

RESOLUTION OF THE
BUDGET AND FINANCE COMMITTEE
OF THE NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL - Fourth Year, 2018

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE
COMMITTEES; ACCEPTING THE FOLLOW-UP REVIEW OF THE NAVAJO PARKS
AND RECREATION DEPARTMENT CORRECTIVE ACTION PLAN
IMPLEMENTATION; IMPOSING SANCTIONS FOR NOT IMPLEMENTING THE
CORRECTIVE ACTION PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee serves as the oversight committee for the Division of Natural Resources. The Navajo Department of Parks and Recreation falls under the Division of Natural Resources. 2 N.N.C. § 501(C)(1).
- B. The Auditor General's Plan of Operation, codified in 12 N.N.C. §§ 1-10, provides that "12 months after the release of the audit report, the Auditor General conduct a follow-up to determine the status of implementation [of the corrective action plan.]" 12 N.N.C. § 7(G).
- C. The Budget and Finance Committee is charged with receiving post-audit follow-up reports from the Auditor General. 12 N.N.C. §§ 6(B) and 7(H).
- D. As part of the follow-up report, the Auditor General shall recommend action to be taken by the Budget and Finance Committee and present the report to the standing committee or committees having oversight responsibility for the audited program. 12 N.N.C. § 7(G).
- E. Based on the follow-up review and any recommendations made by the standing committee having oversight responsibility for the audited program, the Budget and Finance Committee will determine what actions should be taken. 12 N.N.C. § 7(I).

- F. The Auditor General Plan of Operation provides for the imposition of sanctions under 12 N.N.C. §§ 9(B) and (C), upon the recommendation of the Auditor General in accordance with 12 N.N.C. § 7(G).
- G. The Auditor General Plan of Operation provides that "[a]ny director or chapter official whose salary or other payments are withheld pursuant to § 9(C) shall have the right to have the withholding reviewed by the Navajo Nation Office of Hearing and Appeals." 12 N.N.C. § 9(D).

SECTION TWO. FINDINGS

- A. The Auditor General performed a special review of the Navajo Parks and Recreation Department in 2009. The Budget and Finance Committee approved the audit report and the department's corrective action plan on August 18, 2009 in resolution BFAU-13-09, which is attached as **Exhibit B**.
- B. The Auditor General conducted a follow-up review to determine if the corrective action plan had been implemented. The Auditor General's report titled, "A Follow-Up Review of the Navajo Parks and Recreation Department Corrective Action Plan Implementation" (Report No. 18-24, April 2018) is attached as **Exhibit A**.
- C. The review results indicate that out of 31 corrective measures to address 9 audit issues, the Navajo Parks and Recreation Department implemented 13 (or 42%) of the corrective measures. As a result, the Division's corrective action plan has not been implemented. See **Exhibit A** of Exhibit A.
- D. The Auditor General recommended sanctions be imposed upon the Department and the Department Manager for Navajo Parks and Recreation. The Budget and Finance Committee is authorized to make the final determination on what actions should be taken. 12 N.N.C. § 7(I).

SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby accepts **Exhibit A**, Auditor General's Report, "A Follow-Up Review of the Navajo Parks

and Recreation Department Corrective Action Plan Implementation" (Report No. 18-24, April 2018).

- B. The Navajo Nation Controller shall cause ten percent (10%) of monies payable from any governmental fund of the Navajo Nation, as defined at 12 N.N.C. § 810(S), to be withheld after the recommended sanction is approved by the Budget and Finance Committee and issued to the Navajo Parks and Recreation Department until such time as the Navajo Parks and Recreation Department demonstrates to the Auditor General that the corrective action plan has been implemented per 12 N.N.C. § 9(B).
- C. The Navajo Nation Controller shall cause twenty percent (20%) of the Department Manager's salary to be withheld per 12 N.N.C. § 9(C).
- D. The Department Manager may appeal the imposition of sanctions in accordance with 12 N.N.C. § 9(D).
- E. The Navajo Parks and Recreation Department shall provide proof of implementation of the corrective action plan at which time the Auditor General shall immediately report the compliance to the Controller who shall then release all withheld funds in accordance with 12 N.N.C. §§ 9(B) and (C).

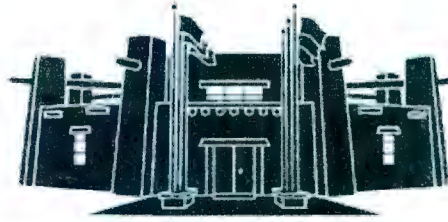
CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Leupp, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 3 in favor and 1 opposed, this 18th day of September 2018.



