

**OFFICE OF THE AUDITOR GENERAL**

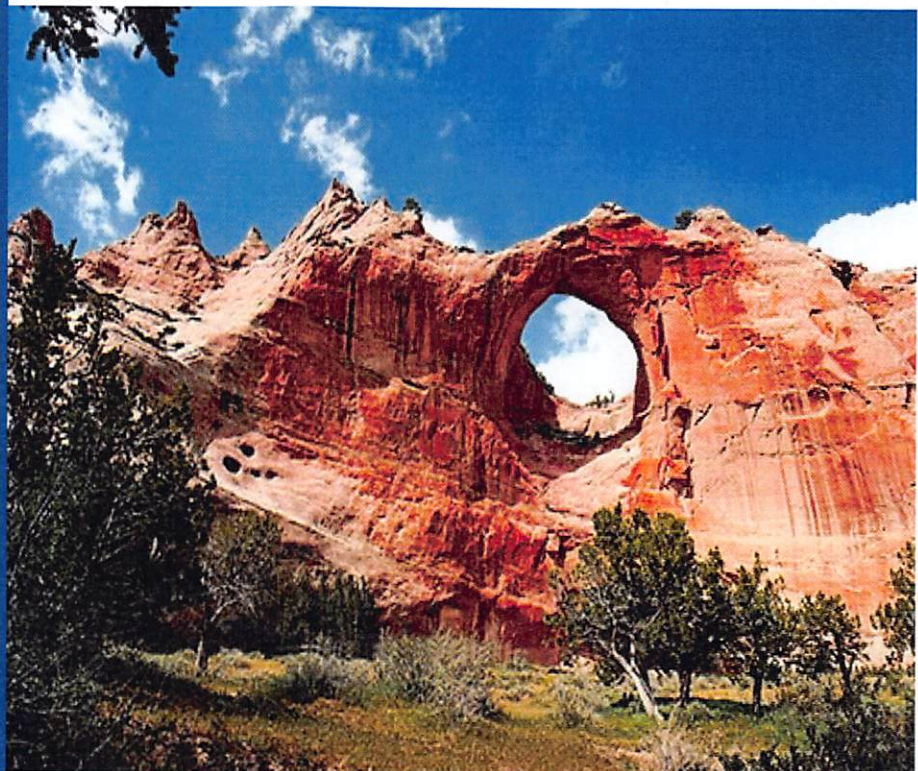
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**The Navajo Nation**

**A 2nd Follow-Up Review of the  
Red Lake Chapter #18  
Corrective Action Plan Implementation**

**Report No. 25-01  
November 2024**

**Performed by:  
Jimmizan Redhorse, Associate  
Auditor  
Beverly Tom, Senior Auditor**





November 07, 2024

Arval T. McCabe, President  
**RED LAKE CHAPTER #18**  
P.O. Box 130  
Navajo, NM 87328

Dear Mr. McCabe:

The Office of the Auditor General herewith transmits audit report no. 25-01, a 2<sup>nd</sup> Follow-up Review of the Red Lake Chapter #18 Corrective Action Plan Implementation.

**BACKGROUND**

In 2021, the Office of the Auditor General performed a Special Review of the Red Lake Chapter #18 and issued audit report no. 21-16. A corrective action plan (CAP) was developed by the Red Lake Chapter #18 in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on December 21, 2021, per resolution no. BFD-41-21.

In 2023, a follow-up review determined the Red Lake Chapter #18 did not fully implement the CAP. Of the 21 corrective measures, the Chapter did not implement 47% of the corrective measures. The Auditor General granted the Red Lake Chapter #18 a six-month extension to continue implementing its corrective action plan. Thereafter, the Office of the Auditor General would conduct a 2<sup>nd</sup> follow-up review to provide an appropriate recommendation in accordance with 12 N.N.C. Section 9 (B) and (C).

**OBJECTIVE AND SCOPE**

The objective of this 2<sup>nd</sup> follow-up review is to determine whether the Red Lake Chapter #18 fully implemented the outstanding corrective measures based on a six-month review period of April 1, 2024 to September 30, 2024.

