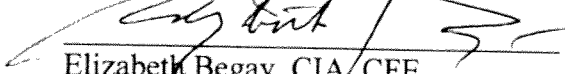


MEMORANDUM

TO: Dr. Elmer Guy, President
NAVAJO TECHNICAL COLLEGE

FROM: 
Elizabeth Begay, CIA, CFE
Acting Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE: September 10, 2010

SUBJECT: Response to the request for a supplemental follow-up review

The Office of the Auditor General (OAG) received documents that the Navajo Technical College (NTC) submitted to our office to show NTC is prepared for a revisit by our office to evaluate its progress in fully implementing its corrective action plan. In response to the receipt of the documents, we conducted a preliminary review to verify the reliability of the documents to determine whether to proceed with the additional supplemental follow-up review. However, our review found NTC is not sufficiently prepared for our supplemental follow-up review. Listed below are the deficiencies found with the documents provided by NTC:

1. *The NTC Business Office has not provided general ledger detail reports for the animal hospital and cafeteria for June 1 to August 31, 2010. According to the NTC corrective action plan, NTC will reconcile all cash receipts to money received and on hand, and turned in to the Business Office. Since there are no general ledger detail reports, there is no assurance the cash receipts have been remitted and reconciled by the Business Office.*
2. *The NTC animal hospital has a cash receipts summary for June 1 to August 31, 2010, however NTC has not summarized all animal hospital grants, revenue, and expenses. NTC will account for the animal hospital as a self-supporting activity that will generate adequate revenue to pay for its expenses. NTC is still in the process of matching revenue and expenditures related to the animal hospital.*

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3. Elk Program. NTC is still in litigation regarding the elk per the NTC attorney as of September 3, 2010. According to the NTC corrective action plan, NTC will develop and implement a plan for the sale of products associated with the elk management program, payment of indebtedness, and resolution of any fiscal issues. In addition, the President will evaluate the elk management program, including a full inventory, source documents regarding financial transactions, and estimates of the fair market value of those assets. NTC cannot implement its corrective actions until the litigation over the elk is resolved.

Other issues material to this supplemental review are:

On August 26, 2010, NTC's independent auditor issued a Disclaimer for the fiscal year ended May 31, 2009. According to the independent auditor, NTC was not able to provide complete support for its revenue and expenses, therefore the independent auditor was unable to express an opinion on NTC's financial statements. The independent auditor cited numerous internal control deficiencies on NTC's operation.

Overall, NTC has incomplete and insufficient documentation. This shows NTC has not fully implemented its corrective action plan. Therefore, we cannot proceed in conducting a follow up review at this time. We encourage you to continue your efforts to address the deficiencies reported in the audit of NTC. In the mean time, we will inform the Budget and Finance Committee that NTC was not prepared for a supplemental follow up review at this time.

If you have any questions, please call Alfreda L. Lee or myself at (928) 871-6303/r.

xc: Lorenzo Bates, Chairperson

BUDGET AND FINANCE COMMITTEE

Andy Ayze, Chairperson

EDUCATION COMMITTEE

Tom Platero, Chairperson

NAVAJO TECHNICAL COLLEGE BOARD OF DIRECTORS

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