OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the Standing Rock Chapter Corrective Action Plan Implementation

Report No. 25-18
August 2025

Performed by:
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Office of the Auditor General
The Navajo Nation

Jeanine M. Jones, CFE, MFA
Auditor General

August 6, 2025

Johnny Johnson, President
STANDING ROCK CHAPTER
P.O. Box 247
Crownpoint, NM 87313

Dear Mr. Johnson:

The Office of the Auditor General (OAG) herewith transmits audit report no. 25-18, a Follow-up Review of the Standing Rock Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2019, the OAG performed an Internal Audit of the Standing Rock Chapter and issued audit report 20-01. A Corrective Action Plan (CAP) was developed by the Standing Rock Chapter in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on March 15, 2022, per resolution no. BFMY-17-22.

OBJECTIVE AND SCOPE

The objective of the follow-up review is to determine whether Standing Rock Chapter has fully implemented its CAP based on a six-month review period from November 1, 2024, to April 30, 2025.

SUMMARY

Of the 80 corrective measures, the Standing Rock Chapter implemented 43 (54%) corrective measures, leaving 37 (46%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION

Title 12 N.N.C Section 8 imposes upon the Standing Rock Chapter, the duty to implement the CAP according to the terms of the plan. As of this follow-up review, the Standing Rock Chapter did not fully implement its CAP. Therefore, some audit issues remain unresolved.

It has been approximately five years and seven months since the issuance of the initial audit report. Although the Chapter had ample opportunity to implement the CAP, we recognize the chapter has newly elected officials and the chapter's efforts in addressing audit matters among other priorities. The Auditor General hereby grants the Standing Rock Chapter a six-month extension from the date of this report to continue implementing its CAP. The OAG will conduct a 2nd follow-up review after January 2026 and based on those results, an appropriate recommendation will be made in accordance with 12 N.N.C. Section 9 (B) and (C).

We thank the Standing Rock Chapter administration and officials for assisting in this follow-up review.

Sincerely,

Karen Bissue for

Jeanine Jones, CFE, MFA
Auditor General

xc: Velvet Kalleco, Vice-President
Alva R. Tom, Secretary/Treasurer
Janice Padilla, Community Services Coordinator
Danny Simpson, Council Delegate
STANDING ROCK CHAPTER
Jaron Charley, Department Manager II
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Chrono

REVIEW RESULTS
Standing Rock Chapter Corrective Action Plan Implementation
Review Period: November 1, 2024 to April 30, 2025

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	*Audit Issue Resolved?*	Review Details
1. One budget transfer was made prior to obtaining Chapter approval.	5	5	0	**Yes**	Attachment A
2. Payroll activities were not being properly tracked, recorded and/or documented.	21	18	3	**No**	Attachment B
3. Travel activities were not being calculated, tracked, or documented appropriately.	13	3	10	**No**	
4. Cash disbursements were not properly supported by documentation, coded in accordance with the Chart of Accounts, and duties were not segregated.	22	5	17	**No**	
5. Cash receipts were not deposited in a timely manner, did not always agree to supporting documentation, and were not coded correctly or fully reconciled.	14	9	5	**No**	
6. Other Items: Conflict of interest file, administrative cost, donated items	5	3	2	**No**	
TOTAL:	**80**	**43**	**37**	**1 - Yes 5 - No**	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter 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.

◆ 2025 STATUS	**One budget transfer was made prior to obtaining Chapter approval.** **RESOLVED**
There was one budget transfer identified totaling $5,443 for this review. A budget transfer form was prepared and presented by the Community Service Coordinator (CSC) to the chapter membership for approval. The budget transfer was approved according to the chapter meeting minutes and accurately posted to the accounting system by the CSC. Therefore, the risk has been minimized, and the audit issue is resolved.	

◆ 2025 STATUS	**Payroll activities were not being properly tracked, recorded and/or documented.** **NOT RESOLVED**

A sample of 10 payroll disbursements totaling $7,103 were examined. The following was noted:

- Sign-in sheet hours reconciled to the timesheet.
- Timesheet reconciled to the recorded payroll hours in the accounting system.
- Payroll transactions were accurately coded to the Public Employment Fund.
- Fund Approval Forms, timesheets, and sign-in/sign-out sheets were signed by employees and approved by the CSC and chapter officials.

