

SUMMARY

The Navajo Nation Office of the Auditor General (OAG) conducted a supplemental follow-up review on the status of the Navajo Nation Parks and Recreation Department Special Events Office (formerly the Fair Office) 4th of July Celebration implementation of its corrective action plan regarding audit report no. 01-15. On November 03, 2008, the Budget and Finance Committee (BFC) was presented audit report 08-25, which is the initial follow-up review report of the Parks and Recreation Department 4th of July Celebration corrective action plan implementation. OAG found 6 of 7 corrective measures were not implemented that left the two findings unresolved. OAG therefore recommended sanctions against the Parks and Recreation Department and its Department manager in accordance with 12 N.N.C., § 9(B) and 9(C). BFC approved to impose sanctions on December 16, 2008 per resolution no. BFD-29-08.

This supplemental follow-up review focused on determining whether Parks and Recreation Department Special Events Office has fully implemented its corrective action plan to resolve the audit findings. The supplemental follow-up review found:

Finding I: The finding is resolved.

- 5 of 5 corrective measures have been implemented.

Finding II: The finding is resolved.

- 1 of 1 corrective measure has been implemented.

Other Issues:

In holding the 4th of July Celebration, the Special Events Office incurred net losses of \$250,796 and \$265,805 in fiscal years 2008 and 2009, respectively (see Exhibit A). The recurring net losses show the 4th of July Celebration is not a "self-sustaining" event and needs to be subsidized by the Parks and Recreation Department Enterprise Fund. We recommend the Parks and Recreation Department to insure expenses are aligned to revenues so as to avoid incurring losses in holding the 4th of July Celebration.

Overall, the Navajo Nation Parks and Recreation Department Special Events Office has fully implemented its corrective action plan. The Special Events Office implemented all six corrective measures. As a result, the two findings presented in audit report no. 01-15 are resolved. The Parks and Recreation Department Special Events Office made improvements to controls over admissions into the event and accounting of revenues. Therefore, the Office of the Auditor General notified the Navajo Nation Office of the Controller to discontinue the withholding of funding allocated to Navajo Parks and Recreation Department and release all withheld funds to the program and the withheld salary of the Navajo Parks and Recreation Department manager pursuant to Title 12 N.N.C. § 9(B) and 9(C) and BFC resolution no. BFD-29-08.