OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-up Review of the Tsayatoh Chapter Corrective Action Plan Implementation

Report No. 25-21
September 2025

Performed by:
Heinfeld, Meech & Co.

Office of the Auditor General
The Navajo Nation

Jeanine M. Jones, CFE, MFA
Auditor General

September 11, 2025

Ellen Young Thomas, President
TSAYATOH CHAPTER
P.O. Box 86
Mentmore, NM 87319

Dear Ms. Thomas:

The Office of the Auditor General herewith transmits audit report no. 25-21, a Follow-up Review of the Tsayatoh Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2018, the Office of the Auditor General performed an Internal Audit of the Tsayatoh Chapter and issued audit report 18-16. A corrective action plan (CAP) was developed by the Tsayatoh Chapter in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on July 2, 2019, per resolution no. BFJY-14-19.

OBJECTIVE AND SCOPE

The objective of the follow-up review is to determine whether the Tsayatoh Chapter fully implemented its CAP based on a six-month review period from October 1, 2024, to March 31, 2025.

SUMMARY

Of the 46 corrective measures, the Tsayatoh Chapter implemented 26 (57%) corrective measures, leaving 20 (43%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION

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

It has been seven years since the issuance of the initial audit report. Although the Chapter had an ample opportunity to implement the corrective action plan, we also recognize the Chapter has newly elected officials. Considering this, the Auditor General hereby grants the Tsayatoh Chapter a six-month extension from the date of this report to continue implementing its CAP. The Office of the Auditor General will conduct a 2nd follow-up review after March 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 Tsayatoh Chapter administration and officials for assisting in this follow-up review.

Sincerely,

Jeanine Jones, CFE, MFA
Auditor General

xc: Robert D. Yazzie, Vice-President
Lucy Antone, Secretary/Treasurer
Vacant, Community Services Coordinator
Lester Yazzie, Council Delegate
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September 11, 2025

Office of the Auditor General of the Navajo Nation
P.O. Box 708
Window Rock, AZ 86515

We have completed our engagement to perform a follow-up review of the Tsayatoh Chapter corrective action plan implementation and have provided the results in this report for your consideration. Our review consisted primarily of inquiries of Tsayatoh Chapter personnel and also the examination of documents provided by Tsayatoh Chapter personnel. The accompanying report includes the following:

- A table summarizing the number of audit issues that are resolved or not resolved
- Narrative explanations on the status of the corrective measures
- An overall conclusion on whether the Tsayatoh Chapter resolved issues and made improvements through the implementation of its corrective action plan

To the extent we have performed our review using data and information obtained from the Tsayatoh Chapter, we have relied upon such information to be accurate, and no assurances are intended, and no representation or warranties are made with respect thereto or the use made therein.

We would like to thank everyone at the Office of the Auditor General and the Tsayatoh Chapter for their assistance and cooperation.

Sincerely,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona

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Executive Summary

Background

In 2018, the Office of the Auditor General performed an Internal Audit of the Tsayatoh Chapter and audit report 18-16 was issued subsequently. A corrective action plan (CAP) was developed by the Tsayatoh Chapter in response to the audit. The audit report and CAP were approved by the Budget and Finance Committee on July 2, 2019 per resolution no. BFJY-14-19.

The Tsayatoh Chapter is a political subdivision of the Navajo Nation and is considered a general-purpose local government for reporting purposes. Navajo Nation Chapters are required to operate under Title 26 of the Navajo Nation code, the Local Governance Act.

The majority of the chapter resources are provided through appropriations from the Navajo Nation central government. These appropriations are intended to fund direct and indirect services at the local chapter level. The direct services funds are considered restricted funds with specific intended purposes. The Chapter also generates internal revenues from fees collected for providing miscellaneous services.

The Tsayatoh Chapter operates under the management of the Community Services Coordinator (CSC), This position was vacant during the time of the review. The CSC reports directly to the Chapter's officials. Currently, the Senior Program Project Specialist (SPPS) at the Administrative Services Center (ASC) office in Gallup New Mexico is the interim CSC. The Accounts Maintenance Specialist (AMS) was hired at the Chapter in August 2024.

HeinfeldMeech was awarded a proposal issued by the Office of the Auditor General of the Navajo Nation to conduct the follow-up review and issue a written follow-up review report. The Office of the Auditor General commenced with this follow-up review based on the Chapter's claim that it had implemented its corrective action plan.

Objective and Scope

The objective of the follow-up review is to determine the status of the corrective action plan implementation based on a 6-month review period of October 1, 2024 through March 31, 2025. The review consisted primarily of inquiries of Tsayatoh Chapter personnel and also the examination of documents and records provided by Tsayatoh Chapter.

