continues to be reported on the financial statements for fiscal year 2019 Summer Youth Employment activities.
- Retirement Payable continues to be reported on the financial statements since fiscal year 2020 and 2021 applicable to prior chapter employees and it is uncertain if these are legitimate transactions.
- Travel/Count Fund 20 has a deficit balance in the amount of \$3,307.
- Inaccurate fixed asset value is reported on the balance sheet.
- Refund checks are not credited back to the appropriate fund codes and general ledger codes.
- Two outstanding checks totaling \$773 have been stale-dated for 10 to 18 months and have yet to be voided.
- General ledger code for operating supplies is inaccurately used. For example, fuel purchases were not split for diesel and gasoline account codes and 6999 miscellaneous expenses totaling \$3,420 was used instead of more specific general ledger codes.
- Applicable payroll taxes were not deducted from employee bonus payments.

Effect:

Due to the accounting errors, the financial reports generated by the accounting system cannot be deemed reliable. This poses risks such as an unfavorable audit opinion, poor financial decision-making, and lack of financial transparency to the community membership.

Cause:

- The Chapter administration accounting knowledge and skills are minimal and are learning by trial and error.
- The Chapter administration did not understand the purpose of journal vouchers and how such transactions should be supported with documentation and approved as part of good accounting practices.
- The Chapter has not reached out to the Tuba City Administrative Service Center for training and technical assistance in addressing complex accounting issues.

Recommendations:

1. The Chapter Manager should verify accurate accounting codes based on the chart of accounts are being used before approving the fund approval form and disbursing checks.

2. With assistance by the Tuba City Administrative Service Center, the Chapter administration should develop a journal voucher process to make sure there is proper documentary support and approval.
3. The Chapter Manager should seek technical assistance from the Tuba City Administrative Service Center to address the accounting discrepancies that were found as part of this review.

FINDING VI: Chapter's accounting records contain a Fraud Loss Fund reporting a deficit cash balance of \$101,319.

- Criteria:** FMS Fiscal Policies and Procedures, Section V.A.2 and 3, states the Chapter shall have a records system capable of identifying the source and use of funds and a system of internal control procedures to ensure funds are used properly.
- Condition:** The Chapter has a \$101,319 deficit cash balance in a Fraud Loss Fund. The establishment of a separate fund to record the deficit has allowed the deficit to remain unresolved and the Chapter continues to expend funds that may not be available.
- Effect:** Eliminating the cash deficit will impact the Chapter's cash flows and available resources to be expended on future needs. The Fraud Loss Fund in the Chapter's accounting records negatively impacts the credibility of the Chapter's financial statements.
- Cause:** The Fraud Loss Fund was established to account for financial improprieties that had occurred between October 2016 and March 2018 by prior chapter administration.
- Recommendations:**
1. The Chapter should work with Tuba City Administrative Service Center to research the Fraud Loss Fund to obtain documentation to support the balance.
 2. The Chapter Manager and officials should work with Tuba City Administrative Service Center to develop a financial plan to eliminate the cash deficit in the least amount of time possible without impacting service levels. The financial plan should include:
 - a) Identification of current existing unrestricted cash balances that could be applied immediately towards the deficit.
 - b) Identification of future expenditures that could be reduced in unrestricted funds so that the corresponding surplus cash can be applied to the deficit.
 - c) Use of the existing and future available cash data to schedule out a plan by fiscal year to eliminate the deficit.
 3. The Chapter Manager and officials should monitor adherence to the plan.

FINDING VII: Chapter expended \$5,852 of internal revenues without an approved budget.

Criteria: FMS Fiscal Policies and Procedures, Section VI, states no expenditures of all Navajo Nation and non-Navajo Nation funds shall be made without an approved budget. Chapter Manager and officials will formulate a proposed budget for all revenues the Chapter will receive or generate and for all expenditures the Chapter will make, including all Navajo Nation and non-Navajo Nation funds.

Condition: For the review period, the Chapter collected revenues totaling \$9,769 from water services and delivery, rental, disposal, and other miscellaneous activities. No detailed budget was prepared before these revenues were expended. Without a budget, there is no community approval to expend these revenues.

Effect: The Chapter cannot provide assurance that these expenditures were for legitimate chapter business. Such practices could lead to potential misuse of funds.

Cause:

- The Chapter Manager did not reconcile the posted budget report to the approved budgets to make sure all revenues were budgeted and approved for spending.
- The Chapter administration and officials were unaware of how to budget internally generated revenues.

Recommendations:

1. The Chapter Manager and officials should prepare budget forms for presentation to the community membership for approval before expending internally generated revenues.
2. The Chapter Manager should reconcile the posted budget report to the approved budgets to verify all chapter funds have approved budgets. Any discrepancies should be corrected immediately.
3. The Chapter officials should ensure the Chapter administration prepares budgets for all funds including internally generated revenues.

FINDING VIII: Personnel files for chapter employees are incomplete.

Criteria: As a certified chapter, the Chapter performs all human resource functions in accordance with applicable policies and procedures. FMS Fiscal Policies and Procedures, Section VII.H, states personnel records on each employee shall be maintained at the Chapter administration on authorized forms. These records include:

- Personnel Action Form
- Employee Application Form
- Internal Revenue Service W-4 Form
- Copy of Social Security Card
- Employee performance evaluation form
- Valid Driver's License or picture ID card
- Arizona New Hire Form

- Parental Consent Form
- Copy of voter registration

Condition: The employee files for the Chapter Manager, Administrative Assistant and several temporary workers were examined in evaluating the chapter's recordkeeping of personnel files. The personnel files were incomplete. Personnel records such as employee application form, copy of voter registration, Arizona new hire form, and W-4 form were not consistently found on file for the Chapter employees. In addition, personnel action forms were not completed and signed prior to the start of employment.

Effect: The Chapter cannot provide assurance its employees are properly hired, are legitimate and authorized to be compensated.

Cause:

- The Chapter administration and officials are not fully aware of the requirements for personnel records as stated in the Chapter policies and procedures.
- The Chapter administration does not use tools such as checklists to ensure all required documents are obtained and maintained on file.
- Monitoring by the Chapter Manager and officials to ensure compliance with policies and procedures is also lacking.

Recommendations:

1. The Chapter administration should develop a checklist for the required personnel records to ensure all personnel records are complete and on file.
2. The Chapter Manager should reconcile the employee roster to the personnel files to make sure personnel action forms are complete, accurate and signed before Chapter employees begin employment with the Chapter.
3. A chapter official should be assigned to periodically review personnel files to make sure they are complete and consistently maintained.

FINDING IX: Chapter staff bonuses were paid contrary to Personnel and Fiscal Policies and Procedures.

Criteria: FMS Personnel Policies and Procedures, Section VII.I, states merit bonus payments are lump sum payments, excluding applicable taxes and deductions, awarded to employees for performance. Eligibility for Merit Pay for an employee:

- Must be a regular status (full-time and part-time) with at least one year of continuous service with the Chapter and six months in his/her current position.
- Recommended for merit pay by the immediate supervisor and approved by the Chapter Manager.
- Have an overall performance rating of "Significantly Exceeds Standards" or "Outstanding".
- Not have received a step increase or bonus for the same rating period.

Section XI states performance evaluations serve as the basis for awarding merit pay.

FMS Fiscal Policies and Procedures, Section VI.B, states all modification or revision of approved budgets will be by budget transfer and require community membership approval. The Chapter Manager will prepare and present the request for budget transfer. Lastly, Section VII.H states the Chapter will report and remit applicable payroll taxes to the Internal Revenue Service.

Condition: For the review period, the Chapter processed five bonus payments totaling \$600:

| Employee | Bonus Payment |
|--------------------------|----------------------|
| Chapter Manager | \$150 |
| Administrative Assistant | \$150 |
| Custodian | \$150 |
| Office Assistant | \$ 75 |
| Former Custodian | \$ 75 |
| Total: | \$600 |

Noncompliance Issues were noted as follows:

- Chapter Manager and Administrative Assistant had yet to be with the Chapter for a year of continuous service and were not in their position for six months.
- Chapter Manager and Administrative Assistant received a step increase and bonus during the same rating period.
- Temporary employees are not considered regular status employees and had yet to fulfill six months in their current positions.
- Temporary workers did not have performance evaluations completed for the bonus.
- Payroll taxes were not withheld from payments; as a result bonuses were not reported on employee's W-2.
- Bonus payments were not part of the approved budgets.
- The Chapter Manager did not request for budget transfer to obtain community approval.
- Since there was no budget for the employee bonus, the payments were inaccurately posted as Community Financial Assistance expenditures.

