

## SUMMARY

The Office of the Auditor General has conducted a special review of the \$1.5 million Navajo Rehabilitation Trust Fund allocated for the construction of replacement homes for 48 Navajo families living in the Hopi Partitioned Land (HPL). This special review is in response to a request from the Navajo Hopi Land Commission to evaluate the Commission Office and Housing Services performance in constructing the replacement homes.

### **Finding I: The HPL housing construction project was poorly managed.**

Project management was weak: An initial project plan and a construction schedule were not established. As a result, the Commission Office and Housing Services did not detect and evaluate potential construction delays that hindered the timely completion of the project. More than 22 months have passed since the anticipated completion date of May 1999, but the HPL housing project remains incomplete although the entire \$1.5 million Navajo Rehabilitation Trust Fund appropriation has been fully expended. Also, poor project planning resulted in the loss of \$114,000 housing materials delivered to six home sites that were not construction ready. The materials are now weather damaged or stolen.

Financial management was inadequate: The Commission Office did not consider the isolation and rugged terrain of the home sites in developing the budget. Housing Services accepted the budget as sufficient without verifying whether the budget met the total cost of the project. In addition, neither the Commission Office nor Housing Services established a job costing system. As a result, individual house construction expenditures were not tracked or monitored to control costs. Consequently, the HPL project is incomplete and over budget by \$186,841 (12%).

Housing project remains incomplete: Only ten of the 48 families designated to receive houses have moved into their houses, although their houses still require some additional work. Many of the remaining houses require substantial work before they are completed. Six recipients received only the housing materials which are now damaged or stolen. As a result, the Navajo Nation's commitment to provide homes to 48 Navajo families living in HPL is far from being met.

### **Finding II: Housing Services' labor cost records and percentage of construction completion are not reliable.**

Incomplete labor records: Housing Services did not maintain complete records of the workers' time reports on HPL project. As a result, Housing Services cannot provide reasonable assurance that all the workers paid from the Navajo Rehabilitation Trust Fund only worked on the construction of the 48 replacement homes.

Conflicting percentage of completion: Housing Services records and housing recipients' statements conflict as to percentage of completion. Housing Services represents that 33 houses are 100 percent completed. However, Housing Services cannot reliably support its percentage of completion. Since Housing Services lacks documentation, housing recipients who cited specific problems in their housing construction have provided a more reliable percentage of completion.

Overall, the Commission Office and Housing Services need to address the deficiencies reported in this special review to enhance their effectiveness and improve their efficiency in delivering services to the Navajo families living in HPL.