

SUMMARY

The Office of the Auditor General conducted an audit of the Kinlichee Chapter in response to community members' requests. The concerns raised in the communities' requests were the need to thoroughly assess the financial standing and accountability to the Chapter membership. Therefore, a financial audit on fiscal operations was requested to determine if operations are in accordance to policies and procedures.

Finding I – Management and Monitoring Over Financial Records Needs Strengthening

The OAG reviewed the reliability of the Kinlichee Chapter's financial records and found that the Chapter needs to strengthen the management and monitoring over the financial system. The review found that the Chapter ledgers do not reconcile and are therefore unreliable. This should have indicated to the Chapter that it needed to review the reliability of the financial records. The petty cash system is also not maintained on an imprest system. This would allow the petty cash to be easily misappropriated. Financial reports do not reconcile to the accounting records, thereby providing inaccurate information to the users of the report. A major contributing factor to the unreliability of the financial records is the lack of monitoring over the financial system by the Community Services Coordinator and Chapter Officials.

Finding II – Internal Controls Need Strengthening

The establishment and use of internal controls allow the Chapter to operate under a system that is based on policies and procedures and minimizes questionable practices. The OAG found that even with established policies and procedures the Chapter had difficulty in consistently applying procedures that allowed adequate use of the internal controls. This lead to questioned cost, lack of community input for Chapter projects, questionable use of housing funds, a questionable payroll process, and an insufficient property list. These deficiencies signify that the Chapter needs to strengthen internal controls to ensure to the community membership that Chapter assets are being safeguarded and used efficiently.

Finding III – The Five Management System Needs To Be More Effective

The Five Management System (FMS) should provide the Chapter with a structured system for operating an effective system. However, our review discovered that the Chapter has not adopted the FMS policies and procedures. In addition, the Chapter does not consistently prepare financial reports every month and therefore not providing financial reports to the community on a consistent basis.