Effect: Since there was no compliance, the bonus payments to the chapter employees are considered unauthorized compensation and potential misuse of chapter funds. Also, since the wages were not properly reported, the Chapter has unpaid payroll taxes of approximately \$92 plus any penalties and fees.

Cause:

- The Chapter administration did not process bonus payments through its payroll module which would have allowed automatic tax deductions

and remittance. Rather, the Chapter processed the payments as operating disbursements from its accounting module.

- The Chapter officials did not consider reviewing applicable policies and procedures before considering bonus payments for the Chapter administration and temporary staff.

- Recommendations:
1. The Chapter Manager should require the Administrative Assistant to process all payroll related payments through the payroll module. The Chapter Manager should also periodically review applicable accounting system reports to ensure all payroll expenditures are processed from the payroll module.
 2. The Chapter officials should verify payroll taxes are properly withheld from all employee wages.
 3. The Chapter should refrain from paying bonuses until the administration and officials receive proper training on applicable policies and procedures.
 4. The Tuba City Administrative Service Center should consider reviewing such requests for employee bonus to ensure the Chapter is adhering to applicable policies and procedures.

FINDING X: Employee work hours were not properly recorded and did not justify wages paid.

Criteria: FMS Fiscal Policies and Procedures, Section VII.H.2, provides the payroll processing and procedures of Immediate supervisor, chapter administration, and official roles and responsibilities for maintaining records, reconciling, review, and approval of time and attendance for each chapter employee. FMS Personnel Policies and Procedures, Section V.E, states the basic tour of duty is from 8:00 am to 12:00 noon and from 1:00 pm to 5:00 pm, Monday through Friday. Alternative work schedule exceptions to the basic tour of duty may be approved by the Chapter Manager upon written request from administrative employees. Alternative work schedules are generally dependent upon the specific working conditions and needs of the Chapter.

Condition: We reviewed 14 pay periods for time and attendance of chapter employees. Although the Summer Youth employees were consistent in using the time clock to record their time and attendance, the same was not found for the permanent Chapter administration and temporary Public Employment Program employees. The following deficiencies were noted:

- Instead of the time clock, employees were manually writing the times they were clocking in and out.
- The Office Assistant was given administrative leave but there was no documentation on file showing proper approval.
- Employees were not adhering to the standard tour of duty; employees were reporting to work late and/or leaving early but still paid a full eight hours daily.

- Six hay distribution employees did not have time cards and timesheets but were paid eight hours each for duration of four days to unload hay.
- Not all hay distribution employees had personnel action forms on file to verify the accuracy of their hourly rate and wages paid.
- One employee for the livestock branding project did not have a timesheet signed by the immediate supervisor.
- The time reporting for the Office Assistant is questionable as initial handwritten hours were subsequently altered with different hours without supervisor approval.
- Time cards are not signed by immediate supervisor or timekeeper to attest to the accuracy of these documents.

Effect: Weak internal controls can allow for employees to be paid for hours they did not actually work or allow fraudulent activities to go undetected.

Cause:

- The Chapter disregarded the use of the time clock as a method to ensure all employees are paid for the hours worked.
- The Chapter administration did not receive proper training on using and managing the existing time clock.
- The Chapter administration is unfamiliar with payroll controls needed to make sure wages are paid based on correct work hours.
- The Chapter administration incorrectly assumed the time clock was only for summer employees rather than the entire chapter workforce.

Recommendations:

1. The Chapter administration should obtain training from the Tuba City Administrative Service Center or a comparable entity on the use of time clocks.
2. The Chapter administration should train all employees hired by the Chapter on how to properly use the time clock as the primary method to record time and attendance.
3. The Chapter Manager should periodically review the time clock reports to ensure all employees are clocking in and out consistent with the tour of duty.
4. The Chapter administration should use the time clock to complete the timesheets and reconcile wages paid.

FINDING XI: Charge accounts are utilized without important controls.

Criteria: LGA, Section 1004, states the Chapter shall enact, by resolution, plans of operation for all executive functions, including but not limited to, the Five Management System. In addition, business internal controls are essential to assuring the accomplishment of goals and objectives and more important, assets are protected against waste, fraud, and inefficiency.

Condition: The Chapter maintains two charge accounts with a local gas station and Staples which are used to purchase gasoline, diesel, and office/operating supplies as needed. However, there is no written agreement that defines the terms and conditions of the charge accounts, no chapter resolution that

authorizes the charge accounts, and no policies and procedures to manage the accounts. The Chapter administration stated that since the prior administration established the charge accounts, it is unclear how long the accounts have been in place. There is no defined credit limit for the charge account at the gas station but the Staples account has a \$2,000 limit.

For the audit period, there were 17 disbursements totaling \$15,456 between both charge accounts. All 17 disbursements were examined and the following deficiencies were noted:

Staple – office/operating supplies:

- Quotes are not obtained from Staples.
- Supplies were not consistently supported with an invoice.
- Receiving records were not done for the purchases.
- Invoices and/or receipts were not reconciled to make sure all goods were received.

Gas station – fuel:

- Gasoline and diesel purchases were not consistently supported with invoices.
- Voucher package for diesel purchases for the month of August 2022 totaling \$1,729 was not provided for review.
- Split purchases for diesel and gasoline purchases were not posted to the correct GL code.

Based on memorandums, the Chapter Manager authorized herself, the water truck driver, grader contractor, temporary workers and Administrative Assistant to charge fuel but there was no concurrence by an official for this authorization. The Administrative Assistant is the authorized employee to charge to the Staples business credit account.

Effect: Without key controls for these charge accounts, the Chapter is at risk for a) unauthorized account users, b) unauthorized purchases, c) unauthorized vehicles being filled with gasoline and d) excessive spending.

Cause: The current Chapter administration finds the charge accounts convenient and easy to obtain needed items for the Chapter in a timely manner. However, the administration did not recognize the risks of using the charge accounts without proper internal controls.

Recommendations: 1. The Chapter Manager should develop policies and procedures to include a) authorized account users, b) authorized purchases, c) authorized Chapter vehicles, d) spending limits and e) required documents to support payments. Upon development of policies, the Department of Justice should provide legal review before presenting to community membership for approval.

2. The Chapter should create an agreement with the gas station and Staples and obtain community approval for the charge accounts through chapter resolution.
3. The Chapter should adhere to Procurement Policies and Procedures for all goods/services including those purchased from the gas station and Staples.

FINDING XII: Despite missing documents, the Chapter awarded housing assistance totaling \$8,663.

Criteria: Housing Discretionary Policies and Procedures, Section V, requires applicants to submit certain documents to determine eligibility for housing assistance.

Condition: Assistance totaling \$8,663 for 13 recipients to purchase building materials were examined. However, due to missing documents, financial assistance was awarded without proper verification of eligibility; see the following exceptions:

| Type of Exceptions | No. of Exceptions |
|--|---------------------------|
| Complete application was not on file | 3 of 13 (23%) = \$1,838 |
| Recipient is not a registered chapter member | 2 of 13 (15%) = \$1,274 |
| Recipient did not provide a home site lease or other document to show home ownership | 2 of 13 (23%) = \$1,388 |
| Recipient was not prioritized using a ranking system | 13 of 13 (100%) = \$8,663 |
| Quotes were not provided by recipient | 7 of 13 (46%) = \$4,025 |
| Recipient did not provide income verification statement | 12 of 13 (92%) = \$7,963 |

Further, other required supporting documentation such as social security cards, certificates of Indian blood, approving resolutions, and receipts were not attached to the housing applications.

Effect: Without proper verification, there is a risk the Chapter awarded \$8,663 in housing assistance to recipients who were ineligible.

Cause: The Chapter administration and officials did not use the checklist to ensure all required documents were attached to the housing applications as outlined in their housing policies.

Recommendations:

1. The Chapter should utilize the checklist to document all required documents are attached for housing assistance.
2. The Chapter officials should monitor the administrative staff and review voucher packets to verify applications are complete withal required documents before approving checks for housing recipients.

FINDING XIII: It is unclear if housing recipients used building materials for their intended purpose.

