

**OFFICE OF THE AUDITOR GENERAL**

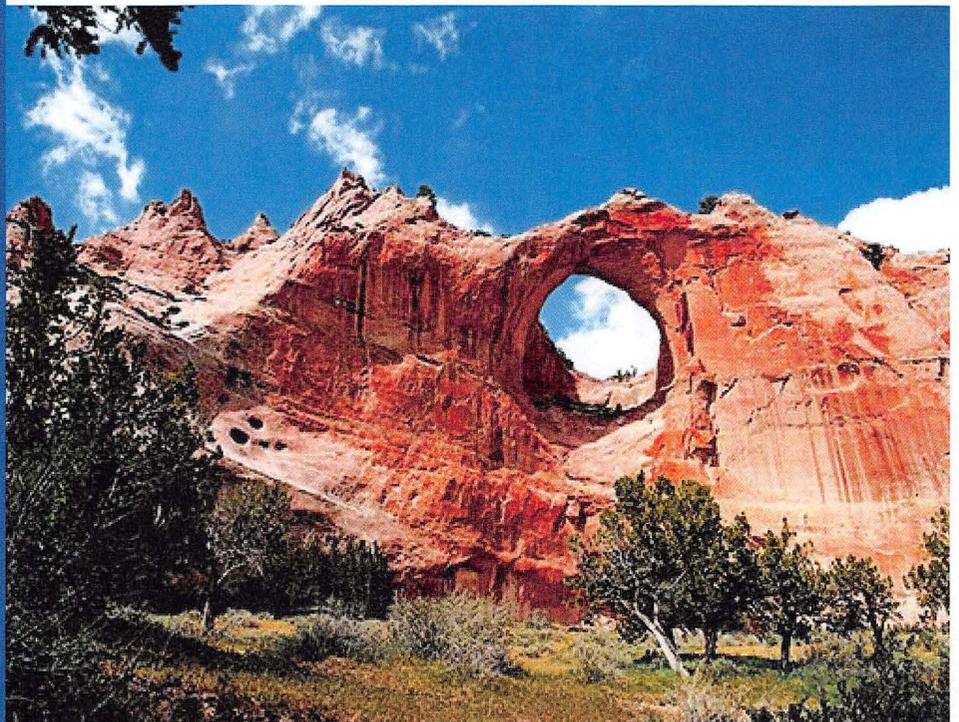
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**The Navajo Nation**

**A Follow Up Review  
of the  
Navajo Parks and Recreation Department  
Corrective Action Plan Implementation**

**Report No. 18-24  
April 2018**

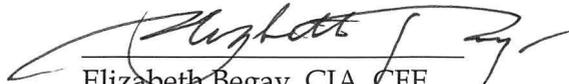
**Performed by:  
Beverly Tom, Senior Auditor  
Effie Edsitty, Auditor**





**M-E-M-O-R-A-N-D-U-M**

**TO :** Martin Begaye, Department Manager  
**NAVAJO PARKS AND RECREATION DEPARTMENT**

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

**DATE :** April 30, 2018

**SUBJECT :** Audit Report No. 18-24, a Follow-up Review of the Navajo Parks and Recreation Department Corrective Action Plan Implementation

BACKGROUND

In 2009, the Office of the Auditor General performed a special review of the Navajo Parks and Recreation Department. This follow-up report provides information on the Department's progress in addressing the prior audit findings.

OBJECTIVE AND SCOPE

The objective of this review is to determine the status of the corrective action plan implementation based on a 12-month review period of October 1, 2016 to September 30, 2017. Our review was based on inquiries, review of records and audit test work.

SUMMARY

The Navajo Parks and Recreation Department did not resolve all prior audit findings. Of 31 corrective measures, the Navajo Parks and Recreation Department implemented 13 (42%) corrective measure, leaving 18 (58%) not implemented. See attached Exhibit A for the detailed explanation of the follow-up results.

CONCLUSION

Based on the review results, the Office of the Auditor General recommends that sanctions be imposed on the Department and its Department Manager pursuant to 12 N.N.C. Sections (b) and (c). Once the Navajo Parks and Recreation Department fully implements its corrective action plan, all withheld funds will be released to the Department and the Department Manager.

In conclusion, we wish to thank the Navajo Parks and Recreation Department for assisting in this follow-up review.

xc: Bidtah Becker, Executive Director  
**DIVISION OF NATURAL RESOURCES**  
Clara Pratte, Chief of Staff  
**OFFICE OF PRESIDENT/VICE PRESIDENT**  
Chrono

**REVIEW RESULTS**  
**Parks and Recreation Department Corrective Action Plan Implementation**  
**Review Period: October 01, 2016 to September 30, 2017**

<b>Audit Issues</b>	<b>Total of Corrective Measures</b>	<b># of Corrective Measures Implemented</b>	<b># of Corrective Measures Not Implemented</b>	<b>Audit Issue Resolved?</b>	<b>Review Details</b>
1. Monument Valley Tribal Park concessionaire payments are not verified.	3	3	0	Yes	Attachment A
2. The Department does not ensure proper recognition of revenues.	2	2	0	Yes	
3. The Department does not warrant receiving General Fund Appropriations.	2	2	0	Yes	
4. Allocation of \$500,000 was made contrary to established regulations.	1	1	0	Yes	
5. Imprudent travel expenses.	2	2	0	Yes	
6. Cash revenues are not properly safeguarded and timely deposited.	9	1	8	No	Attachment B
7. The Department does not properly classify expenses.	4	1	3	No	
8. Record keeping is poor.	4	0	4	No	
9. Improving parks infrastructure and facilities is not a priority.	4	1	3	No	
<b>TOTAL:</b>	<b>31</b>	<b>13</b>	<b>18</b>	<b>5-Yes 4-No</b>	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the department provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