Furthermore, three Public Employment Program and three Summer Youth employee personnel files were examined for I-9 forms, Certificate of Indian Blood, and parental consent forms and found the documents to be on file. Voided checks were examined for written justification, "void" stamp on the check, approval by the CSC, and verification by the Secretary/Treasurer (S/T). All void checks were on file and no exceptions were noted.

We found the Chapter had an approved budget in place for the Public Employment Program in the amount of ($14,692). The deficit amount was carried over from Fiscal Year 2024 to Fiscal Year 2025. The Chapter continues to process payroll checks although there is insufficient fund availability for the Public Employment Fund. As of April 30, 2025, the Public Employment Fund was in the deficit balance of ($22,122) and other funds with available fund balances such as Land Board, Summer Youth, Housing Discretionary, Scholarship Funds, Veterans, Emergency, Navajo Nation Supplemental 100,000, Navajo Nation 180,000 CIP, Agriculture Infrastructure, Unhealthy Food Tax, and Local Senior Advisory Council funds are covering the deficit balance for Fiscal Year 2025.

Although the Chapter implemented controls to verify payroll activity is recorded and documented, the Chapter approved payroll knowing that the Chapter was in a deficit. The Chapter did not review and analyze financial activity to assist in making responsible payroll decisions. Therefore, the audit issue is unresolved.

◆ 2025 STATUS	**Travel activities were not being calculated, tracked, or documented.** **NOT RESOLVED**

A sample of 12 travel reimbursements totaling $5,174 were examined and the following was noted:

Type of Exceptions	No. of Exceptions
Travel authorizations rates approved for mileage, meals, and lodging are not accurate based on authorized Navajo Nation rates.	2 of 12 (17%) = $671
Travel advances were more than 80% of total travel expenses.	4 of 9 (44%) = $965
Travel expenditures are not supported with expense report, trip report, lodging receipts, mileage report, and meals receipts.	7 of 12 (58%) = $4,182
Travel reimbursement was not accurately calculated based on documented, allowed rates, and within approved expenses.	8 of 12 (67%) = $4,357

Travel expenses exceeded the approved budget.	12 of 12 (100%) = $5,174
The Chapter did not segregate the roles of the CSC who become the preparer and/or approver for the FAF and posted expenditures in the accounting system.	8 of 12 (66%) = $3,370

The Chapter continued to process travel reimbursements although there were insufficient funds and there was a disregard in monitoring of approved budgets. As of April 30, 2025, travel budgeted had deficit balances within the budget line items for the following funds: 1) Chapter Activity for ($5,480), 2) LGA Grant for ($11,361), and 3) Sales Tax funds for ($9,433).

Overall, the travel expenditures were not properly approved and documented appropriately. The Chapter does not ensure sufficient fund availability when approving travel. The Chapter did not review and analyze the financial activity to assist in making responsible travel decisions. Therefore, the audit issue remains unresolved.

◆ 2025 STATUS	**Cash Disbursements were not properly supported by documentation, coded in accordance with the Chart of Accounts, and duties were segregated.** **NOT RESOLVED**

A sample of 20 cash disbursements totaling $8,804 were examined for this review and the following deficiencies were noted:

Type of Exceptions	No. of Exceptions
The fund approval form is not completed with Office Assistant signature as the preparer.	15 of 20 (75%) = $6,422
The fund approval form is not approved by CSC and chapter officials.	2 of 20 (10%) = $1,721
The fund approval form could not be verified because cash disbursement was not on file.	1 of 20 (5%) = $1,274
The cash disbursement was not supported with the original invoice or receipt.	1 of 20 (5%) = $200
The cash disbursements were not posted into the accounting system according to the chart of accounts.	6 of 20 (30%) = $3,133
Invoice(s)/receipt(s) does not match the approved purchase request. No written justification on file.	4 of 20 (20%) = $2,674
The checks for diesel purchases and incentive payment were processed without goods/services being delivered.	4 of 20 (20%) = $2,000
The CSC's role as check signer was not segregated from preparing and/or approving the FAF and posting the expenditure in the accounting system.	10 of 20 (50%) = $4,470

The chapter continued to process cash disbursements from 1) Chapter Activity for ($5,480), 2) Land Claims Trust for ($8,626), 3) LGA Grant for ($11,361) although there were insufficient funds. Furthermore, the Emergency Fund and Unhealthy Food Tax had insufficient budget line items for diesel and food. The Chapter did not review and analyze the financial activity to assist in making responsible purchasing decisions.

Overall, the cash disbursements were not properly supported by documentation, coded accordingly, and the roles and responsibilities of the CSC were not segregated. Therefore, the audit issue remains unresolved.