- Criteria:** Housing Discretionary Policies and Procedures, Section IV, requires the Chapter Manager to prepare a statement of work to be undertaken which lists the construction expenditures and a brief description of the construction plan. Upon completion of the work, the Chapter Manager shall prepare a performance report briefly describing the accomplishments as they relate to the statement of work.
- Condition:** Only 5 of 13 housing recipients provided receipts for the building material assistance. For the remaining eight recipients whose assistance totaled \$5,163, the Chapter could not provide proof that building materials were actually purchased. Furthermore, the Chapter Manager did not prepare statements of work to justify how the building materials would be used as part of housing assistance.
- Effect:** Since there was no proper documentation on file, there is a possibility that the building materials were stolen, damaged or misused if the recipient sold the materials. This would be a financial loss of \$5,163 incurred by the Chapter.
- Cause:** The Chapter Manager was unaware site visits were needed to verify building materials were used as intended and to ensure housing assistance projects were completed. As such, there has been no follow-up on housing projects.
- Recommendations:**
1. The Chapter administration should prepare a statement of work for all housing projects.
 2. The Chapter administration should conduct site visits in a timely manner and prepare performance reports based on the results of the site visits. The site visits should include photographs of work completed and maintained on file.

FINDING XIV: Purchases of goods/services were not supported with quotes, invoices or receipts.

- Criteria:** FMS Procurement Policies and Procedures, Section IV.K, states any purchases from \$0 to \$10,000 total purchase, the Administrative Assistant shall obtain three or more verbal or written quotations from different vendors to expedite the purchase, the vendors can fax their cost and terms to the Chapter Manager. All documents must be properly recorded and kept on file. This provision shall only require the signature approval of the Chapter Manager. In addition, FMS Fiscal Policies and Procedures, Section VII.B.2.b, states the Administrative Assistant shall ensure that the Fund Approval Form indicates payment authorization and that all source documents (i.e. invoices, quotes, claim forms, timesheets and similar documents) support each check for payment.

Condition:

A total of 89 expenditures totaling \$34,400 was identified for the review period. Of this, we judgmentally selected 35 (39%) expenditures totaling \$24,365 for further examination. Although the expenditures had complete fund approval forms and were properly approved, the examination revealed the following:

| Type of Exceptions | No. of Exceptions |
|--|---------------------------|
| Goods/services was not supported with the required number of quotes. | 32 of 35 (91%) = \$11,884 |
| Goods/services was not supported with invoice or receipts. | 10 of 35 (29%) = \$11,792 |

Effect:

Without the Chapter obtaining the best competitive prices for goods and services, the Chapter may have overpaid for goods and services. With no invoice and receipt, the Chapter cannot verify the goods and services purchased were actually received and they are for chapter business. Any questionable expenses could result in a financial loss for the Chapter.

Cause:

- All indications are the Chapter administration and officials did not pay attention to the Procurement Policies and Procedures when purchasing goods/services as well as the Fiscal Policies and Procedures when paying for such goods/services.
- There was no effort made to obtain the required documents to justify financial activities.
- There was also no monitoring by the Chapter Manager and officials to make sure policies and procedures were being adhered to.

Recommendations:

1. The Chapter administration and officials should adhere to Fiscal and Procurement Policies and Procedures when acquiring goods and services.
2. The Chapter officials should thoroughly review the disbursement documents to verify quotes, invoices, receipts or similar documents are attached to support each fund disbursement before signing a check for payment.

FINDING XV: Restricted funds were not expended according to funding guidelines.**Criteria:**

Navajo Nation fiscal year 2022 Budget Instructions Manual defines the funding requirements as follows:

- Health Dine Nation Fund is to provide Chapters with seed money for leverage to initiate, match, and/or improve Community Wellness Projects. Such projects must improve the physical and social environment of the community to improve health and prevent and reduce the incidence of obesity, diabetes, and other health conditions.
- Sales Tax Fund is for Infrastructure, economic development, and to advance the needs of the community by providing services or benefits

to the community as a whole. Benefits or services to individual community members do not meet the definition of a governmental purpose.

- Capital Outlay Fund is restricted for Chapter Capital Expenses which are materials, construction costs, fees, clearances, design, workforce expenses, and related costs.

Condition:

A sample of 35 expenditures were examined and it was determined the Chapter did not comply with funding guidelines. The following was noted:

- The Health Dine Nation Act Fund were used to purchase first aid kits to address the Office of Environmental Health compliance for the chapter house and senior center, recertification of fire extinguishers, maintenance service for old water truck, blades for grader, and tissues and paper towels for summer youth events. These purchases totaled \$3,616.
- The Sales Tax funds were used for food supplies and boats needed to deliver supplies to those affected by flooding as well as technical assistance with accounting system. These expenditures totaled \$1,360.
- The Capital Outlay Fund was used to purchase blades and supplies for grader, hiring of electrician to work on chapter switches including supplies. These expenditures totaled \$1,979.

As a result, restricted funds were expended for other purposes than the allowed funding intent.

Effect:

The risk of expending restricted funds for other purposes means less available resources for other critical services funded by these funds. Such practices could also lead to misuse of other chapter funds.

Cause:

- The Chapter administration and officials are not cognizant of the Chapter funding guidelines provided in the Navajo Nation Budget Instructions Manual.
- There is inadequate monitoring by the Chapter Manager and officials to make sure disbursements are paid using the correct funds.

Recommendations:

1. The Tuba City Administrative Service Center should provide training to the Chapter administration and officials on how restricted and unrestricted funds can be used for chapter operations and services.
2. Upon training from the Tuba City Administrative Service Center, the Chapter officials should monitor fund codes and expenditures for compliance with the applicable funding guidelines.
3. The Chapter should consistently refer to the Budget Instructions Manual when expending chapter funds.

FINDING XVI: Chapter does not adhere to travel policies and procedures.

Criteria: FMS Fiscal Policies and Procedures, Section I, require all travel requests, advances and reimbursements to be approved. Travelers are required to submit expense reports, trip reports, and receipts to support travel expenses. Mileage is to be reimbursed at the actual mileage. All travelers may only be reimbursed for reasonable travel expenses. Executive order no. 04-2021 states all off-reservation travel shall require justification and prior approval by the respective Division Director and concurred by the Executive Branch Chief of Staff.

Condition: For the 12-month review period, 70 travel expenditures were incurred by the current Chapter administration, temporary workers, Community Land Use Plan members, and officials totaling \$12,782. Of this number, 35 travel expenditures totaling \$6,469 were reviewed for approval and supporting documentation. The following exceptions were noted:

| Type of Exceptions | No. of Exceptions |
|--|---------------------------|
| Travel authorization was not properly completed and approved prior to travel. | 7 of 35 (20%) = \$475 |
| Travel authorization is not supported with complete expense report, sign in sheet, lodging receipt, agenda, approved trip and mileage reports, driver license, and current insurance card. | 26 of 35 (74%) = \$2,429 |
| Travel costs were not accurately calculated for per diem and mileage advances or reimbursements. | 35 of 35 (100%) = \$6,469 |

Furthermore, other exceptions were noted based on our examination:

- 4 of 35 (11%) travel requests involved off-reservation travel to Albuquerque, New Mexico, Flagstaff, Arizona and Page, Arizona. However, the Chapter did not obtain prior approval for the off-reservation travel per Executive Order no. 04-2021.
- The Office Assistant claimed mileage reimbursement based on a state identification card rather than a driver's license.
- The Office Assistant reported the same vehicle odometer mileage on two separate travel authorizations to claim mileage reimbursements for trips to Twin Arrows Resort and Casino on September 21, 2021 for \$69.60 and September 27 and 28, 2021 also for \$69.60.

Effect: Travel expenses totaling \$6,469 could be questionable expenditures and there is no assurance the travel activities were beneficial for the Chapter.

Cause: All indications are that the Chapter administration does not refer to travel policies and procedures when processing travel requests and reimbursements. In addition, the Chapter officials are not monitoring staff compliance with policies when approving travel activities.

- Recommendations:**
1. The Chapter administration should adhere to travel policies and procedures when addressing travel activities for the Chapter.
 2. The Chapter officials should ensure travel policies and procedures are adhered to by the chapter administration.
 3. The Chapter officials should thoroughly review the travel documents to verify all travel activities are approved and comply with policies and procedures before signing checks.

FINDING XVII: Travel advances are being processed contrary to travel policies.

