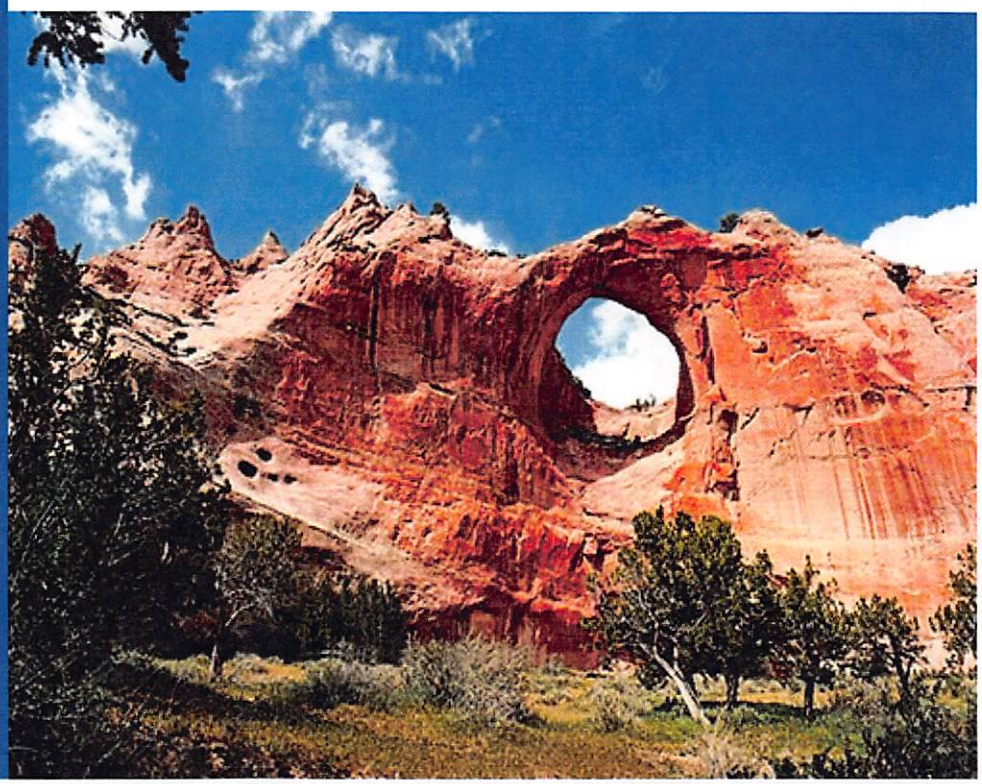
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

3rd Follow-Up Review of the Whitecone Chapter Corrective Action Plan Implementation



Report No. 26-06
March 2026

Performed by:
Judith Sam, Associate Auditor
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Office of the Auditor General
The Navajo Nation

Jeanine M. Jones, CFE, MFA
Auditor General

March 30, 2026

Dick Lester Jr., President
WHITECONE CHAPTER
28 North Highway 77 PMB 5120
Holbrook, Arizona 86025

Dear Mr. Lester:

The Office of the Auditor General (OAG) herewith transmits audit report no. 26-06, a 3rd Follow-up Review of the Whitecone Chapter Corrective Action Plan (CAP) Implementation.

BACKGROUND

In 2016, the OAG performed a Special Review of the Whitecone Chapter's Cash Receipts Activities and issued audit report no. 16-28. A CAP was developed by the Whitecone Chapter in response to the special review. The audit report and CAP were approved by the Budget and Finance Committee on March 7, 2017, per resolution no. BFMA-08-17.

In 2018, the OAG conducted a CAP follow-up review and issued report no. 19-04 that concluded Whitecone Chapter did not fully implement its CAP as 9 of 20 (45%) corrective measures were implemented to address the audit findings. On December 27, 2018, the Budget and Finance Committee approved, per resolution no. BFD-55-18, to impose sanctions on the Whitecone Chapter for failure to fully implement CAP.

In 2020, the OAG conducted a 2nd CAP follow-up review and issued report no. 20-11 concluded that the Whitecone Chapter did not fully implement its CAP with sanctions to remain for all chapter funds and official's stipends.

