

## SUMMARY

The Office of the Auditor General has conducted a performance audit of the Navajo Division of Transportation (NDOT) in managing the Navajo Nation Road Fund. The audit focuses on how effectively NDOT administers the Road Fund for road projects and road maintenance services.

### **FINDING I: NDOT needs improvement in managing Road Fund projects**

There have been no new road projects since 2008 and NDOT lacks a defined project management system which contributes to the outstanding projects since 2003. We noted the following issues with Road Fund projects:

- NDOT has not implemented the Road Fund project selection process since 2008
- Project selection process needs improvement
- No documents to verify compliance with Road Fund project selection requirements
- Road Fund parking lot projects are not a typical road project
- Routine maintenance work characterized as road project is questionable
- NDOT lacks a well defined project management system
- NDOT website does not provide pertinent project information
- Road Fund performance results for completed road projects were inflated
- NDOT will take a minimum of 5 more years to complete outstanding road projects
- No feasibility study to justify NDOT proposal to use the Road Fund only for road maintenance

### **FINDING II: Road Fund maintenance services lack accountability**

Road Fund expenditures for road maintenance totaled \$25 million over 10-year period but NDOT lacks a defined work order system to control expenses or to readily determine cost of services. We noted the following issues with Road Fund maintenance services:

- NDOT lacks key documents to govern its Road Fund maintenance services
- NDOT lacks a defined work order process for road maintenance services
- Reporting of road maintenance services is incomplete
- Poor accountability of fuel usage for heavy equipment
- Real-time tracking system of NDOT heavy equipment has limitations
- Actual performance results for road maintenance services are questionable

### **FINDING III: Road Fund expenditures cannot be justified**

Overall Road Fund expenditures over 10-year period totaled \$74 million but NDOT cannot justify certain expenditures. We noted the following with Road Fund expenditures:

- Fixed assets purchased with the Road Fund are not properly accounted for
- Property purchased with the Road Fund are not tagged and inventoried
- \$4.6 million of Road Fund used for inventory management system cannot be fully justified
- \$500,000 of Road Fund was used for a task management system that is dormant
- Road Fund was used to subsidize maintenance services under federal contract