

SUMMARY

The Office of the Auditor General conducted a special review of the Navajo Nation Parks and Recreation Department. This special review was conducted because of concerns regarding the administration of the Parks and Recreation Enterprise Fund (Parks Enterprise Fund) and the accuracy of revenues received from the Monument Valley Tribal Park.

FINDING I: Lack of Controls over Accounting of Revenues

The Parks and Recreation Department does not verify the accuracy of payments from Monument Valley Tribal Park (MVTP) Concessionaire. Our compilations of the MVTP Concessionaire payments revealed underpayments of \$13,606, which the Parks and Recreation Department did not detect. Although the MVTP Concessionaire promptly paid the amounts in arrears, the lack of verifying payments poses a risk that underpayments may occur in the future and go undetected by the Parks and Recreation Department. In addition, cash revenues are not properly safeguarded and timely deposited. MVTP employees waited 12 days before depositing the cash revenues that accumulated over \$73,000. Cash is susceptible to theft, which can easily occur when large amounts of cash are left on-hand because deposits are not made on a regular basis. Furthermore, programs that operate under an enterprise fund requires the programs to cover the full cost of operations from the revenues collected and not require any annual appropriations from the Navajo Nation General Fund. The Parks and Recreation Department continually received Navajo Nation General Fund appropriations although its enterprise fund generated enough revenue from park operations to be self-sufficient.

FINDING II : Financial Controls over Expenses are Weak

The Parks and Recreation Department does not properly classify expenses. Although beginning March 2008, the 4th of July Celebration and Navajo Nation Fair events have their own enterprise funds, \$538,314 of 4th of July Celebration and Navajo Nation Fair expenses were still recorded to the Parks Enterprise Fund. The misclassification of expenses portrays inaccurate operating results of the three enterprise funds. In addition, the Parks and Recreation Department's record keeping is poor. Contract folders contained duplicate copies of records, but lacked the essential information to support the expenses. Vendor files lacked quotes and invoices to support the propriety of expenses. Also, improvements of park infrastructures and facilities are not a spending priority by the Parks and Recreation Department. Exclusive of the \$5.0 million Monument Valley Development Project, in fiscal year 2008, the Parks and Recreation Department expended only \$18,000 for an office trailer at the Four Corners Monument Tribal Park. This facility improvement is less than 1% of total operating expenses. In contrast, the Parks and Recreation Department expended more than \$600,000 from the Parks Enterprise Fund to support the production of the 2008 4th of July Celebration and Navajo Nation Fair. Furthermore, funds were allocated contrary to established regulations. The Parks and Recreation Department did not obtain oversight committee approval in allocating \$500,000 for the Monument Valley Development Project.

In addition to the two findings summarized above, the audit report contains recommendations for improving the administration of the Parks Enterprise Fund.