OBJECTIVE AND SCOPE

The objective of the 3rd follow-up review is to determine whether the Whitecone Chapter fully implemented its CAP based on a six-month review period of July 1, 2025, to December 31, 2025. Our review was based on inquiries, review of records and audit test work.

SUMMARY

Of the 17 corrective measures, the Whitecone Chapter implemented 8 (47%) corrective measures, leaving 9 (53%) not fully implemented. See attached Exhibit A for the detailed explanation of our review results.

CONCLUSION

Based on the review results and the risks that remain as a result of the non-implementation, the OAG concludes the sanctions shall remain imposed on the Chapter and its officials pursuant to 12 N.N.C. Sections (b) and (c). Once the Whitecone Chapter fully implements its CAP, all withheld funds will be released to the Chapter and the officials.

We thank the Whitecone Chapter staff and officials for assisting in this 3rd follow-up review.

Sincerely,

Jeanine Jones, CFE, MFA
Auditor General

xc: McKenzie Belin, Vice President
Lucille Dougi, Secretary/Treasurer
Jocelyn Hunzeker, Community Services Coordinator
Cherilyn Yazzie, Council Delegate
WHITECONE CHAPTER
Jaron Charley, Department Manager II
Eunice Begay, Senior Programs & Project Specialist
ADMINISTRATIVE SERVICE CENTER/DCD
Chrono

Exhibit A

REVIEW RESULTS
Whitecone Chapter Corrective Action Plan Implementation
Review Period: July 1, 2026 to December 31, 2026

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details
1. Large amounts of undeposited cash receipts (up to $7,454 during the period of our review) were maintained in the Chapter safe for as long as 8 days.	1	1	0	**Yes**	See Attachment A
2. Cash reconciliations of the cash received to the cash register receipts and to the posted cash receipts were not performed prior to deposit.	1	0	1	**No**	See Attachment B
3. The deposit log was incomplete in recording all deposits to the bank.	9	7	2	**No**	
4. Collected cash receipts were not recorded daily in the accounting system.	1	0	1	**No**	
5. An adjustment recorded in the accounting system decreasing cash receipts in the amount of $6,138.15 did not follow established policies and procedures.	4	0	4	**No**	
6. Former Community Services Coordinator had total control of the cash receipts.	1	0	1	**No**	
TOTAL:	**17**	**8**	**9**	**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.

Attachment A

◆ 2020 STATUS	**Issue 1: Large amounts of undeposited cash receipts (up to $7,454 during the period of our review) were maintained in the Chapter safe for as long as 8 days.** **RESOLVED**

In 2019 the Chapter obtained approval for a threshold of $2,000 for cash receipts to be maintained at the Chapter before a deposit is warranted. Currently, the Community Services Coordinator (CSC) and officials are working on rescinding the threshold of $2,000 and obtaining community approval for a threshold of $200 to be maintained at the Chapter. The CSC explained she is complying with the Five Management System cash receipts policies and procedures and is working towards a routine to make weekly deposits.

For the review period, 19 deposits totaling $4,532 were made and the deposits range from $77 to $462. The number of days between bank deposits ranged from 4 to 31 days. With the absence of a CSC between July 2025 and October 2025, the Secretary/Treasurer made deposits and trends show bi-weekly deposits except for a deposit held by the Chapter for 31 days in the amount of $299 in October 2025. From November 2025 to January 2026, the CSC made weekly to bi-weekly deposits ranging from $77 to $462. Although the CSC stated no more than $200 will be maintained at the Chapter and weekly deposits will be made, it will be upon the Dilkon Administrative Service Center (ASC) and officials to ensure the CSC complies with chapter policies. Therefore, the audit issue is reasonably resolved.

◆ 2020 STATUS	**Issue 2: Cash reconciliations of the cash received to the cash register receipts and to the posted cash receipts were not performed prior to deposit.** **NOT RESOLVED**

For the review, cash receipts from internally generated revenues totaled $3,293. We reviewed three of six months, totaling $1,069 and expanded the review period to January 2026, totaling $650 to confirm the reconciliation and monitoring of the CSC. Between July 2025 and October 2025 there was no CSC. The current CSC was hired in November 2025 and became permanent employee as of February 2026. The CSC had yet to obtain a username and password to access the accounting system and still working on familiarizing herself with the chapter operations during this review.