Criteria: FMS Fiscal Policies and Procedures, Section VII.I, allows travel advances up to 80% of the total estimated travel expense. An employee/Chapter official can only have one outstanding travel pay advance at any one time. Any outstanding travel advances delinquent over (10) calendar days after completion of travel shall be deducted from the employee's salary or the Chapter official's meeting stipend.

Condition: The Chapter Manager authorized \$6,469 in travel advances at 100% of the total estimated travel costs rather than the 80% threshold. When travel funds are advanced at 100% for travel, there is no incentive for travelers to submit supporting documents since no reimbursements are claimed.

Effect: In the absence of supporting documents, there is no assurance that travel advances were made for legitimate chapter business. Also, if the traveler incurred questionable expenses while on travel, the Chapter is unable to deduct employee salary or official's stipend as repayment of such expenses.

Cause:

- The Chapter administration and officials do not refer to the chapter travel policies and procedures when processing travel advances and reimbursements.
- The Chapter administration also does not understand on how to process travel advances in the accounting system.
- The Chapter Manager and officials do not periodically review the financial statements to make sure travel advances are being addressed.

Recommendations:

1. The Chapter administration and officials should refer to the travel policies and procedures when processing travel requests and reimbursement to ensure compliance.
2. Tuba City Administrative Service Center should provide training for the Chapter administration and officials on how to process travel advances in the accounting system. The training should include the review of financial statements to monitor travel advances and repayments.

FINDING XVIII: Contractors were hired contrary to Procurement Policies and Procedures.

Criteria:

FMS Procurement Policies and Procedures, Section IV, states any contract authorized to be executed on behalf of the Chapter shall meet the following conditions:

- Not waive the sovereign immunity of the Navajo Nation.
- Have sufficient funds appropriated and available.
- Comply with the Navajo Business and Procurement Act, Navajo Preference in Employment Act, Navajo Nation Business Opportunity Act, and rules and regulations promulgated thereto.
- Be awarded only after public advertisement and bidding; except where otherwise authorized as purchases less than \$50,000.
- All change orders, modifications or amendments of contracts utilizing Navajo Nation funds and Birdsprings Chapter general funds shall not exceed 10% of the accepted bid. If the 10% cap is exceeded by any change orders, modifications or amendments, such change orders, modification or amendments shall be subject to re-bid.
- Expressly state the liability of the chapter under the contract.
- Approval of contract at regular duly called Chapter meeting.
- Chapter President shall sign and execute the contract on behalf of the Chapter.

Section VI states purchase orders shall not be used for procurement of any professional services including any service where the industry standard for that profession provides for professional licensure such as for contractors, plumbers and electricians and which shall require a Professional Services Agreement to be based on templates approved by the NN Department of Justice (DOJ) in consultation with DOJ. Chapter Manager shall review the purchase and receipt document for completeness and accuracy.

Condition:

Nine expenditures totaling \$21,436 for contractual services were identified. The professional services rendered included: a) presenter; b) accounting system consultant; c) motor grader operator; d) mechanic to repair water truck, heavy equipment and vehicles; and e) laptop cleaning and maintenance. The examination of these expenditures revealed the following:

| Type of Exceptions | No. of Exceptions |
|--|--------------------------|
| Request for Proposal was not developed. | 9 of 9 (100%) = \$21,436 |
| No formal bid opening. | 9 of 9 (100%) = \$21,436 |
| Service contract was not approved by chapter resolution. | 1 of 1 (100%) = \$11,275 |
| No evidence service was completed as expected | 5 of 9 (56%) = \$2,239 |
| Payment was not supported with original invoice/receipt. | 7 of 9 (78%) = \$2,380 |

| | |
|---|--------------------------|
| Fund Approval Form for payment was not approved by authorized individual. | 2 of 9 (22%) = \$1,274 |
| Insufficient funds for services. | 1 of 9 (11%) = \$500 |
| Service contract did not have certificate of liability. | 1 of 1 (100%) = \$11,275 |

Furthermore, the service contract for the grading services was for \$7,200 but actual payments totaled \$11,275 with an increase of \$4,075. First, there was no approved contract modification to justify the increase. Secondly, the increase exceeds the 10% limit allowed by the Procurement Policies and Procedures. Therefore, the Chapter should have rebid for the grading services and executed a new contract with the successful bidder.

Effect: There is a risk that the Chapter hired an unqualified contractor at potentially higher costs for services that did not adequately benefit the Chapter. In disregarding the bidding procedures, the Chapter cannot provide assurance the contractors were selected in a fair, unbiased manner.

Cause:

- The Chapter administration indicated only local, qualified Navajo vendors were hired to provide services. This may explain why the Chapter bypassed Procurement Policies and Procedures for such services.
- The Chapter administration and officials were unfamiliar with the requirements for procuring professional services and what may constitute professional services.
- The Chapter administration did not seek assistance and guidance from the Tuba City Administrative Service Center or Department of Justice for contractual agreements.

Recommendations:

1. The Chapter administration should seek assistance and guidance from the Tuba City Administrative Service Center or Department of Justice on procuring professional services and the process for executing a contractual agreement for certified Chapters.
2. The Chapter administration will need to refer and adhere to the Procurement Policies and Procedures including bidding procedures to select qualified contractors at the most economical prices.

FINDING XIX: Contractor was paid \$11,275 before contract deliverables were verified.

Criteria: FMS Procurement Policies and Procedures, Section VIII, states all goods or services received by the Chapter shall be inspected and evaluated for acceptance or rejection.

Condition: During the audit period, the Chapter paid \$11,275 for grading services for community residents. The Chapter did not provide any documentation such as progress or receiving reports to show the contractor completed the

services as expected and to the satisfaction of the Chapter. Despite this, the Chapter Manager paid the contractor.

Effect: There is a risk the Chapter paid the contractor for unmet deliverables and unsatisfactory work.

Cause:

- The contractor for grading services was initially hired as a temporary worker but since he was not registered with the Chapter, the Chapter paid him as a contractor for services rendered.
- The Chapter administration does not fully understand the Fiscal and Procurement Policies and Procedures for executing and managing professional service contracts.
- The Chapter Manager is unaware of the importance of verifying contract deliverables before payments are made.

Recommendations:

1. The Chapter should seek additional training from the Tuba City Administrative Service Center or the Department of Justice on the procurement rules and regulations to understand the importance of contract deliverables.
2. The Chapter Manager should confirm deliverables with reports or site visits prior to processing payment of contractor invoices.

FINDING XX: PEP/SYE projects did not comply with policies and procedures.

Criteria: The current Public Employment Program (PEP) Policies and Procedures allows short-term employment for chapter residents to work on prioritized chapter projects while obtaining on-the-job training to obtain permanent employment with non-chapter employers. All projects shall be duly approved by the chapter membership and set out in the annual budget. The Chapter administration shall post notice that the chapter is accepting applications. A project application is required for each project to document the description of the project, tasks to be completed, resources needed, duration of the project and monitoring of the project. Once a project is completed, the Chapter shall prepare a final project report describing the completed project and have the report signed by the Chapter President.

Similarly, the Summer Youth Employment (SYE) Policies and Procedures requires chapter membership approval of all projects and set out in the annual budget. In selecting participants, the Chapter may utilize a system based on first come first served, selection committee or other methodology. At the end of each quarter, the Chapter administration shall prepare a written expenditure report which includes a brief description of where the participants were placed and how many participants there were. The Chapter Manager shall work with the work site supervisor to determine the duties of the participant, the skills to be learned, the machines that will be operated (if any), the hours to be worked, and the nature and extent of manual labor involved. The Chapter Manager shall prepare a work site description that fully describes the above-mentioned information.

Furthermore, the Chapter Manager will have participants sign worksite policies and procedures acknowledgement and review weekly progress reports.

Condition:

There were five PEP projects for clerical assistant, water truck operator, custodian, and laborers for hay distribution and livestock branding activities. The three SYE projects hired several high school and college students to assist the Chapter administration with office functions, assist the custodian, planting trees, and gardening on chapter premises.

All PEP and SYE projects were reviewed and they revealed the following:

- The hay distribution and livestock branding projects were not approved with a budget and chapter resolution but \$2,400 and \$2,592, respectively, was expended for each project.
- The project application, personnel roster and project completion report for four PEP projects was not completed, dated and signed by the Chapter Manager.
- Weekly progress report and worksite policies and procedures acknowledgement was not completed for the SYE employees.
- Whether the PEP and SYE positions intended for temporary employees were advertised could not be determined.
- The Office Assistant and Custodian were not hired as short-term employment; the Office Assistant was employed continuously for nine months and the Custodian for 11 months.