◆ 2025 STATUS	**Cash receipts were not deposited in a timely manner, did not always agree to supporting documentation, and were not coded correctly or fully reconciled.** **NOT RESOLVED**

A sample of 20 cash receipts totaling $629 were examined for this review. The following were noted in the cash receipt process:

- The CSC posted cash receipts according to the chart of accounts.
- The cash and money orders were recorded into the cash receipt book and were accurately posted to the accounting system.

However, there is no independent reviewer of CSC's work. The Monitoring Tool Forms for the months of October 2024 to January 2025 were not completed until March 2025. We could not confirm whether the March 2025 and April 2025 Monitoring Tool Forms were completed by the S/T since they were not on file.

A sample of two deposits totaling $5,034 were examined for this review. We found the Office Assistant completed the Cash & Coin Flow Deposit Form as a collector. The form is used to reconcile the cash and money orders where a witness and the depositor sign and date the form. A cash receipt ticket is issued when a deposit is made. The CSC receives the deposit receipt and posts it into the accounting system.

Nevertheless, the S/T was not completing the Monitoring Tool Form monthly to verify cash receipts, deposits, and reconciliation were accurate and completed in a timely manner by the CSC. Additionally, the CSC and officials did not ensure deposits were made on a weekly basis per Fiscal policies. The following discrepancies were noted for timely deposits:

- Cash Count Form, cash and deposit slip were not reviewed by a chapter official to detect discrepancies in a timely manner.
- Between September 2024 and January 2025, the CSC had cash on hand in the amount of $3,361.30 for approximately 100 days.
- Between February 2025 and March 2025, the CSC had cash on hand in the amount of $1,673.28 for approximately 33 days.

Overall, cash receipts were supported by documentation, coded correctly, and reconciled to the accounting system. However, the CSC did not make timely deposits and chapter officials did not ensure the CSC's work was reviewed to detect any discrepancies. Therefore, the audit issue remains unresolved.

◆ 2025 STATUS	**Other issues noted: Conflict of interest file, administrative expenses, donated items.** **NOT RESOLVED**

The previous audit provided other issues regarding conflict of interest, analysis of disbursements for management or administrative related activities, and donated coal was not recorded in the accounting system.

Conflict of Interest: A conflict of interest form was developed and files were implemented for the CSC and officials. However, the CSC did not provide justification for posting a check written to her brother, totaling $450 who provided septic services. The S/T signed the fund approval form and check totaling $125 for her aunt's stipend payment. Overall, the CSC and S/T did not reasonably ensure payments to relatives could be justified by removing themselves from the payment process.

Disbursements are management or administrative related:
Using the budget to actual financial statements, we identified deficit balances for the following funds for fiscal year 2024 (as of September 30, 2024) and fiscal year 2025 (as of April 30, 2025):

Funds	Balance of fund as of September 30, 2024	Balance of fund as of April 30 ,2025	Increase/Decrease
Chapter Activities Fund	($5,475)	($5,480)	Increase
Land Claims Fund	($11,981)	($8,626)	Decrease
Local Governance Act Grant Fund	($9,184)	($11,361)	Increase
Chapter Stipend Fund	$1,599	($2,019)	Increase
Public Employment Program Fund	($14,692)	($22,122)	Increase
Sales Tax Funds	($1,662)	($9,433)	Increase

The disbursements activities related to management or administrative, we found payroll for temporary employees and travel for the CSC, chapter officials and temporary workers to impact the deficit balances to the Public Employment Program Fund, Chapter Activities Fund, Local Governance Act Grant Fund, and Sales Tax fund. Overall, the CSC and officials did not confirm the budget for funds availability periodically to ensure appropriate and necessary purchase decisions were being made.

Donated coal:
For the review period, the Chapter distributed coal vouchers from the Navajo Transitional Energy Company to community membership. The coal vouchers were pre-numbered and a log was provided on who received vouchers with signatures. The coal donation would not necessarily need to be inputted into the accounting system since community members picked up the coal themselves. The Vouchers that were not issued out to community members were still on file.

Overall, the coal donations were documented with a log and the vouchers were pre-numbered. However, the Chapter did not provide reasonable assurance the conflict of interest was justified and avoided involvement from approving fund approval form and signing check for relatives. Furthermore, the budget and expenditure were not reviewed to ensure expenditure was necessary prior to approval. Therefore, the audit issue remains unresolved.