The Chapter collected revenues from activities such as trash disposal, xerox, fax, shower, heavy equipment rental, and facility rental/deposit fees. Cash receipt process is being implemented by the Chapter as follows:

- Cash receipts books are used to record cash collected.
- Cash collected are recorded on a cash receipt ticket and entered into the cash register at the end of the day.
- Cash receipts are posted into the accounting system.

However, the following control deficiencies were found with the cash receipt activities:

- Daily cash receipt tickets were not reconciled against the Z tape of the cash register.
- Z Tape of the cash register was not reconciled against the accounting system.
- Deposits were not reconciled against the daily cash receipts, Z Tape of the cash register and accounting system.
- Facility usage deposits collected from customers are not properly tracked using the cash receipt tickets and facility usage agreement.
- All cash collected is not posted in the accounting system by the Accounts Maintenance Specialist (AMS).
- ASC and Chapter officials did not monitor the overall cash receipts activities between July 2025 and October 2025 in the absence of a CSC.

In the absence of reconciliation and monitoring over the cash receipts, the Chapter cannot provide reasonable assurance if it fully accounts and reports all revenues generated by the Chapter. Therefore, the audit issue is unresolved.

◆ 2020 STATUS	**Issue 3: The deposit log was incomplete in recording all deposits to the bank.** **NOT RESOLVED**

The deposits are reconciled using the Revenue Deposit Sheet which were verified by the Secretary/Treasurer between July 2025 and October 2025, thereafter the CSC verified the bank deposits. For the four months reviewed, 10 deposits were identified totaling $2,438. The following control deficiencies were found with the bank deposits:

- The Chapter charges $100 for facility usage to a renter. There are discrepancies of deposits not reported on a cash receipt ticket and not posted in the accounting system by AMS. The Revenue Deposit Sheet did not report any discrepancies or variances, nor can it be traced to Facility Usage Agreement form.
- Depositor did not ensure all cash receipts were accounted for when signing off on the Revenue Deposit Sheet. The Secretary/Treasurer did not question a deposit made on October 20, 2025, which showed a variance of $45.58 between the deposit amount and cash receipt ticket numbers 43901, 43904 to 43911 from August 2025.

- Depositor did not sign off on the Revenue Deposit Sheet for a deposit made on September 4, 2025.

In the prior reviews, the Chapter has been collecting large amounts of cash receipts and for this review cash receipts have decreased as stated above deposits ranged from $77 to $462. Currently, the Chapter does not convert cash into money orders due to the Chapter making bi-weekly or weekly deposits when cash receipts reach $200. We found prior to the CSC coming onboard, deposits were made monthly and bi-weekly by the Secretary/Treasurer. CSC has started to make weekly deposits, and cash on hand continues to be safeguarded in the Chapter's safe.

There had been inconsistency in verification of deposits during the absence of the CSC, and the work of the AMS was not thoroughly monitored by the ASC and officials. As of February 2026, the CSC is implementing written justification memorandum with the AMS for variances identified when reconciling cash receipts reports against deposits. With the absence of controls, the Chapter cannot demonstrate consistency of verification and reconciliation of deposits. Therefore, the audit issue is unresolved.

◆ 2020 STATUS	**Issue 4: Collected cash receipts were not recorded daily in the accounting system.** **NOT RESOLVED**

The Chapter policies and procedures stipulate that all cash receipts collected will be recorded daily (i.e., same day). Using the same four months, a total of 317 cash receipts excluding Navajo Nation appropriations and Navajo Nation Sales Tax were examined for this review. The following tables show the number of days that elapsed before the cash receipts were posted to the accounting system.