Effect:

There is no assurance the Chapter is utilizing PEP and SYE resources as intended and with adequate accountability. The lack of compliance poses risk of potential misuse of funds that are already limited in meeting the needs of the Chapter constituents.

Cause:

- The Chapter Manager was unaware of the existing requirements for the PEP and SYE projects per the current policies and procedures.
- The Chapter administration made assumptions on how PEP and SYE projects are to be created and managed. This may explain the PEP fund deficit of \$2,887 at the end of fiscal year 2021.
- There was no monitoring by the Chapter officials of the Chapter administration activities to ensure compliance with applicable policies and procedures.

Recommendations:

1. The Chapter Manager should prepare a project application for each PEP project in accordance with PEP policies and procedures.
2. The Chapter Manager should monitor projects and prepare progress reports for the PEP/SYE projects.
3. The Chapter Secretary/Treasurer should review and approve the progress reports to verify completion of PEP/SYE projects.

FINDING XXI: Community financial assistance provided by the Chapter lacks transparency.

- Criteria:** FMS Fiscal Policies Manual, Section VII.K., states the Chapter shall always comply with the following criteria for financial assistance:
- Recipients must be registered members of the Chapter.
 - Requests for assistance shall be documented on a standard assistance application form with supporting documents.
 - Assistance awarded shall be based on availability of funds and in accordance with ceiling limits.
 - Checks shall be made payable directly to the vendor(s) and/or institution(s).
 - Assistance shall be limited to once per family every 12 months.

Furthermore, Section VII.B.2.b states the Administrative Assistant shall ensure that the Fund Approval Form indicates payment authorization and that all source documents (i.e. invoices, quotes, claim forms, timesheets and similar documents) support each fund disbursement before preparing a check for payment.

- Condition:** There were nine disbursements totaling \$4,232 for community financial assistance and 12 disbursements totaling \$2,400 for funeral assistance. Of these numbers, 11 disbursements totaling \$3,012 were examined and the following deficiencies were found:
- The Chapter purchased school supplies totaling \$1,147 and based on distribution list 81 students were assisted with a backpack and school supplies. The Administrative Assistant stated school supplies were distributed based on grade level such as pre-school, elementary, middle school and high school. However, there were no parent/guardian signatures acknowledging they received the school supplies.
 - Financial assistance application was not completed by the Senior Center and recipients for school supplies and food.
 - Recipients for funeral and community assistance could not be verified as registered voters of the Chapter.
 - It could not be determined whether there was equal and consistent distribution of food assistance.

Effect: There is a risk not all registered community members benefited from the financial assistance as intended. There is a real possibility that community members who were deserving of the financial assistance were overlooked.

- Cause:**
- The Chapter did not consider developing distribution lists to support the various types of assistance for community members.
 - The Chapter Manager stated food supplies were needed during a flood emergency and affected community members were calling the Chapter for assistance. The Chapter reacted quickly since some residents needed to be evacuated.

- Recommendations:
1. The Chapter should develop a process for providing community assistance that is fair and equitable among all registered community members.
 2. The Chapter should develop receiving records for purchases to ensure all goods are accounted for.

FINDING XXII: Two outstanding checks have yet to be voided in the accounting system.

Criteria: FMS Fiscal Policies Manual, Section VII.C.2.b, states any outstanding check that exceeds 90 calendar days from issue date shall be automatically voided. The 90 days stale check notice should be printed on the Birdsprings Chapter's checks to provide additional notice to the payee (e.g. "this check voids after 90 days").

Condition: During the audit, two checks for \$73 and \$700 have yet to be voided from the accounting system as the checks have been outstanding 10 to 18 months. Upon further research, the chapter administration was informed by the payees they never received the checks. Currently, the Chapter administration proposed to work with the Tuba City Administrative Service Center to void these checks.

Effect: Until the checks are voided, the Chapter will continue to report erroneous expenditure and cash amounts in their accounting system. This adversely affects the reliability of the Chapter's financial reporting.

Cause:

- The Chapter Manager and Secretary/Treasurer claim bank reconciliations are reviewed however these claims could not be confirmed in the absence of signatures and dates on the reconciliation documents.
- The monitoring tool form required by the Administrative Service Center are not completed by the Chapter to attest that bank reconciliations are reviewed by the Chapter Manager and Officials.

- Recommendations:
1. The Administrative Assistant should develop a list of outstanding checks for the Chapter Manager to review and approve before making corrections in the accounting system. Documents should be attached to the bank reconciliation packets and kept on file.
 2. The Tuba City Administrative Service Center should provide training for the Chapter administration and officials on bank reconciliation roles and responsibilities.

CONCLUSION

The Chapter are not completing independent financial statement audits and findings from prior financial audits were not addressed. Fixed assets are inaccurately reported on the balance sheet and property were not properly identified, recorded, and tracked. The Chapter accounting system needs better oversight monitoring and changes in the accounting system are not adequately supported and authorized. The accounting records contain a Fraud Loss Fund reporting a deficit cash balance of \$101,319. The Chapter expended revenues without an approved budget. Personnel files for chapter employees were incomplete, bonus was paid contrary to policies and procedures and existing time clock was not used to record all employee work hours. Charge accounts are utilized without important controls.

Housing assistance did not have all required documents and the use of building materials was not verified. Goods/services were not supported with quotes, invoices or receipts and restricted funds were not expended according to funding guidelines. The Chapter did not adhere to travel policies and procedures as travel advances were inaccurately processed for travelers, travel authorizations were not properly approved, and expenses lacked supporting documents. Contractors were hired contrary to procurement policies and procedures and one contractor was paid before deliverables were verified. PEP/SYE projects did not comply with policies and procedures. Community financial assistance provided by the Chapter lacks transparency. Lastly, two outstanding checks have yet to be voided in the accounting system.

Overall, internal controls are not functioning as designed to ensure the Chapter spent funds in accordance with Navajo Nation and Chapter policies and procedures. Internal controls are mostly non-existent or ineffective. These deficiencies resulted in the 22 findings identified in the audit report.

As a Local Governance certified chapter, the Tsidi To'ii (Birdsprings) Chapter is held to a higher standard which requires the Chapter to consistently and continuously implements controls to ensure Chapter funds are spent in accordance with Navajo Nation and Chapter policies and procedures. However, current audit issues do not demonstrate controls are being implemented. Some of the current audit issues are a repeat of prior audit issues from previous external audits of the Chapter. This is concerning as it means the Tsidi To'ii Chapter is not maintaining an acceptable standard for accountability and fiscal responsibility. Ultimately, there is no accountability and responsibility from the elected Chapter officials and there is no ownership by the current Chapter Manager of her duties.

Considering that the Chapter is not demonstrating the capabilities that a Local Governance certified chapter should have, the Office of the Auditor General recommends that the Tuba City Administrative Service Center take on a more significant role with the Tsidi To'ii Chapter operations and finances. The Tuba City Administrative Service Center needs to maintain a constant presence at the Chapter to instill accountability by providing close technical assistance and monitoring to bring the Chapter back to acceptable status.

APPENDIX A

BACKGROUND

The Navajo Nation Office of the Auditor General has conducted an internal audit of the Tsidì To'íi (Birdsprings) Chapter for the 12-month period of October 1, 2021 to September 30, 2022.

The Tsidì To'íi Chapter is a political subdivision of the Navajo Nation and is considered a general-purpose local government for reporting purposes. The Tsidì To'íi Chapter is located within the Western Agency of the Navajo Nation.

The local Chapter government is managed by the Chapter Manager with administrative support provided by the Administrative Assistant. 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 (ASC).

The Chapter had substantial turnover in the Chapter Manager position from 2017 and the Administrative Assistant position since 2019. The current Chapter Manager has been with the Chapter since July 2021 and the Administrative Assistant since August 2021.

The Tsidì To'íi 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 Tsidì To'íi Chapter are enumerated in Title 26, Local Governance Act of the Navajo Nation Code. The Tsidì To'íi Chapter is an LGA certified Chapter since 2011.