◆ 2018 STATUS	<b>Issue 1: Monument Valley Tribal Park concessionaire payments are not verified.</b> <b>RESOLVED</b>
For fiscal year 2017, the Monument Valley Tribal Park concessionaire payments totaled \$957,158. The department worked with the Cashier's office to implement a process that allows for a proper review of cash receipt documents for the concessionaire payments and detect underpayments in a timely manner.	
◆ 2018 STATUS	<b>Issue 2: The Department does not ensure proper recognition of revenues.</b> <b>RESOLVED</b>
The Parks and Recreation Department reviews and reconciles the revenues posted to the enterprise funds established for the tribal parks and fairs. This ensures revenues are properly classified and recognized in the correct funds.	
◆ 2018 STATUS	<b>Issue 3: The Parks and Recreation Department does not warrant receiving Navajo Nation General Fund Appropriations.</b> <b>RESOLVED</b>
Since fiscal year 2015, the department has not received any general fund appropriations and relies on its park enterprise fund to fully fund the department's personnel and operations.	
◆ 2018 STATUS	<b>Issue 4: Allocation of \$500,000 was made contrary to established regulations.</b> <b>RESOLVED</b>
With the recent allocation of \$3.3 million from the Hotel Occupancy Tax Fund, the department complied with established regulations in receiving the allocation. Therefore, the department is able to provide assurance the allocation was properly reviewed and approved.	
◆ 2018 STATUS	<b>Issue 5: Imprudent travel expenses.</b> <b>RESOLVED</b>
For the audit period, we examined 15 of 97 travel authorization totaling \$4,462 and verified that the Parks and Recreation Department travelers are complying with travel policies and procedures. In addition, the department's off-reservation travel was reduced significantly.	

◆ 2018 STATUS	<b>Issue 6: Cash revenues are not properly safeguarded and timely deposited. NOT RESOLVED</b>
<p>The Monument Valley Tribal Park has not revised its cash receipt policies and procedures since 2008. Therefore, current procedures are inconsistent with written procedures and staff duties for cash activities are not properly segregated. We examined a sample of 63 money bags for the audit period and we noted the following: a) 21 money bags (66%) totaling \$110,890 showed cash shortages totaling \$5,659 and b) 29 money bags (46%) totaling \$126,832 took between 2 to 6 days to be deposited at the nearest bank. Although a night deposit service was established for the tribal park, the service is used inconsistently. This would explain the \$29,253 in cash revenues found on hand in a safe during our site visit. The lack of incident reporting and monitoring also does not ensure cash shortages and deposit delays are properly justified. Furthermore, the security cameras intended to detect mishandling of cash are not placed to visually show the cash handling during cash counts, shift changes, safe drops, reconciliation and depositing. Since management did not implement the corrective actions, this issue it still deemed high risk for the Navajo Parks and Recreation Department.</p>	
◆ 2018 STATUS	<b>Issue 7: The Navajo Parks and Recreation Department does not properly classify expenses. NOT RESOLVED</b>
<p>Staff authorized to incur expenses are circumventing established processes and the department's accounting section is unable to ensure all department expenses are classified and posted to the proper accounts. Records showed that \$83,318 in expenses incurred for the 2017 4<sup>th</sup> of July Celebration and Navajo Nation Fair were expensed to the Parks Enterprise fund rather than to the respective enterprises funds established for these fairs. The department's accounting section created internal ledgers to track the expenses but these ledgers were unreliable because they were not kept current and were not routinely reconciled to the Financial Management Information System. Since management did not fully implement the corrective measures, the department continues to provide inaccurate expense reports.</p>	
◆ 2018 STATUS	<b>Issue 8: Record keeping is poor. NOT RESOLVED</b>
<p>The Navajo Parks and Recreation Department developed a records management handbook but did not establish a records management section. Rather, individual staff continues to maintain their own files at their respective workstations that resulted in duplicate records or incomplete files. Although there is sufficient support staff that can maintain records, no real progress has been made to improve recordkeeping. There is no secure area to store sensitive records and no periodic inspection of department files to ensure they are complete, stamped, classified, filed and safeguarded. Since management has not addressed this audit issue with appropriate corrective action, the risks associated with poor recordkeeping still exist.</p>	
◆ 2018 STATUS	<b>Issue 9: Improving parks infrastructure and facilities is not a priority. NOT RESOLVED</b>
<p>The fiscal year 2017 operating budget for the Navajo Parks and Recreation Department was \$5.5 million. Of this amount, only 6% (\$314,082) was earmarked for capital outlay. These funds were expended for vehicles totaling \$173,750 and equipment totaling \$33,185. There were other repairs and maintenance expenses totaling \$82,398 for contractors and vendors but the department's</p>	

internal accounting ledgers could not explain which tribal park incurred the expenses and for what purpose. Lastly, the department was approved \$3.3 million from the Hotel Occupancy Tax Fund for capital projects in fiscal year 2017 but to date, these funds have not been expended. Overall, management has not resolved this issue and improving park infrastructure and facilities continues to lag in department priorities.