

## **SUMMARY**

The Office of the Auditor General conducted a performance audit of the Navajo Times, a department within the Division of Economic Development (DED). The Navajo Times operates exclusively on revenues generated from its operations. This performance audit focused on the Navajo Times internal control over its sales and accounts receivable. The audit also assessed the adequacy of the current accounting system of the Navajo Times.

### **Finding I: Collection of Circulation Revenues Needs Improvement.**

Most of the Navajo Times revenues are from newspaper circulation. However, controls over the collection of circulation revenues are inadequate. Each week carriers deliver the newspapers, collect revenues and submit their collections to the Navajo Times. However, the Navajo Times was not consistently verifying that all revenue collections were turned in by the carriers. Although carriers submitted all money orders and checks, several carriers kept the cash portion of the revenue collections. In addition, Navajo Times is not depositing collections with the Office of the Controller-Cashiers Section in a timely manner.

### **Finding II: Controls Over Accounts Receivable Needs to be Improved.**

The Navajo Times circulation accounts receivable were not monitored to ensure collections. Navajo Times customers who purchase newspapers by credit are not monitored to ensure accounts are fully paid. In addition, credit is extended to customers ordering display advertising services without any assurance that only customers who are likely to pay are granted credit. Also, the Navajo Times does not have any procedures for collecting accounts. As a result, the Navajo Times has numerous invoices over 120 days that are outstanding. Our review of the advertising accounts receivable aging schedule also revealed that the schedule was inaccurate and unreliable.

### **Finding III: The Navajo Times Current Accounting System is not Adequate.**

The Navajo Times current accounting system consists of recording only the cash receipts and billing display advertising customers. The Navajo Times does not track expenditures and its budget. As a result, Navajo Times does not generate financial reports of its revenues, expenditures and budget. The Navajo Times uses an accounting software capable of several functions. However, the Navajo Times staff only uses the billing function to bill advertising customers. The software is not used to bill circulation or subscription customers.