

SUMMARY

The Office of the Auditor General has conducted a special review of Lupton Chapter pursuant to 12 NNC Section 2(A)(2) and 3(E). The audit evaluates the chapter's internal control structure and accounting practices to determine whether the chapter complies with applicable laws, regulations, policies and guidelines, and properly accounts for its assets and resources.

FINDING I: Chapter Internal Control Structure Needs Strengthening

An internal control structure consists of policies and procedures established to ensure compliance with applicable laws, regulations and guidelines, and proper accountability of resources and activities. Our review concluded that Lupton Chapter's internal control structure needs strengthening. The chapter's cash receipt and disbursement activities were not properly documented. Also, the chapter vehicle usage was poorly monitored and more importantly, the chapter has yet to implement a Five Management System (FMS) required by Navajo Nation law. Stronger internal controls over the cash receipt, disbursement and property activities are needed to improve the accountability of chapter assets and resources.

FINDING II: Chapter Accounting System Needs Improvement

An accounting system should be designed with controls, accounting practices, and records to properly account for chapter activities and resources. Our review revealed that the Community Services Coordinator (CSC) did not maintain its petty cash account on an imprest system and bank accounts were poorly managed. Further, bank reconciliation was done without pertinent records and monthly reporting of chapter finances to the chapter membership was not done. In addition, internal control deficiencies noted in Finding I have further weakened the existing chapter accounting system.

In addition to the two findings summarized above, the audit report contains recommendations for improving the chapter's internal control and accounting system.