Dwight Witherspoon, Vice Chairperson
Budget and Finance Committee

Motion: Honorable Tuchoney Slim, Jr.
Second: Honorable Tom T. Chee



OFFICE OF THE AUDITOR GENERAL

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

Audit Issues	Total of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	Audit Issue Resolved?	Review Details
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	
TOTAL:	31	13	18	5-Yes 4-No	

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	Issue 1: Monument Valley Tribal Park concessionaire payments are not verified. RESOLVED
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	Issue 2: The Department does not ensure proper recognition of revenues. RESOLVED
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	Issue 3: The Parks and Recreation Department does not warrant receiving Navajo Nation General Fund Appropriations. RESOLVED
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	Issue 4: Allocation of \$500,000 was made contrary to established regulations. RESOLVED
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	Issue 5: Imprudent travel expenses. RESOLVED
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	Issue 6: Cash revenues are not properly safeguarded and timely deposited. NOT RESOLVED
<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	Issue 7: The Navajo Parks and Recreation Department does not properly classify expenses. NOT RESOLVED
<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 4th 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	Issue 8: Record keeping is poor. NOT RESOLVED
<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	Issue 9: Improving parks infrastructure and facilities is not a priority. NOT RESOLVED
<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.

BFAU-13-09

**RESOLUTION OF THE
BUDGET AND FINANCE COMMITTEE
OF THE NAVAJO NATION COUNCIL**

21ST NAVAJO NATION COUNCIL – THIRD YEAR, 2009

AN ACTION

RELATING TO FINANCE; ACCEPTING A SPECIAL REVIEW OF NAVAJO NATION PARKS AND RECREATION DEPARTMENT SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY NAVAJO NATION PARKS AND RECREATION DEPARTMENT

BE IT ENACTED:

1. The Navajo Nation hereby accepts Audit Report No. 09-07, A Special Review of Navajo Nation Parks and Recreation Department, and approves the Navajo Nation Parks and Recreation Department corrective action plan, hereto attached as Exhibits A and B, respectively.

2. The Navajo Nation hereby directs that copies of the Navajo Nation Parks and Recreation Department corrective action plan be provided to the Office of the President/Vice President, and the Resources Committee, as part of their oversight responsibilities for the Navajo Nation Parks and Recreation Department.

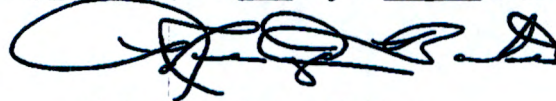
3. The Navajo Nation hereby directs the Navajo Nation Parks and Recreation Department to submit a written status report on their progress in implementation of the corrective action plan to the Office of the Auditor General six months after the approval of this resolution.

4. The Navajo Nation hereby directs the Office of the Auditor General to review the written status report to be submitted by the Navajo Nation Parks and Recreation Department and report to the Resources Committee, as well as the Budget and Finance Committee.

5. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify actions claimed to have been taken by the Navajo Nation Parks and Recreation Department, to issue a written follow-up report indicating the Navajo Nation Parks and Recreation Department progress in implementing the corrective action plan, and to make recommendations to the Resources Committee, as well as the Budget and Finance Committee.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 5 in favor, 0 opposed, this 18th day of August, 2009.

A handwritten signature in black ink, appearing to read 'LoRenzo C. Bates', with a large, stylized initial 'L' and 'B'.

**LoRenzo C. Bates, Chairman
Budget and Finance Committee**

**Motion: Jonathan Nez
Second: Hoskie Kee**

BUDGET AND FINANCE COMMITTEE

September 18, 2018

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0223-18:

An Action relating to Resources and Development and Budget and Finance Committees; Accepting the Follow-up Review of the Navajo Parks and Recreation Department Corrective Action Plan Implementation; Imposing a Sanctions for not Implementing the Corrective Action Plan *Sponsored by Seth A. Damon, Council Delegate*

Motion: Tuchoney Slim, Jr.

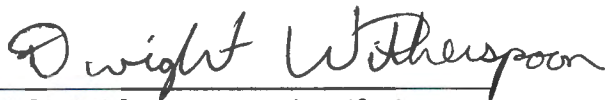
Second: Tom T. Chee

Vote: 3-1, Vice Chairman not voting


Vote Tally:

Seth A. Damon	yea	
Dwight Witherspoon		
Tom T. Chee	yea	
Lee Jack, Sr.		nay
Leonard Tsosie		
Tuchoney Slim, Jr.	yea	

Absent: Leonard Tsosie



Dwight Witherspoon, Vice Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee