

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

23<sup>RD</sup> NAVAJO NATION COUNCIL - Fourth Year, 2018

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE  
COMMITTEES; ACCEPTING THE FOLLOW-UP REVIEW OF THE CRYSTAL  
CHAPTER CORRECTIVE ACTION PLAN IMPLEMENTATION; IMPOSING  
SANCTIONS FOR NOT IMPLEMENTING THE CORRECTIVE ACTION PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee serves as the oversight committee for Chapter and the Navajo Nation. 2 N.N.C. 501(C)(1).
- B. The Auditor General's Plan of Operation, codified in 12 N.N.C. §§ 1-10, provides that "12 months after the release of the audit report, the Auditor General conduct a follow-up to determine the status of implementation [of the corrective action plan.]" 12 N.N.C. § 7(G).
- C. The Budget and Finance Committee is charged with receiving post-audit follow-up reports from the Auditor General. 12 N.N.C. §§ 6(B) and 7(H).
- D. As part of the follow-up report, the Auditor General shall recommend action to be taken by the Budget and Finance Committee and present the report to the standing committee or committees having oversight responsibility for the audited program. 12 N.N.C. § 7(G).
- E. Based on the follow-up review and any recommendations made by the standing committee having oversight responsibility for the audited program, the Budget and Finance Committee will determine what actions should be taken. 12 N.N.C. § 7(I).
- F. The Auditor General Plan of Operation provides for the imposition of sanctions under 12 N.N.C. §§ 9(B) and (C),

upon the recommendation of the Auditor General in accordance with 12 N.N.C. § 7(G).

- G. The Auditor General Plan of Operation provides that "[a]ny director or chapter official whose salary or other payments are withheld pursuant to § 9(C) shall have the right to have the withholding reviewed by the Navajo Nation Office of Hearing and Appeals." 12 N.N.C. § 9(D).

## SECTION TWO. FINDINGS

- A. The Auditor General previously conducted a financial audit of Crystal Chapter. The Budget and Finance committee approved the audit report and the corrective action plan on November 5, 2013 in resolution BFN-41-13, which is attached as **Exhibit A**.
- B. The Auditor General conducted a follow-up review to determine if the corrective action plan had been implemented. The Auditor General's report titled, "A Follow-up Review of the Crystal Chapter Corrective Action Plan Implementation" (Report No. 18-13, March 2018) is attached as **Exhibit B**.
- C. The corrective action plan listed seventy-eight (78) corrective measures to address twenty three (23) audit issues. Crystal Chapter implemented 4 (of 5%) of the corrective measures in the corrective action plan. As a result, the Chapter's corrective action plan has not been implemented.
- D. The Auditor General recommended sanctions be imposed upon the Crystal Chapter Vice-President and Secretary. The Auditor General did not recommend the Chapter President for sanction since he was sworn in on February 20, 2018.
- E. The Budget and Finance Committee is authorized to make the final determination on what actions should be taken.


## SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby accepts **Exhibit B**, Auditor General's Report, "A Follow-up Review of the Crystal Chapter Corrective Action Plan Implementation" (Report No. 18-13, March 2018).

- B. The Navajo Nation Controller shall cause ten percent (10%) of monies payable from any governmental fund of the Navajo Nation as defined at 12 N.N.C. § 810(S) to be withheld after the recommended sanction is approved by the Budget and Finance Committee and issued to Crystal Chapter until such time as Crystal Chapter demonstrates to the Auditor General that the corrective action plan has been implemented per 12 N.N.C. § 9(B).
- C. The Navajo Nation Controller shall cause twenty percent (20%) of the Chapter President's stipend payments to be withheld per 12 N.N.C. § 9(C). However, the effective date of the withholding is delayed until after July 25, 2019 in order to provide Chapter President with a full twelve months to implement the corrective action plan.
- D. The Chapter Vice-President and Secretary may appeal the imposition of sanctions immediately in accordance with 12 N.N.C. § 9(D). If the Chapter President's salary is withheld after July 25, 2019, the opportunity to appeal will arise at the time of the withholding.
- E. Crystal Chapter shall provide proof of implementation of the corrective action plan at which time the Auditor General shall immediately report the compliance to the Controller who shall then release all withheld funds in accordance with 12 N.N.C. §§ 9(B) and (C).
- F. ASC is authorized and directed to take over the Crystal Chapter MIP system until such time as the Chapter demonstrates fiscal responsibility and competence. ASC shall report back to the Budget and Finance Committee before restoring Crystal Chapter control of the MIP system.

**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 2 in favor, 0 opposed and 1 abstention and Chairman not voting this 3<sup>rd</sup> day of October 2018.



Seth Damon, Chairperson  
Budget and Finance Committee

Motion: Honorable Dwight Witherspoon  
Second: Honorable Tom T. Chee



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

22<sup>ND</sup> NAVAJO NATION COUNCIL - Third Year, 2013

AN ACTION

RELATING TO BUDGET AND FINANCE; ACCEPTING THE FINANCIAL AUDIT OF THE  
CRYSTAL CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL AND  
APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY THE CRYSTAL CHAPTER

BE IT ENACTED:

1. The Navajo Nation hereby accepts the Audit Report No. 12-23, a Financial Audit of the Crystal Chapter, attached hereto as Exhibit A, and approves the Crystal Chapter Corrective Action Plan, attached hereto as Exhibit B.
2. The Navajo Nation hereby directs that copies of the Crystal Chapter Corrective Action Plan be provided to the Office of the President and Vice President and the Resources and Development Committee, as part of their oversight responsibility for the Crystal Chapter.
3. The Navajo Nation hereby directs the Crystal Chapter to submit a written status report on its progress in implementation of the Corrective Action Plan to the Office of the Auditor General six months after the approval of this resolution.
4. The Navajo Nation hereby directs the Office of the Auditor General to review the written status report to be submitted by the Crystal Chapter and report to the Resources and Development Committee, as well as the Budget and Finance Committee.
5. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify the actions claimed to have been taken by the Crystal Chapter, to issue a written follow-up report indicating the Crystal Chapter progress in implementing the Corrective Action Plan, and to make recommendations to the Resources and Development Committee, as well as the Budget and Finance Committee.



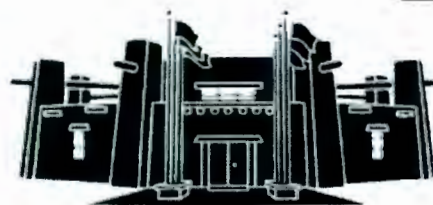
CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 3 in favor, 0 opposed, this 5<sup>th</sup> day of November, 2013.

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

Jonathan Nez, Vice Chairperson  
Budget and Finance Committee

Motion: Nelson S. BeGaye  
Second: Danny Simpson



## OFFICE OF THE AUDITOR GENERAL

### The Navajo Nation

#### A Follow-Up Review of the Crystal Chapter Corrective Action Plan Implementation

**Report No. 18-13**  
**March 2018**

Performed by:  
Karen Briscoe, Principal Auditor  
Myrtis Begay, Associate Auditor



March 13, 2018

Raymond Tsosie, President  
CRYSTAL CHAPTER  
P.O. Box 775  
Navajo, NM 87328

Dear Mr. Tsosie:

The Office of the Auditor General herewith transmits Audit Report No. 18-13, a Follow-up Review of the Crystal Chapter Corrective Action Plan Implementation. The follow-up was conducted in accordance with 12 Navajo Nation Code, Section 7, to determine the current status of the corrective action plan which was developed by the Crystal Chapter in response to the 2012 audit report no. 12-23. The audit report and the corrective action plan were approved by the Budget and Finance Committee on November 05, 2013, per resolution no. BFN-41-13.

We reviewed the Crystal Chapter's records for the six month period of April 1, 2017 to September 30, 2017. The audit scope covers the administration of the former Community Services Coordinator who resigned on December 08, 2017 and the former Chapter President who resigned on November 08, 2017. The chapter also did not have an Accounts Maintenance Specialist at the time of the review.

The corrective action plan listed 78 key corrective measures to address 23 audit issues. Of the 78 corrective measures, the Chapter implemented only 4 (or 5%) corrective measures. The Chapter did not implement 67 (or 86%) corrective measures and 7 (or 9%) could not be determined due to no activity. See attached Exhibit A for the detailed explanation of the follow-up results.

