

SUMMARY

The Office of the Auditor General has conducted a special review of the 2008 and 2009 Navajo Nation Fair events managed by the Navajo Nation Parks and Recreation Department-Special Events Section. This special review provides the financial results of the 2008 and 2009 Fair events.

FINDING I: The 2008 and 2009 Fair Incurred Combined Losses of More than \$400,000

The 2008 and 2009 Navajo Nation Fair generated \$2.42 million in revenues; however, expenses totaled \$2.83 million. As a result, the Fair incurred losses of more than \$400,000 over the two year period. This indicates the Department was unable to efficiently produce the Fair with the resources provided to prevent or minimize losses. In addition, Navajo Nation departments and programs contributed \$966,000 (34% of total expenses) to pay the \$2.83 million cost incurred during the 2008 and 2009 Navajo Nation Fair.

FINDING II: Lack of Controls over Revenues and Expenses

In 2008, due to lack of controls over revenues, tickets sold on credit were not fully collected. The uncollected receivables led to the loss of approximately \$36,000 revenue during the 2008 Fair. In addition, the Department could not account for the \$5,000 cash intended to be deposited. During the 2009 Fair, the Department made significant improvements in implementing controls over revenues. Receivables were eliminated and payments were made by checks rather than cash. However, controls over expenses remain deficient. Cost/benefit analysis before hosting a Fair event was not performed that contributed to a two year loss of approximately \$55,000. In addition, expenses were not properly classified that led to unreliable reporting of expenses. Furthermore, the Department paid exempt employees additional compensation for working at the Fair.

FINDING III: Fairground Facilities Need Improvements

Capital improvement of the Fairground facilities that requires a major investment by the Navajo Nation was not made a priority. Two separate inspections of the Fairgrounds in 2008 and 2009 revealed numerous problems that posed health risks to Fair patrons. However, despite these inspection reports, no real improvements have been made. In the absence of major capital improvements, there is no assurance the Fairground is safe for its patrons.

FINDING IV: Exceptional Rodeo bank account was opened using the Navajo Nation's tax employer identification number

The Exceptional Rodeo bank account was opened using the Navajo Nation's tax employer identification number. However, the bank account signers were not authorized. The Department manager and Exceptional Rodeo representative stated they were not informed on the authorized signatory requirement in opening the bank account. Our review of the bank account activities for the four year period found \$7,982 of withdrawals that could not be verified as expended for the Exceptional Rodeo.