The majority of the Chapter's resources are provided through annual appropriations from the Navajo Nation central government. These appropriations are intended to fund direct and indirect services at the local Chapter government level. Funds for direct services are considered restricted funds with specific intended purposes. Other revenue is generated from miscellaneous user charges assessed by the Chapter for services and/or goods provided to its community members. Tsidì To'íi Chapter's operating budget for the review period was approximately \$605,423.

APPENDIX B

Objective, Scope, and Methodology

The Office of the Auditor General conducted an Internal Audit of the Tsidi To'ii (Birdsprings) Chapter pursuant to the authority vested in the Office of the Auditor General by Title 12 Navajo Nation Code, Chapter 1, Sections 1 to 10.

The following sub-objectives were established to address the main objective for this audit:

Determine if controls are functioning as designed to ensure:

1. Financial statements are accurate and reliable.
2. Bank reconciliations are accurate and completed timely.
3. Personnel records are on file to support the hiring of employees and payment of wages.
4. Fixed assets are accounted for in inventory records, safeguarded from theft/damage/loss, and properly reported in the financial statements.
5. Financial statement audits are completed at least every two years.
6. Disbursements are adequately approved and supported with required documentation.
7. Contracts are properly executed for contractual services and supporting documents are maintained.
8. PEP and SYE projects are approved and supported with required documents.
9. Financial assistance is awarded in a fair and equitable manner.
10. Charge accounts are managed with proper controls.
11. Bonus and salary changes are supported with required documentation and approval.

The audit covers activities for the 12-month period of October 1, 2021 to September 30, 2022.

In meeting the audit objectives, we interviewed the Chapter administration and Officials, observed Chapter operations, and examined available records. More specifically, we tested samples of expenditures, bank reconciliation, personnel records, and property for internal controls and compliance requirements by using a non-statistical, judgmental method.

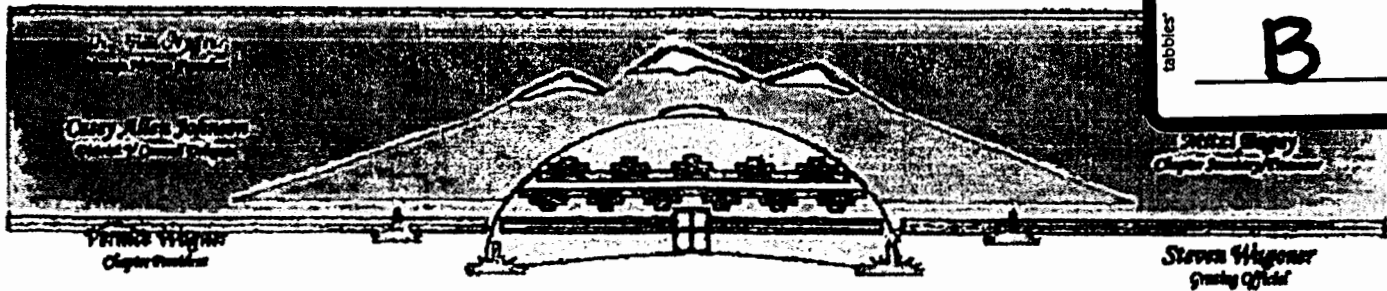
Government Auditing Standards

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

The Office of the Auditor General expresses its appreciation to the Tsidi To'ii Chapter administration and Officials for their cooperation and assistance throughout the audit.

EXHIBIT

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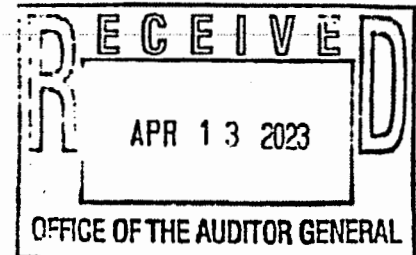
Tsidi To'li

Geneva Sangster
Chapter Vice President

Steven Wagoner
Grading Officer

April 11, 2023

Ms. Helen Brown, Delegated Auditor General
Navajo Nation Office of the Auditor General
P.O. Box 708
Window Rock, Az 86515



This letter is in response to the Internal Audit for Fiscal Year 21-22 for the Tsidi To'li Chapter by the Office of the Auditor General of the Navajo Nation from October, 2022 to March 30, 2023 when the exit meeting was held at Tsidi To'li Chapter.

The Tsidi To'li Chapter Administrative staff were new to the chapter operation, during the time frame of this audit. The Chapter Manager was hired on July 12, 2021 and the Administrative Assistant was hired on August 9, 2021, and had to learn as they went due to very little training. The Tsidi To'li Chapter's last audit was in 2018, which the staff utilized as a guide to implement the daily operation of the Tsidi To'li Chapter. The administrative staff also realizes that there are short falls in the record keeping of the chapter records management, procurements, fiscal, personnel and property that are outlined in the Tsidi To'li Chapter Fiscal Management System. However, the Tsidi To'li Chapter administrative staff and chapter officials agree with the audit findings and will develop a corrective action plan to address the recommendations made.

If you should have any questions, please contact our office at Tsidi To'li Chapter at 928.686.3233 or by email at birdsprings@navajochapter.org.

Respectfully,

Vacant, Chapter President

Mitzi M. Begay
Mitzi Begay, Secretary/Treasurer

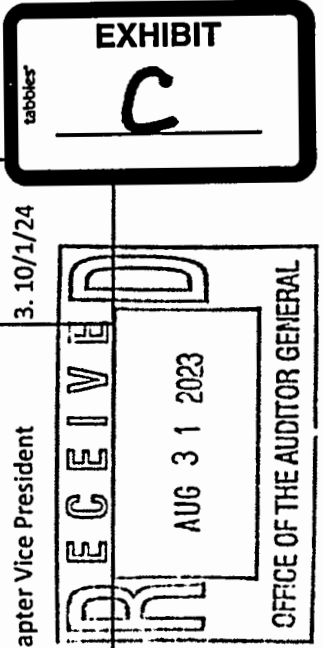
Geneva Sangster
Geneva Sangster, Chapter Vice President

Dolly Wagoner
Dolly Wagoner, Chapter Manager

CC: Honorable Casey Allen Johnson, Council Delegate
Calvin Castello, Director DCD
Milfred Melony, SPPS, Tuba City, ASC

**Tsidi To'ii Chapter
Internal Audit FY 2022**

| # | Finding | Corrective Action | Responsible | Timeline |
|---|--|--|--|--|
| 1 | Financial statement audits was completed five years ago in 2017. | <ol style="list-style-type: none"> 1. The Chapter shall implement Chapter financial audits on a biannual basis. 2. Chapter will set funds aside for future audits with every budget year. 3. The administrative staff will develop a corrective action plan regarding all financial audits pertaining to prior and future findings. 4. The administrative staff and Chapter Officials shall request for trainings from Administrative Service Center on proper Procurement Policies & Procedures for procuring audit services. | <ol style="list-style-type: none"> 1. Chapter Manager and Chapter Officials 2. Chapter Manager and Chapter Officials 3. Chapter Manager and Chapter Officials 4. Chapter Manager, Chapter Officials, Administrative Assistant and, Administrative Service Center | <ol style="list-style-type: none"> 1. 10/1/2024 2. 10/1/2024 3. 10/1/2024 4. 10/1/24 |
| 2 | Fixed assets are inaccurately reported on balance sheet. | <ol style="list-style-type: none"> 1. Chapter will develop a general ledger with update information on chapter fixed assets and values. 2. Chapter shall use an appraisal or fair market value to update listing of fixed assets. 3. Chapter staff and Chapter Officials shall seek training and technical support from Administrative Service Center on establishing property records, reconcile reporting, reporting of financial statements, disposal of property and property tagging for fixed assets. | <ol style="list-style-type: none"> 1. Chapter Manager and Administrative Assistant 2. Chapter Manager and Administrative Assistant 3. Chapter Manager, Administrative Assistant and Chapter Officials. | <ol style="list-style-type: none"> 1. 10/1/24 2. 10/1/24 3. 10/1/24 |
| 3 | Chapter property were not properly identified, recorded and tracked. | <ol style="list-style-type: none"> 1. Chapter shall request and seek training from Administrative Service Center on proper recording and monitoring of Chapter Property. 2. Chapter shall do inventory, record, log in property as well as update property tags and dispose of property that are obsolete on yearly basis. 3. Chapter Vice President will monitor property management activities to ensure that property policies and procedures are followed by signing off on property listing once a year. | <ol style="list-style-type: none"> 1. Chapter Manager, Administrative Assistant and Chapter Officials 2. Chapter Manager and Administrative Assistant 3. Chapter Vice President | <ol style="list-style-type: none"> 1. 10/1/24 2. 10/1/24 3. 10/1/24 |