#### Conclusion

Title 12, Navajo Nation Code, Section 8, imposes upon the Crystal Chapter the duty to implement the corrective action plan according to the terms of the plan. The Chapter did not implement the corrective action plan. Therefore, 21 of the 23 issues reported in the 2012 audit remain unresolved. Consequently, the Office of the Auditor General recommends sanctions in accordance with 12 N.N.C. § 9 as follows: 9(b) withhold 10% of the chapter's operating budget and 9(c) withhold 20% of the Chapter Secretary/Treasurer and Vice-President stipends who failed to implement the corrective action plan. The Secretary/Treasurer has been an official since January 2005 and the Vice President since January 2017. The current Chapter President who was sworn in on February 20, 2018 is not recommended for sanction because he was not an official during our follow-up review. The auditors will revisit Crystal Chapter after February 2019 and based on the outcome of the revisit, sanctions relative to the Chapter President pursuant to § 9 (c) will be determined.

Sincerely,



Elizabeth Begay, CIA, CFE  
Auditor General

#### Attachment

xc: Patricia Slim, Vice-President  
Virginia Benally, Secretary/Treasurer  
Benjamin Bennett, Council Delegate  
Tom Yazzie, Community Services Coordinator  
CRYSTAL CHAPTER  
Johnny Johnson, Department Manager  
ADMINISTRATIVE SERVICE CENTER  
Chrono

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# **PRIOR FINDINGS, CORRECTIVE ACTIONS AND CURRENT STATUS**

## **Prior Finding I: Chapter internal controls are deficient.**

<b>Issue 1: Inaccurate budget amount was presented to the community members for adoption.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will present the budgets at a regular planning meeting and discuss with the chapter officials and reach a consensus of the proposed budget and put on the agenda for the regular chapter meeting.	Implemented
B. The Community membership at a regular chapter meeting will approve the budgets. The Community Services Coordinator will file the budgets along with the approving resolutions in an organized manner.	Implemented
<b>Audit Issue Resolved? Yes</b>	
<b>Issue 2: Chapter travel activities are not properly authorized and supported.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will approve all travel requests and advances through a signed Travel Authorization. Upon verifying all travel expenditures are adequately supported by travel documents such as trip reports, receipts, mileage reports, complete expense reports, etc., the Community Services Coordinator and Secretary/Treasurer will sign the check. After the disbursement, all supporting documents will be filed in accordance with the Crystal Chapter Records Management Policies and Procedures.	<b>Not Implemented:</b> All 16 travel authorizations totaling \$4,453 were reviewed. All travel authorizations (100%) totaling \$4,453 were missing approval by an authorized signer and/or required documentation to support travel expenses including complete expense reports, trip reports and mileage reports.
<b>Audit Issue Resolved? No</b>	
<b>Issue 3: Bank reconciliations are unreliable.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will download the monthly bank statement online for all accounts and give to the Accounts Maintenance Specialist.	<b>Not Implemented.</b> The Community Services Coordinator was not involved in all 6 months of the bank reconciliation process. The Community Services Coordinator did not verify the accuracy of the bank reconciliation that was prepared by the Administrative Service Center (ASC) accountant.
B. The Accounts Maintenance Specialist will reconcile all accounts in accordance to policies.	
C. The Accounts Maintenance Specialist will submit bank reconciliations to the Community Services Coordinator for review and to the Secretary/Treasurer for monitoring. Independent reviewers will sign the reconciliation upon verifying the accuracy and reliability of the reconciliation.	