HeinfeldMeech would like to express appreciation to Tsayatoh Chapter and ASC personnel for their cooperation and assistance through the performance of this review.

Summary

Tsayatoh Chapter did not fully implement the corrective action plan. As outlined in the *Review Results* section of this report, of the 46 *applicable* corrective measures identified in the corrective action plan, Tsayatoh Chapter implemented 26 (57%), with the remaining 20 (43%) not implemented.

Three corrective measures related to Finding 5 could not be assessed as financial assistance was no longer provided to veterans through the Chapter. The two corrective measures related to Finding 13 could not be assessed due to the Chapter no longer purchasing wood for resale.

Conclusion

The Tsayatoh Chapter did not fully implement its corrective action plan, and therefore, findings from the 2018 audit remain unresolved.

The Tsayatoh Chapter had opportunities to address the audit issues, however, staffing vacancies presented challenges. Therefore, HeinfeldMeech and the Auditor General agree to do the following:

- Grant the Tsayatoh Chapter a six-month extension from the date of this report to continue implementing its corrective action plan.
- Conduct a 2nd follow-up review six months after the date of this report and based on those results, provide an appropriate recommendation in accordance with 12 N.N.C Section 9 (b) and (c).

Review Results

Tsayatoh Chapter Corrective Action Plan Implementation
Review Period: October 1, 2024 to March 31, 2025

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	# of Corrective Measures Not Applicable	*Audit Issue Resolved?*	Review Details
1. Former Accounts Maintenance Specialist processed seventeen unauthorized payments to her children totaling $11,641.	4	4	0		Yes	Attachment A
2. Chapter travel was not properly approved, accurately calculated and clearly supported with appropriate documentation.	4	3	1		Yes	
3. Chapter paid vendors without proper approval and appropriate documentation.	2	2	0		Yes	
4. Individuals were compensated as a Chapter Secretary/Treasurer and as a Chapter employee at the same time.	4	4	0		Yes	
5. Chapter assistance was not supported with the appropriate documentation, awarded within the approved budget and used for its intended purpose.	11	7	1	3	Yes	
6. The Secretary/Treasurer was not preparing the Chapter meeting minutes.	2	2	0		Yes	
7. The Chapter filing system was in disarray and files were not secured.	6	2	4		No	Attachment B
8. Wages were paid to employees for hours they did not actually work.	3	0	3		No	
9. The Chapter did not maintain the appropriate documentation on file for each employee, and report new hires to the state.	3	0	3		No	
10. Capital assets were not reported on the balance sheet.	3	0	3		No	

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	# of Corrective Measures Not Applicable	*Audit Issue Resolved?*	Review Details
11. Property/equipment was not tagged, and pertinent information was missing on the inventory listing.	3	1	2		**No**	
12. The Chapter used the Emergency Fund to purchase wood without a Declaration of Emergency and did not document a community assessment of the distribution of wood.	4	1	3		**No**	
13. Chapter did not prepare a perpetual inventory record of wood for resale.	2	N/A	N/A	2	**Not applicable**	Attachment C
TOTAL:	**51**	26	20	5	**6 - Yes** **6 - No**	

Corrective Measure Evaluation Criteria

Implemented: Tsayatoh Chapter provided sufficient and appropriate evidence to support all elements of the implementation of the corrective measure.

Not Implemented: Tsayatoh Chapter did not provide evidence to support meaningful movement towards implementation, and/or where no evidence was provided.

Not Applicable: Tsayatoh Chapter has not engaged in this type of activity in recent years.

Attachment A

◆ 2025 STATUS	**Former Accounts Maintenance Specialist processed seventeen unauthorized payments to her children totaling $11,641.** **RESOLVED**

The Chapter collaborated with the Navajo Nation to hold the former AMS accountable for issuing unauthorized checks to her children. Documentation provided by the Chapter confirmed that a restitution check in the amount of $11,341 was received in December 2021. This is 97.4% of the $11,641 cited in the original finding.

During our review of 19 transactions totaling $14,574 to verify if authorized signers reviewed all required supporting documentation prior to co-signing checks, only one transaction in the amount of $176 was missing an invoice. Check stock was reviewed at the Chapter and no pre-signed checks were noted. Other than the missing invoice noted, it appears supporting documentation was reviewed by authorized signors before signing checks.

