

## SUMMARY

The Navajo Nation Office of the Auditor General (OAG) has conducted a limited scope special review of the Kayenta Township Commission (KTC) pursuant to requests received from the Transportation and Community Development and Economic Development Committees of the Navajo Nation Council and the Kayenta Chapter. The review provides financial information on KTC's sales taxes and assesses KTC's processes over business site leases. The review also determines whether the Kayenta Township Commission monthly meetings allow for adequate public input. Lastly, the review identifies the economic developments efforts set forth by KTC and any barriers to the economic efforts.

### **FINDING I: Management Over Sales Taxes Could Improve**

There are several opportunities for KTC to improve its management over the sales tax collection process. In our review of KTC cash receipts process, we found that sales tax revenue records do not agree to the financial statements. Additionally, we noted that KTC does not monitor businesses to ensure that the amounts reported and submitted by businesses are accurate or complete. KTC also does not have proper segregation of duties in the cash receipts process. Lastly, we noted that KTC can improve its management by implementing an automated accounting system. Currently, KTC uses a manual system to maintain its collection of sales taxes.

### **FINDING II: Business Site Lease Processing Could Improve**

Kayenta Township Commission could improve its business site lease process. Conditions that warrant attention are lack of proper business site appraisals, documented negotiations, and clarity on final approval authority for business site leases. Further, some businesses are operating without approved leases and KTC does not have an automated recording system. KTC practices should be consistent with its ordinances and with the Navajo Nation regulations, since KTC is a political subdivision of the Navajo Nation.

### **FINDING III: Opportunities for Public Input Could Improve**

Although there appears to be sufficient opportunities for the public to voice concerns during meetings, KTC faces continued questions about these opportunities. OAG staff also noted that financial reporting could be improved. We also noted that KTC can be more consistent in adhering to its 30-day public comment period for new ordinances.

### **Economic and Community Development Efforts**

There are numerous infrastructure projects completed or scheduled to improve economic development and address community needs. These projects were outlined by KTC. KTC also noted that expenditures of over \$8 million are represented to have been incurred for capitalized projects. Overall, our review found that KTC is progressing toward its goals although there are represented barriers to economic and community development efforts. However, OAG staff noted that some of the represented barriers are debatable.