<b>Audit Issue Resolved? No</b>	
<b>Issue 4: Chapter property/equipment inventory is incomplete.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure an annual physical inventory is conducted in accordance to Property Policies and Procedures.	<b>Not Implemented:</b> The Community Services Coordinator and Chapter officials did not verify that the chapter inventory records were complete and accurate. The summer student employees completed the physical inventory, but the Community Services Coordinator did not review their work and did not detect the list was missing pertinent information such as property numbers, serial numbers, acquisition dates and acquisition cost. Further, the chapter inventory was not categorized by expendable and non-expendable property.
B. The Community Services Coordinator will ensure the Crystal Chapter property is fully accounted for and safeguarded from loss by maintaining a complete, detailed and accurate identification of chapter property at all times including information such as property numbers, descriptions, classification, serial numbers, acquisition costs, acquisition dates, condition, inventory dates, and other pertinent information.	
C. The Accounts Maintenance Specialist will develop a comprehensive inventory categorizing the expendable and non-expendable property and equipment and ensure it includes all pertinent information.	
D. The Community Services Coordinator will review the inventory to make sure it is accurate and reliable.	
E. The Chapter Officials will ensure a comprehensive property inventory is maintained by the Community Services Coordinator.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 5: Chapter property lack identification numbers.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure pre-numbered tags are obtained.	<b>Not Implemented:</b> 49 property items with a value of \$361,652 were reviewed. The Chapter staff and officials did not ensure that 43 of 49 (88%) property items with a value of \$141,352 were tagged with identification numbers.
B. The Community Services Coordinator will ensure all property items are tagged with the pre-numbered identification tags.	
C. The Chapter President will ensure the Community Services Coordinator performs the tagging of the chapter property.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 6: Chapter property is not adequately insured.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will submit the annual exposure summary report to the Risk Management Office. The Community Services Coordinator will ensure to obtain the invoice for the insurance coverage. The Community Service	<b>Not Implemented:</b> Although the chapter submitted the exposure summary report for FY 2017 and paid the insurance premium, the



Coordinator will remit payment for insurance premiums in a timely manner.	chapter allowed the insurance to lapse in FY 2018.
B. The Accounts Maintenance Specialist will establish a file for property insurance which will be periodically reviewed to ensure there are not lapses in insurance coverage.	
C. The Chapter Officials will ensure the staff carry out their duties and responsibilities for payment of insurance coverage for chapter property each year.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 7: Chapter does not follow the payroll process.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure attendance sheets are maintained to document the hours worked by the employees and to ensure employees are paid only for the actual hours worked.	<b>Not Implemented:</b> 32 payroll disbursements totaling \$19,937 out of \$38,326 were reviewed. 15 of 32 (47%) payroll disbursements totaling \$9,017 out of \$19,937 had discrepancies including missing sign-in sheets, work hours posted in the accounting system that did not reconcile to the timesheets and sign-in sheets, and/or timesheets that were not approved by the Community Services Coordinator.
B. The Community Services Coordinator will designate a supervisor who will be responsible for all sign-in, sign-out sheets for all employees. The designated supervisor will submit sign-in, sign-out sheets to the Accounts Maintenance Specialist who then will prepare a time sheet.	
C. The Community Services Coordinator will review the timesheets against the sign-in sheet for accuracy prior to signing all sign-in sheets and approving the processing of payroll.	
D. The Accounts Maintenance Specialist will process payroll based on the approved time sheets, prepare all supporting documents such as the payroll journal, payroll calculation sheet, and subsidiary earnings record.	
E. The Community Services Coordinator will review the payroll for accuracy and approve for disbursement and distribution.	
F. The Chapter Officials will review the timesheets and verify the Community Services Coordinator's reconciliation before co-signing the payroll checks.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 8: Personnel files are incomplete.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure all the documentation required by the personnel policies are obtained before employing individuals.	<b>Not Implemented:</b> All 39 personnel files were reviewed and of these files, 38 of 39 (97%) were

B. The Community Services Coordinator will establish a checklist to ensure all required personnel records are maintained in each employees personnel file.	missing approved personnel actions forms, W-4 forms, voter registration, identification, parent consent forms, and/or evidence of new hire reporting to the State. Check lists were not effectively used to assist with verifying required documents are on file.
C. The Accounts Maintenance Specialist will ensure all personnel action forms are signed before an employee begins employment and is filed in the personnel files.	
D. The Accounts Maintenance Specialist will ensure all employees complete a W-4 Form and is filed in the personnel files.	
E. The Accounts Maintenance Specialist will ensure to report all new hires to the State in a timely manner in accordance to state statute and maintain evidence of reporting in the personnel files.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 9: Capital outlay funds were used for other purposes.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure all expenditures are in compliance with funding guidelines.	Implemented
B. The Chapter President and Secretary/Treasurer will ensure the administrative staff are expending funds in compliance with funding guidelines by providing oversight and monitoring consistently.	Implemented
<b>Audit Issue Resolved? Yes</b>	
<b>Issue 10: Financial statements are unreliable.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure reliable and consistent financial information is provided on a monthly basis. Ensure all accounting records such as journals, registers and ledgers are properly maintained.	<b>Not Implemented.</b> Although the Community Services Coordinator received training on the accounting system she did not manage the chapter's accounting system. Instead, an ASC accountant was mainly maintaining the system in the absence of an Accounts Maintenance Specialist and without participation from the Community Services Coordinator.
B. The Chapter staff will obtain training on how to generate Sage (MIP) reports to ensure accurate and reliable financial statements are prepared.	
C. The Accounts Maintenance Specialist and Community Services Coordinator will obtain technical assistance from the Administrative Service Center as needed to properly maintain the accounting system to generate reliable financial statements.	
D. The Community Services Coordinator will review the financial statements against supporting documents for accuracy and reliability.	
<b>Audit Issue Resolved? No</b>	