An MIP basic training was conducted over four days in 2024. During the review period, the Chapter identified that two $50 checks were cashed for $450 and $1,400, respectively. The ASC was kept informed as the Chapter worked through the process of getting the funds restored to their bank account. As of January 2025, the bank deposited the funds into the Chapter bank account. Following this incident, the Chapter implemented positive pay with Wells Fargo to enhance check security. Under this system, each issued check will be uploaded to the bank, and then will be cross-verified to details such as amount, vendor, and date. Any discrepancies will trigger a hold on payment, adding an extra layer of protection for the Chapter.

Based on our review, we consider the finding to be reasonably resolved.

◆ 2024 STATUS	**Chapter travel was not properly approved, accurately calculated and clearly supported with appropriate documentation.** **RESOLVED**

Six (6) travel reimbursements totaling $1,339 were reviewed. Only two minor items were noted: (1) a $.07 calculation error on a travel advance and (2) one reimbursement was not submitted within 10 days of return of travel as required.

The Chapter was unable to provide documentation that former staff were held liable for issuing unauthorized travel checks. It was noted that there has been a high degree of staff turnover since 2018, and documents on the matter could not be located. The Chapter should continue to follow-up on the unauthorized travel check issue noted in the internal audit.

Based on our review of recent Chapter travel, transactions appear to be approved, accurately calculated and supported. Overall, we consider the finding to be reasonably resolved.

◆ 2024 STATUS	**Chapter paid vendors without proper approval and appropriate documentation.** **RESOLVED**
During our review of 19 transactions totaling $14,574, only one transaction in the amount of $176 was missing an invoice. Based on our review, we consider the finding to be reasonably resolved.	

◆ 2025 STATUS	**Individuals were compensated as a Chapter Secretary/Treasurer and as a Chapter employee at the same time.** **RESOLVED**
We reviewed the general ledger activity during our period of review and the two years prior for instances of a Chapter employee also receiving pay as a Chapter official. No such instances were noted. Documentation was provided that restitution was deducted from the wages of the former Secretary/Treasurer in the amount of $2,167 noted in the original internal audit finding to remunerate the Chapter. Based on our review, we consider the finding to be resolved.	

◆ 2025 STATUS	**Chapter assistance was not supported with the appropriate documentation, awarded within the approved budget and used for its intended purpose.** **RESOLVED**
Housing Assistance – No housing assistance transactions were noted during the review period, so six transactions were reviewed from November 2023 to September 2024 totaling $4,652. Two (2) application packets did not include all required documentation. One was missing the application and one was missing the points system ranking signed by Chapter Administration. Veterans' Assistance - The Veterans' Fund was not utilized in fiscal year 2023, and funds were only used in fiscal years 2024 and 2025 for meeting supplies rather than assistance payments. Per discussion with the Senior Program Project Specialist/Interim CSC, all interested applicants for Veterans' assistance were directed to the Agency office in Crownpoint. Scholarship Assistance - Seven (7) scholarship assistance transactions were reviewed totaling $3,600 and all were supported by appropriate documentation, reviewed for budget, and presented to the community for approval. Overall, based on our review, we consider the finding to be reasonably resolved.	

◆ 2025 STATUS	**The Secretary/Treasurer was not preparing the Chapter meeting minutes.** **RESOLVED**
We reviewed all chapter meetings minutes for and stipends paid during the period of review. We were unable to determine the Chapter meeting minutes were submitted timely for one of 18 meetings reviewed. Because of this, we were unable to verify that three meeting stipends totaling $1,500 were processed after the Secretary/Treasurer submitted the minutes. However, based on our review, we consider the finding to be reasonably resolved.	

Attachment B

◆ 2025 STATUS	**The Chapter filing system was in disarray and files were not secured.** **NOT RESOLVED**
Evidence could not be provided to demonstrate that the Records Policies and Procedures were reviewed or followed in the years following the issuance of the internal audit report. More recently, the current AMS participated in an orientation training in August 2024 with other Chapters on the Five Management System. According to the training agenda, at least 45 minutes was devoted to the Records Policies and Procedures. The AMS only recently started creating an inventory of Chapter records in March 2025. The Chapter was unable to provide documentation that temporary employees received training on how to file Chapter documents. It was observed on site that the Chapter is maintaining and safeguarding Chapter records in a secure filing cabinet. However, despite this observation, several documents were not located upon request during the follow-up review as noted in this report. Based on review procedures and discussions with Chapter personnel, assurance that the corrective measures outlined were implemented was not provided. Therefore, the finding is not resolved.	