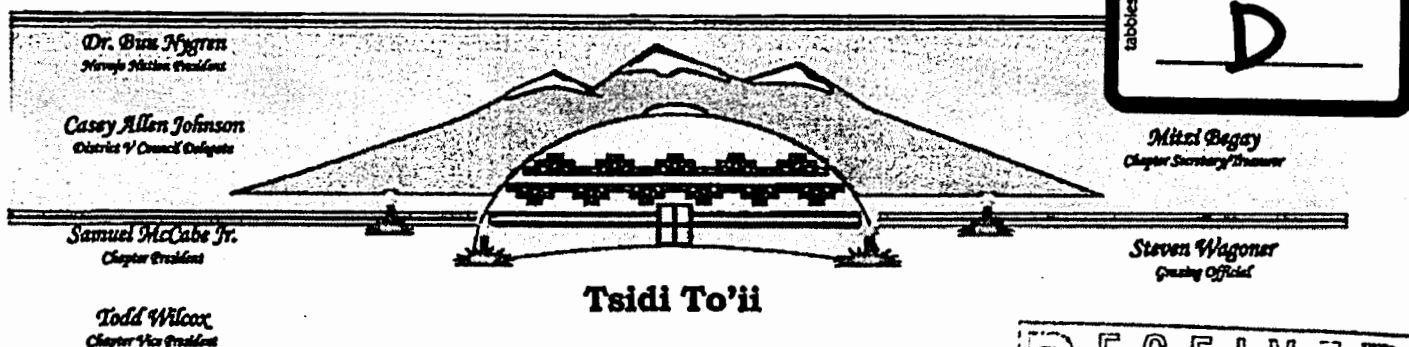
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| 4 | Chapter accounting system needs better oversight monitoring. | <p>1. Chapter will have to purchase a computer to upload MIP software which the Chapter Manager and Administrative Assistant will have access to.</p> <p>2. Financial reports will be made available for the Chapter Manager and Secretary/Treasurer to monitor financial activities on a monthly basis.</p> <p>3. Chapter shall request for training and assistance on MIP from Administrative Service Center pertaining to oversight and monitoring.</p> <p>4. Chapter shall send monthly financial statements to the Administrative Service Center.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Manager and Administrative Assistant</p> <p>3. Chapter Manager, Chapter Officials and Administrative Assistant</p> <p>4. Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> |
| 5 | Changes within the accounting system are not adequately supported and authorized. | <p>1. Chapter Manager shall verify that the proper accounting codes are being used in approving expenditures on Fund Approval Form before disbursing checks.</p> <p>2. Chapter will seek assistance and training from Administrative Service Center on proper processing of journal voucher to support proper documentation and approval.</p> <p>3. Chapter Manager and Administrative Assistant shall request for technical assistance from Administrative Service Center on addressing accounting discrepancies.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Manager and Administrative Assistant</p> <p>3. Chapter Manager and Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> |
| 6 | Chapter's accounting records contain a Fraud Loss Fund reporting a deficit cash balance of \$101,319. | <p>1. Chapter shall research the Fraud Loss Fund Account to compile documentation to support balance of the account.</p> <p>2. Chapter Officials and Chapter Manager will reach out to Administrative Service Center to the development of financial plan to eliminate deficit in a timely manner, starting with the next fiscal year.</p> <p>3. Chapter Manager and Chapter Officials will monitor and adhere to the financial plan for the Fraud Loss Fund Account.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Official and Chapter Manager</p> <p>3. Chapter Manager and Chapter Officials</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> |
| 7 | Chapter expended \$5,852 of internal revenues without an approved budget. | <p>1. Chapter Manager and Administrative Assistant will implement and develop a Fund Management Plan for revenues generated on a monthly basis.</p> <p>2. Chapter Manager and Administrative Assistant will present the Fund Management Plan for community membership approval.</p> <p>3. Chapter Manager shall reconcile posted budget reports to the approved budget and any discrepancies shall be corrected.</p> <p>4. Chapter Officials shall ensure that administration prepares a budget for the internal revenues on a monthly basis.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Manager and Administrative Assistant</p> <p>3. Chapter Manager</p> <p>4. Chapter Officials</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> |

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| 8 | Personnel files for chapter employees are incomplete. | <p>1. Administrative Assistant shall develop a check list of all required documents for personnel folder of all employees and Chapter Manager will validate with signature that all required documents are in each personnel folder.</p> <p>2. Chapter Manager shall reconcile employee roster against the Personnel Action Forms are completed and sign before employment of individuals.</p> <p>3. Direct Local Supervisor will periodically review random personnel files for completeness and consistency.</p> <p>4. Chapter Administration shall seek training on maintaining complete personnel files from Administrative Services Center.</p> | <p>1. Administrative Assistant and Chapter Manager</p> <p>2. Chapter Manager</p> <p>3. Direct Local Supervisor</p> <p>4. Administrative Service Center</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> |
| 9 | Chapter staff bonuses were paid contrary to Personnel and Fiscal Policies and Procedures. | <p>1. Administrative Assistant shall process all payroll related payments through the payroll module.</p> <p>2. Chapter Manager shall review and verify that payroll taxes are properly withheld on employee payroll checks.</p> <p>3. Chapter shall seek training from Administrative Service Center on applicable policies and procedures regarding bonuses to employees.</p> <p>4. Chapter shall request the Administrative Service Center to review employee bonus to ensure chapter is following policies and procedures.</p> | <p>1. Administrative Assistant</p> <p>2. Chapter Manager</p> <p>3. Chapter Manager and Administrative Assistant</p> <p>4. Administrative Service Center</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> |
| 10 | Employee work hours were not properly recorded and did not justify wages paid. | <p>1. Chapter shall seek training from Administrative Service Center on the use of time clock.</p> <p>2. Chapter shall train all new employees on the use of time clock</p> <p>3. Chapter Manager shall periodically review time clock reports to ensure employees are using time clock correctly.</p> <p>4. Chapter Administration shall use a time card to clock into record work hours of all employees. If unable to use time clock, supervisor or time keeper also with the Chapter Manager shall verify hours worked by initialing timecard.</p> <p>5. Chapter Manager or Immediate supervisor shall reconcile time-cards and timesheets before payroll checks are processed.</p> | <p>1. Administrative Service Center</p> <p>2. Chapter Manager and Administrative Assistant</p> <p>3. Chapter Manager</p> <p>4. Chapter Manager and Administrative Assistant</p> <p>5. Chapter Manager and Immediate Supervisor</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> <p>5. 10/1/24</p> |

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| 11 | Charge Accounts are utilized without important controls. | <p>1. Chapter Manager shall develop policies and procedures for charge accounts that include authorized users, purchases, limits and required documents for payments.</p> <p>2. Chapter shall create an agreement with vendors (Staples and Pic-n-Run) and obtain the community's approval by resolution before implementing any purchases or charges.</p> <p>3. Chapter shall adhere to Procurement Policies & Procedures for all goods/services for vendors that the chapter has charge account with.</p> | <p>1. Chapter Manager</p> <p>2. Chapter Manager and Administrative Assistant</p> <p>3. Chapter Manager, Chapter Officials and Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> |
| 12 | Despite missing documents, the Chapter awarded housing assistance totaling \$8,663. | <p>1. Chapter will utilize a checklist for required documents for housing assistances.</p> <p>2. Chapter Secretary/Treasurer shall monitor and review application packets for completion by reviewing the check off list attached to the application before presenting it at a chapter meeting and approving checks.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Secretary/Treasurer</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 13 | It is unclear if housing recipients used building materials for their intended purposes. | <p>1. Chapter Administration shall implement a statement of work for all Housing Discretionary Project.</p> <p>2. Chapter Manager shall do site visits and performance reports of housing discretionary recipients.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Manager</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 14 | Purchases of goods/services were not supported with quotes, invoices or receipts. | <p>1. Chapter administration and Chapter Officials shall adhere to Fiscal & Procurement Policies and Procedures when obtaining goods and services.</p> <p>2. Chapter Secretary/Treasurer shall review the disbursement documents for quotes, invoices, receipts and other documents needed to support fund disbursement before signing fund approval form and checks to vendors.</p> | <p>1. Chapter Manager, Chapter Officials and Administrative Assistant</p> <p>2. Chapter Secretary/Treasurer</p> | <p>1. 10/1/2024</p> <p>2. 10/1/24</p> |
| 15 | Restricted funds were not expended according to funding guidelines. | <p>1. Chapter will seek training from Administrative Service Center on how restricted and unrestricted funds are used at chapter level.</p> <p>2. Chapter Manager and Chapter Secretary/Treasurer shall monitor funds codes for compliance before approving funds and signing any checks and review fund balance sheets on a monthly basis.</p> <p>3. Chapter shall use and abide by the Budget Instruction Manual regarding expenditures of chapter funds.</p> | <p>1. Administrative Service Center</p> <p>2. Chapter Manager and Chapter Secretary/Treasurer</p> <p>3. Chapter Manager, Administrative Assistant and Chapter Officials</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> |