Issue 11: Chapter operations lack segregation of duties.	
Chapter Corrective Actions	Status of Corrective Action
A. The Community Services Coordinator will ensure segregation of duties is implemented for an effective internal controls system to avoid the risk of errors and inappropriate actions without detection.	<u>Not Implemented:</u> The Community Services Coordinator and Chapter officials did not ensure chapter operations had segregation of duties in place. Consequently, there was no review or verification of the accounting system, reports issued, or documents for approval of purchases or assistance.
B. The Chapter shall hire an Accounts Maintenance Specialist to allow for appropriate segregation of duties. In the absence of the Accounts Maintenance Specialist, the Chapter Officials will increase their monitoring and oversight to ensure Chapter operations are carried as intended.	
C. The Chapter President will ensure the Community Services Coordinator implements the segregation of duties.	
Audit Issue Resolved? No	

**Prior Finding II: Chapter does not consistently comply with applicable laws and funding guidelines.**

Issue 12: Non-compliance with Procurement Code.	
Chapter Corrective Actions	Status of Corrective Action
A. The Accounts Maintenance Specialist will obtain written price quotations from three vendors, which will contain a clear and concise description of items required and forward documents to the Community Services Coordinator to review for reasonableness, necessity, budget and fund compliance and either approve or deny the price quotation.	<b>Not Implemented.</b> 45 procurement files totaling \$101,926 out of \$103,629 were reviewed. 26 of 45 (58%) procurement files totaling \$88,866 out of \$101,926 were missing quotations, receiving reports, invoices or receipts, and/or approval. Files were not reviewed for accuracy and completeness by the Community Services Coordinator and Chapter officials.
B. If approved, the Accounts Maintenance Specialist will verify funds availability and prepare a fund approval form and submit it to Community Services Coordinator. Upon approval by the Community Services Coordinator, the Accounts Maintenance Specialist will prepare a check and submit with supporting documentation to the Community Services Coordinator and Secretary/Treasurer to review documents for accuracy prior to signing the check.	
C. Upon receipt of goods/services the Chapter staff will verify goods/services are received as intended by inspection and document this inspection.	
D. The Accounts Maintenance Specialist shall remit payment to the vendor and maintain the original invoice on file.	
Audit Issue Resolved? No	



<b>Issue 13: IRS report was overdue.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Account Maintenance Specialist will generate MIP payroll reports that will help generate the 941 reports and prepare the report.	<b>Not Implemented.</b> The Community Services Coordinator is not involved in the reporting and remitting of payroll taxes. Instead IRS reports are prepared and remitted by an ASC accountant without participation by the Community Services Coordinator.
B. The Community Services Coordinator will review and verify the accuracy and reliability of the 941 report prior to approving the report.	
C. The Community Services Coordinator will submit the 941 tax report and submit applicable payroll taxes to the IRS in a timely manner.	
D. The Chapter officials will ensure the Chapter staff are reporting and submitting the 941 Forms and payroll taxes in a timely manner.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 14: State unemployment tax report was overdue.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Accounts Maintenance Specialist will generate MIP payroll reports that will help generate the SUTA reports and prepare the report.	Cannot Determine Due to No Activity  PEP and summer youth employees hired under the Chapter's training program were exempt from New Mexico State unemployment tax.
B. The Community Services Coordinator will review and verify the accuracy and reliability of the SUTA report prior to approving the report.	
C. The Community Services Coordinator will submit the SUTA tax report and remit unemployment contributions to New Mexico Workforce Solutions in a timely manner.	
D. The Chapter officials will ensure the Chapter staff are reporting and submitting the SUTA Form and unemployment contributions in a timely manner.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 15: Navajo sales taxes are not timely reported and remitted.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Accounts Maintenance Specialist will generate applicable MIP reports that will help generate the Navajo Nation Sales Tax reports and prepare the report.	<b>Not Implemented:</b> The chapter did not report and remit sales tax on internally generated revenue to the Office of Navajo Tax Commission as required by Navajo Nation Sales Tax regulations.
B. The Community Service Coordinator will review and verify the accuracy and reliability of the Navajo Nation Sales Tax report prior to approving the report.	
C. The Community Service Coordinator will submit the Navajo Nation Sales Tax report and remit sales taxes to Navajo Nation Tax Commission in a timely manner.	