◆ 2025 STATUS	**Wages were paid to employees for hours they did not actually work.** **NOT RESOLVED**
Seventeen (17) temporary employee transactions were reviewed to determine if wages were paid for hours worked, appropriate reviews were completed by the CSC and AMS, and if proper reconciliations were performed as documented in the corrective action plan. The following was noted: • For one temporary employee transaction for $936, the AMS did not sign off that hours were verified on the timecard to the master timesheet. • For one temporary employee transaction reviewed for $936, the actual hours paid noted on the check stub was more than what was recorded in the general ledger by 4 hours. • In several instances, the hours worked per the timecard do not agree to the hours reported on the timesheet. This appears to be caused by rounding and resulted in a $55 underpayment to employees. Overall, based on the issues noted during the review, the finding is not resolved and the risk that employees may be paid improperly remains.	

◆ 2025 STATUS	**The Chapter did not maintain the appropriate documentation on file for each employee and report new hires to the state.** **NOT RESOLVED**

The State New Hire Form was not added to the Chapter's Employment Checklist as noted in the corrective measure.

All new hires (9) were examined during the review period to determine if a State New Hire Form was on file and if the new hire was reported to the state. Three (3) did not have a new hire or re-hire form on file, and no evidence of state reporting existed. Further, the Chapter President and Vice President indicated a lack of awareness that a review of new hire documentation and state reporting was required.

The corrective measures outlined were not resolved and the Chapter continues to be at risk of fines.

◆ 2025 STATUS	**Capital assets were not reported on the balance sheet.** **NOT RESOLVED**

The Chapter's General Fixed Assets Fund as of March 31, 2025 reported net capital assets of $887,875. The Senior Program Project Specialist/Interim CSC indicated access for the Chapter to view the General Fixed Asset Fund was deactivated to avoid confusion with Chapter officials. This fund includes long-term assets which are resources not available for day-to-day spending. As such, the balances do not represent funds the Chapter can allocate or appropriate for spending.

The property inventory provided by the Chapter did not include asset values and the Underwriting Exposure Summary Fiscal Year 2025 only included values for a few assets. While on site, a dual verification of the Chapter's asset inventory was performed by (1) selecting items from the inventory listing to locate on the premises and (2) identifying items on the premises to trace back to the inventory listing. The results of this review are as follows:

- One of five assets on the Chapter's premises (an oven) was not listed on the property inventory and was not tagged with a property control tag.
- Two of five items on the Chapter's premises (a heater and a copier) were not listed on the property inventory.
- Two of five items selected on the Chapter's premises (a safe and an APC battery backup) were included on the property control listing but had descriptions that did not properly identify the items.
- All five items selected from the inventory listing were located on the Chapter's premises.

Overall, based on the results of the review, the finding is not resolved. The capital asset balances on the Balance Sheet continue to be unsupported.

◆ 2025 STATUS	**Property/equipment was not tagged, and pertinent information was missing on the inventory listing.** **NOT RESOLVED**

The Chapter utilized a property control listing that includes property number, serial number, description, date of purchase, purchase amount, fund number, date of disposition, salvage value, and location. However, based on review of the most recent inventories performed on January 15, 2025 and March 31, 2025, the Chapter is not filling out all the required information on the property control listing.

This finding is not resolved, and in the event of a property loss, there continues to be a risk that the Chapter may not recover the loss, as the value of Chapter property cannot be substantiated.

◆ 2025 STATUS	**The Chapter used the Emergency Fund to purchase wood without a Declaration of Emergency, and did not document a community assessment or the distribution of wood.** **NOT RESOLVED**

The Emergency Response Plan is still in draft form and as a result, has not been approved by the community. Additionally, the Chapter has not yet developed a Community Assessment Form.

No Emergency Fund purchases were noted during the review period. Therefore, transactions were selected from fiscal years 2023 and 2024 for review. For all 12 Emergency Fund transactions totaling $26,947.71, there was a declaration of emergency in place on the Navajo Nation before the purchase was made. Additionally, for all 12 Emergency Fund transactions, the Chapter did not have an Emergency Response Plan to follow or Community Assessment Form to complete.

Until the Chapter develops and the Community approves an Emergency Response Plan and a Community Assessment Form, resources may continue to be utilized without regard to priority of need or emergency necessity. Therefore, this finding remains unresolved.

Attachment C

◆ 2025 STATUS	**Chapter did not prepare a perpetual inventory record of wood for resale.** **NOT APPLICABLE**
The Senior Program Project Specialist ASC/Interim CSC indicated the Chapter has not purchased wood for resale for several years. Chapter financial transactions were reviewed from October 1, 2022 through the end of the review period, and no local revenues for wood sales were identified. As a result, implementation of planned corrective measures could not be verified. The perpetual inventory controls outlined in the corrective action plan and the Fiscal Policies and Procedures over resale of inventory should be adhered to should the Chapter resume the resale of wood in the future.	