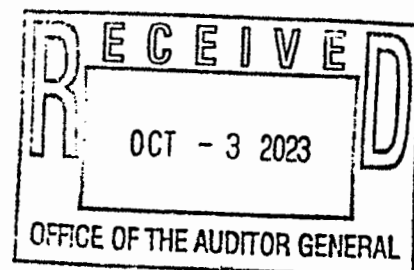
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| 16 | Chapter does not adhere to travel policies and procedures. | <p>1. Chapter administration and Chapter Officials shall adhere to the travel policies and procedures for travel activities.</p> <p>2. Chapter Manager and Chapter Officials shall review travel authorization forms for proper approvals and compliance with policies before signing checks.</p> | <p>1. Chapter Administration and Chapter Officials</p> <p>2. Chapter Manager and Chapter Officials</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 17 | Travel Advances are being processed contrary to travel policies. | <p>1. Chapter administration and Chapter Officials shall refer to the travel policies and procedures for travel activities.</p> <p>2. Chapter shall request for training from Administrative Service Center on processing travel advances in the MIP system, reviewing financial statements and repayments.</p> | <p>1. Chapter Administration and Chapter Officials</p> <p>2. Administrative Service Center</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 18 | Contractors were hired contrary to Procurement Policies and Procedures. | <p>1. Chapter administration will seek assistance and guidance from Administrative Service Center or Department of Justice on procuring professional services and process of executing contractual agreements for certified chapters.</p> <p>2. Chapter administration shall refer to and adhere to the procurement Policies and Procedures for bidding to select qualified contractors.</p> | <p>1. Administrative Service Center</p> <p>2. Chapter Manager and Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 19 | Contractors were paid \$11,275 before contract deliverables were verified. | <p>1. Chapter shall obtain training from Administrative Service Center on procurement rules and regulations of contract deliverables.</p> <p>2. Chapter Manager shall confirm deliverables by a report or site visits before payment is made on contractual invoices.</p> | <p>1. Administrative Service Center.</p> <p>2. Chapter Manager</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 20 | PEP/SYE projects did not comply with policies and procedures. | <p>1. Chapter Manager shall prepare a project application and personnel roster for each Public Employment Projects as stated in the Public Employment Program Policies and Procedures.</p> <p>2. Chapter Manager or Administrative Assistant shall monitor project and prepare progress reports for Public Employment Program/Summer Youth Employment projects.</p> <p>3. Chapter Secretary/Treasurer shall review and approve projects applications on Public Employment Programs/Summer Youth Employment projects.</p> <p>4. Chapter shall advertise every 6 months for positions, current temporary employees can re-apply and be re-hired if there are no other applicants.</p> | <p>1. Chapter Manager</p> <p>2. Chapter Manager or Administrative Assistant</p> <p>3. Chapter Secretary/Treasurer</p> <p>4. Chapter Manager and Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> <p>3. 10/1/24</p> <p>4. 10/1/24</p> |

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| 21 | Community financial assistance provided by the Chapter lacks transparency. | <p>1. Chapter shall develop a process for fair and equitable assistance among all registered community members.</p> <p>2. Chapter shall develop and implement receiving records for purchases to ensure accountability of goods purchased and ensure that all goods are delivered and accounted for.</p> | <p>1. Chapter Manager and Administrative Assistant</p> <p>2. Chapter Manager and Administrative Assistant</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |
| 22 | Two outstanding checks have yet to be voided in the accounting system. | <p>1. Administrative Assistant shall develop a list of outstanding checks. Chapter Manager shall review and approve the outstanding check list then Administrative Assistant shall make corrections by voiding outdated checks.</p> <p>2. Chapter Manager and Administrative Assistant shall seek training on bank reconciliation and responsibility from the Administrative Service Center.</p> | <p>1. Administrative Assistant</p> <p>2. Administrative Service Center</p> | <p>1. 10/1/24</p> <p>2. 10/1/24</p> |



**RESOLUTION OF TSIDI TO'II CHAPTER
WESTERN NAVAJO AGENCY**

Resolution No: TT-09-04-2023



**ACCEPTING AND APPROVING THE CORRECTIVE ACTION OF THE FY 21-22 INTERNAL
AUDIT OF TSIDI TO'II (BIRDSPRINGS) CHAPTER .**

WHEREAS:

1. Pursuant to 26 N.N.C., Section 3 (A), the Tsidi To'ii (Birdsprings) Chapter is a duly recognized chapter of the Navajo Nation Government, as listed at 11 N.N.C., Part 1, Section 10, and
2. The Tsidi To'ii (Birdsprings) Chapter is a certified chapter government of the Navajo Nation in accordance with the Navajo Nation Local Governance Act, 26 N.N.C., Section 1 (B); thereby, vested with the authority to protect and promote the general health, safety, and welfare of the Chapter membership; and
3. As a Certified Chapter, Title 26, Chapter 1. Subchapter 1. Section 1.B.2, was established for purposes of chapters, such as Tsidi To'ii(Birdsprings) Chapter to make decisions over local matters. This authority, improves community decision making, allows communities to excel and flourish, and enables local leadership to implement the goals and objectives of the community; and
4. The Tsidi To'ii (Birdsprings) Chapter had an Internal Audit performed by the Navajo Nation Auditor General for the Fiscal Year of 2021-2022 and there were findings that impacted the fiscal operation of the Tsidi To'ii (Birdsprings) Chapter; and
5. The Tsidi To'ii (Birdsprings) Chapter developed a Corrective Action to address the FY 2021-2022 Internal Audit by developing ways to address and correct each findings with best practices and in accordance to the Fiscal Policies & Procedures Manual of the Tsidi To'ii Chapter (Birdsprings) Five Management System.

NOW THEREFORE BE IT RESOLVED:

1. The Tsidi To'ii (Birdsprings) Chapter is accepting and approving the Corrective Action of the FY21-22 Internal Audit of Tsidi To'ii (Birdsprings) Chapter.

CERTIFICATION

We, hereby, certify that the foregoing resolution was considered at a dully called chapter meetings at Tsidi To'ii (Birdsprings) Chapter, Navajo Nation, where a quorum was present and the same was passed by a vote of 15 in favor, 0 opposed, and 5 abstained, this 21st day of September, 2023.

Motion By: Delores Curley

Second By: Daraina Jackson

Samuel McCabe Jr.
Samuel McCabe Jr., Chapter President

Mitzi Begay
Mitzi Begay, Chapter Secretary/Treasurer

Todd Wilcox
Todd Wilcox, Chapter Vice-President

Steven Wagoner
Steven Wagoner, Grazing Officer

BUDGET AND FINANCE COMMITTEE

November 21, 2023

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0247-23: An Action Relating to the Resources and Development and Budget and Finance Committees; Accepting the Audit of the Tsidi To'ii (Birdsprings) Chapter and Approving the Chapter's Proposed Corrective Action Plan

Sponsor: Casey A. Johnson, Council Delegate

Motion: Carl R. Slater

Second: Lomardo Aseret

Vote: 5-0, Chairperson not voting

Final Vote Tally:

| | | |
|-------------------|-----|--|
| Lomardo Aseret | yea | |
| Norman M. Begay | yea | |
| Amber K. Crotty | yea | |
| Seth A. Damon | yea | |
| Shaandiin Parrish | | |
| Carl R. Slater | yea | |



Shaandiin Parrish, Chairperson
Budget & Finance Committee


Peggy Nakai, Legislative Advisor
Budget & Finance Committee