Table 1
Posting Cash Receipts Without CSC

For the months of August, October, December 2025		
No. of Days to Post	No. of Cash Receipts Entered	Amount Exclude Taxes
0 to 1	23	$79.76
2 to 10	55	$247.78
11 to 19	71	$276.35
21 to 23	23	$112.86
38 to 39	11	$44.00
41 to 45	29	$167.25
93 to 116	8	$87.50
Total:	**220**	**$1,015.50**

Of 220 cash receipts, 23 (or 10%) were posted on the same day. However, the remaining 197 (or 90%) cash receipts were posted between two and 116 days after the collection of cash receipts.

Table 2
Posting of Cash Receipt With CSC

For the month of January 2026		
No. of Days to Post	No. of Cash Receipt Entered	Amount Exclude Taxes
0 to 1	33	$275.17
2	6	$17.50
3	5	$30.00
4	15	$76.40
7	6	$20.00
8	3	$17.50
9	11	$62.45
10	4	$14.71
11	14	$102.50
Total:	**97**	**$616.23**

Of 97 cash receipts, 33 (or 34%) were posted on the same day. However, the remaining 64 (or 66%) were posted between two and 11 days after the collection of cash receipts. The AMS is providing cash receipts reports to the CSC as of February 2025 since the CSC has yet to obtain access to the accounting system.

The risk that unposted cash receipts could be stolen and go undetected still exists. Therefore, the audit issue is unresolved.

◆ 2020 STATUS	**Issue 5: An adjustment recorded in the accounting system decreasing cash receipts in the amount of $6,138.15 did not follow established policies and procedures.** **NOT RESOLVED**

For the audit period, the Chapter did not post cash receipt adjustments to the accounting system. However, cash receipts records show the AMS is not posting revenues in a timely manner. The following discrepancies or variances were not detected by the Chapter officials and ASC:

- Cash receipts were found to be out of sequence for August 2025. Cash receipt ticket numbers 43901 and 43904 to 43911, totaling $45.58 were recorded with dates of August 20, 2025, and August 21, 2025 on the cash receipt tickets. As of October 2, 2025 the cash receipt tickets were posted with dates of September 20, 2025, and September 21, 2025 in the accounting system. This caused a deposit variance for August 2025 and was not detected by the depositor.
- With the facility usage application found to be incomplete by the renter(s) and chapter staff, it is hard to trace what occurred with the facility usage deposit(s). There is no documentation of when deposits were collected and returned to the renter(s). The accounting system at times posted only $50 rather than $100 for facility usage and deposit.
- The balance sheet as of January 26, 2026, shows GL code 2120 deposits in the amount of $1,502.48 which are deposits collected from customers for the rental of the facility. It does not appear the Chapter is ensuring the accounting system is adjusted appropriately when deposits are given back to customers or withheld.
- The balance sheet as of January 26, 2026, shows GL 2029 Navajo Nation Sales Tax Payable in the amount of $1,164 which are Navajo Nation sales tax collected from internally generated revenues that have not been expensed to pay the Navajo Nation Tax Commission.

The CSC should collaborate with the ASC to mitigate the issues of posting all revenues are posted when revenues are received, timely posting revenues, and GL codes 2120 and 2029 are adjusted with established policies and procedures. Therefore, the audit issue is unresolved.

◆ 2020 STATUS	**Issue 6: Former Community Services Coordinator had total control of the cash receipts.** **NOT RESOLVED**

To avoid any total control over a process, duties within the process need to be segregated to ensure proper checks and balances. The following discrepancies were found within the segregation of duties:

- With the absence of the CSC, there was no clear documentation on whether the AMS work was reviewed, verified and reconciled by ASC and Chapter officials to account for all cash receipts.
- Secretary/Treasurer did not detect the variances of cash receipts when making deposits.
- CSC does not have access to the accounting system to properly review cash receipts reports. The AMS is providing cash receipts reports to the CSC as of February 2026.
- Secretary/Treasurer does not report the Income Statement which discloses the revenues and expenditures to community membership.

The Chapter should require the CSC to obtain access to the accounting system to properly monitor the financial activities and review the work of the AMS. We encourage the CSC to continue to work with the cash receipt policies and procedures to implement the segregation of duties.

Without effective segregation of duties over cash receipts, the Chapter cannot provide assurance it fully accounts for its cash receipts. Therefore, the audit issue is unresolved.