D. The Chapter officials will ensure the Chapter staff are reporting and submitting the sales taxes in a timely manner.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 16: Non-compliance with Housing Discretionary policies and procedures.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure each housing assistance request is on an application with attachments of all applicable documentation to support the request.	<b>Not Implemented:</b> The chapter awarded \$5,380 (100%) of the housing assistance during the period reviewed to 3 recipients although required documentation was missing including complete applications, income verifications, and/or authorization forms. Check-off lists were not effectively used to ensure recipients meet requirements. Follow-up reviews with recipients were not completed to show the status of each housing project.
B. Chapter staff will utilize a check-off list for each application to verify all required documents are attached to the application	
C. The Community Services Coordinator will ensure housing assistance is awarded in accordance to the Chapter's Housing Policies and Procedures.	
D. The Community Services Coordinator will conduct a follow-up review of the assistance to ensure the housing assistance is utilized for the intended and approved purpose.	
E. The Community Services Coordinator will establish and maintain all housing records in accordance to the records management policies and procedures.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 17: PEP employees are not covered under workers compensation.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure to obtain insurance coverage under the Workers Compensation Program for all employees hired by the Chapter.	<b>Not Implemented:</b> Chapter employees were not covered by workers compensation insurance. The chapter did not submit the quarterly projected and actual reports to the Worker's Compensation Program therefore the chapter could not be invoiced to pay their premiums for worker's compensation coverage for chapter employees.
B. The Community Services Coordinator and Accounts Maintenance Specialist will ensure there is evidence of insurance coverage at the Chapter in accordance with the records management policy and procedures.	
C. The Chapter President will ensure there is insurance coverage for all employees by verifying evidence of coverage is on file.	
<b>Audit Issue Resolved? No</b>	
<b>Issue 18: Non-compliance with Veterans fund guidelines.</b>	
<b>Chapter Corrective Actions</b>	<b>Status of Corrective Action</b>
A. The Community Services Coordinator will ensure all expenditures are within compliance of the funding guidelines.	Cannot Determine Due to No Activity
B. The Community Services Coordinator will ensure to require all requests for Veterans assistance to be	