**SUMMARY**

The Red Lake Chapter #18 fully implemented the outstanding 17 (100%) corrective measures. See attached Exhibit A for the details of our 2<sup>nd</sup> follow-up review.

**CONCLUSION**

With the full implementation of the corrective action plan, the Red Lake Chapter #18 has reasonably resolved the audit findings. Therefore, the Office of the Auditor General does not recommend sanctions to be imposed on the Red Lake Chapter #18.

We thank the Red Lake Chapter #18 for assisting in this 2<sup>nd</sup> follow-up review.

Sincerely,

Helen Brown, CFE, Principal Auditor  
Acting Auditor General

xc: Roger James, Vice President  
Loberta Redhouse, Secretary/Treasurer  
Kathleen Shurley, Community Services Coordinator  
Dr. Andy Nez, Council Delegate  
**RED LAKE CHAPTER #18**  
Jaron Charley, Department Manager II  
Patricia Begay, Senior Programs & Projects Specialist  
**ADMINISTRATIVE SERVICE CENTER/DCD**  
Chrono

**REVIEW RESULTS**

Red Lake Chapter Corrective Action Plan Implementation  
 Review Period: April 1, 2024, to September 30, 2024

<b>Audit Issues</b>	<b>Total # of Corrective Measures</b>	<b># of Corrective Measures Implemented</b>	<b># of Corrective Measures Not Implemented</b>	<b>Audit Issue Resolved?</b>	<b>Review Details</b>
1. Chapter did not obtain Workers Compensation Insurance for volunteer serving as an equipment operator.	5	5	0	Yes	Attachment A
2. Chapter fixed assets are not reported on the Balance Sheet.	4	4	0	Yes	
3. Chapter Lack adequate controls over the heavy equipment rental.	8	8	0	Yes	
<b>TOTAL:</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>0 - Yes 0 - No</b>	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the program provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

<p>◆ 2024 STATUS</p>	<p>Chapter did not obtain Workers Compensation Insurance for volunteer serving as an equipment operator. <b>RESOLVED</b></p>
<p>The chapter administration paid Workers Compensation Insurance for all employees and committee members in a timely manner. The Heavy Equipment Operator is no longer a volunteer operator but a temporary employee under the Public Employment Program.</p> <p>The chapter administration received training from the Fort Defiance Administrative Service Center and the Risk Management Department on how to provide Workers Compensation insurance for chapter employees. Accordingly, the Red Lake Chapter properly reported and paid the Workers Compensation insurance. Therefore, the Chapter has resolved the finding.</p>	
<p>◆ 2024 STATUS</p>	<p>Chapter fixed assets are not reported on the Balance Sheet. <b>RESOLVED</b></p>
<p>The Red Lake Chapter hired a licensed appraiser in 2023 to appraise the chapter property. The professional services were approved through Navajo Nation 164 Review Process.</p> <p>A sample of 10 assets totaling \$192,114 were verified as reported on the chapter property inventory and balance sheet ending September 30, 2024. These assets included office equipment, kitchen appliance, heavy equipment, and buildings. Overall, the finding has been reasonably resolved.</p>	
<p>◆ 2024 STATUS</p>	<p>Chapter Lack adequate controls over the heavy equipment rental. <b>RESOLVED</b></p>
<p>The Red Lake Chapter improved controls by:</p> <ul style="list-style-type: none"> <li>• Adopting a standard equipment policies and procedures by chapter resolution RLC 03-22-10 on March 16th, 2022.</li> <li>• Community Services Coordinator consistently reviews and approves the rental agreement, burial usage, and inspection form with a signature and date.</li> <li>• Community Service Coordinator inspects equipment before and after each usage.</li> <li>• Equipment operator completes a report after the use of the heavy equipment.</li> <li>• Removed the Waiver of Volunteer Agreement, Release and Waiver of Liability form since the operator is a temporary employee.</li> <li>• Chapter administration consistently collects and records rental payments.</li> </ul> <p>Overall, the finding has been reasonably resolved.</p>	