supported with applicable documentation to support eligibility and need and file the documents in accordance to records management policies and procedures.	The Chapter did not expend the \$584 available fund for Veterans Assistance.
C. The Chapter President and Secretary/Treasurer will ensure the administrative staff are expending funds in compliance to funding guidelines by providing oversight monitoring consistently.	
Audit Issue Resolved? No	
Issue 19: Non-compliance with Scholarship policies and procedures.	
Chapter Corrective Actions	Status of Corrective Action
A. The Community Services Coordinator and Chapter officials will ensure that the student financial assistance policy is followed.	<u>Not Implemented:</u> All 7 scholarship recipient files totaling \$5,400 were reviewed. The chapter could not provide for our review 2 of 7 (29%) recipient files totaling \$1,900 out of \$5,400 that were deemed missing and we could not verify the chapter complied with the scholarship policies and procedures for these scholarship recipients.
B. The Accounts Maintenance Specialist will collect all required supporting documents in accordance to the checklist which will be based on the student financial assistance policy.	
C. The Community Services Coordinator will review the applications for completeness and eligibility.	
D. The Community Services Coordinator will recommend the eligible applicants to the Planning and Regular meeting for approval. Thereafter the applicant will be awarded in accordance with the Student Financial Assistance Policy.	
Audit Issue Resolved? No	
Issue 20: Financial reports are not consistently reported to the community membership.	
Chapter Corrective Actions	Status of Corrective Action
A. The Chapter President will ensure the Community Services Coordinator prepares reliable basic financial statements and has it readily available prior to chapter meetings.	<u>Not Implemented:</u> All 6 months of chapter meeting minutes reviewed show that the Secretary/Treasurer did not present monthly financial reports to the community memberships.
B. The Secretary/Treasurer will ensure the financial report is on the agenda for monthly chapter meetings, present the financial report to the community membership, ensure the community approves the report, and report is documented in the minutes.	
Audit Issue Resolved? No	
Issue 21: Lack of effective monitoring by the Chapter Officials over the Chapter operations.	
Chapter Corrective Actions	Status of Corrective Action
A. The Chapter President will ensure chapter staff and officials are carrying out their duties and responsibilities as set forth in the Local Governance Act. The Secretary/Treasurer will ensure all chapter	<u>Not Implemented:</u> The chapter officials did not monitor chapter operations to ensure staff carry out their duties and responsibilities

assets are safeguarded and funds are expended in accordance to guidelines and procedures.	and ensure funds were expended in accordance with funding guidelines and policies and procedures. Chapter officials also did not monitor the accounting system.
B. The Secretary/Treasurer will monitor the maintenance of an adequate accounting system to ensure accountability of all funds and expenditures. The Secretary/Treasurer will sign any and all checks for disbursements and will be cognizant of all chapter finances. Secretary/Treasurer will review and monitor all chapter finances monthly by initialing all reviews.	
C. The Chapter staff and officials shall attend training on the SAGE accounting software to be able to monitor the system.	
D. The Chapter President will ensure administrative staff are carrying out all directives and responsibilities pertaining to the Chapter on a quarterly basis.	
Audit Issue Resolved? No	
Issue 22: Chapter has not formally adopted and fully implemented the standard FMS manual.	
Chapter Corrective Measures	Status of Corrective Action
A. The Chapter will adopt and implement the standard Five Management System manual.	<u>Not Implemented:</u> The chapter has not adopted and implemented the standard Five Management System manual. Consequently, the chapter continues to have internal control issues as indicated by our review.
B. The Chapter officials will work closely with the staff in adhering to the Five Management System policies and procedures.	
Audit Issue Resolved? No	
Issue 23: Discord among staff and Officials led to poor working relationship.	
Chapter Corrective Measures	Status of Corrective Action
A. The Chapter staff and officials will work together to provide services in the best interest of the community membership.	<u>Not Implemented:</u> The chapter staff and officials do not effectively work together to ensure policies and procedures, rules and regulations, and laws are implemented to ensure services are provided in the best interest of the community.
B. The Chapter staff and officials will openly communicate with each other regarding chapter business to ensure policies and procedures, rules and regulations and laws are implemented.	
Audit Issue Resolved? No	

## BUDGET AND FINANCE COMMITTEE

3 October 2018

Special Meeting

### VOTE TALLY SHEET:

#### Legislation No. 0113-18:

An Action Relating to Resources and Development and Budget and Finance Committees; Accepting the Follow-up Review of the Crystal Chapter Corrective Action Plan Implementation; Imposing Sanctions for Not Implementing the Corrective Action Plan *Sponsored by Benjamin L. Bennett, Council Delegate*

*Motion: Dwight Witherspoon*

*Second: Tom T. Chee*

*Vote: 2-0-1, Chairman not voting (1 abstention vote: Hon. Leonard Tsosie recused himself)*

#### Vote Tally:

*\*Hon. Leonard Tsosie abstained from voting; was recused because of conflict of interest*

Seth A. Damon		
Dwight Witherspoon	<b>Yea</b>	
Tom T. Chee	<b>Yea</b>	
Lee Jack, Sr.		
Leonard Tsosie	*	
Tuchoney Slim, Jr.		

*Absent: Lee Jack, Sr., Tuchoney Slim, Jr.*

  
Seth A. Damon, Chairman  
Budget & Finance Committee

  
Manuel Rico, Policy Analyst  
Office of Legislative Services