

SUMMARY

The Navajo Nation Office of the Auditor General conducted a special review of the Office of Navajo Government Development (ONGD) management of the \$4.6 million Native American Assistance and Self Determination Act (NAHASDA) grant awarded through the Navajo Housing Authority (NHA). This special review was conducted in response to a request from the ONGD Executive Director. The review concentrated on NAHASDA funded contracts awarded by ONGD to private consultants for the purpose of developing comprehensive community-based land use plans with an emphasis on designating land for affordable housing. This audit provides information on how well the ONGD coordinated the development of land use planning provided by the consultants contracted by ONGD.

FINDING I: Lack of Effective Monitoring of Consultants Work Performance

The \$4.6 million NAHASDA grant was budgeted to assist 110 Chapters and five local communities at an average cost of \$40,000. Based on our analysis, each consultant contracted to develop the community-based land use plan was paid from as low as \$4,000 for completing partial deliverable to as high as \$639,000 for completing several deliverables over the four fiscal years beginning 1999 through 2002. Our review found ONGD did not track the payments made to consultants. ONGD could not provide reliable documentation on consultant payments per chapter or community that was assisted. Also, ONGD was unaware of the unexpended grant at the end of the fiscal year. Consequently, ONGD did not know that NHA took out \$6,700 from the ONGD grant in FY 2000 and reprogrammed the monies to another sub-grantee. Furthermore, ONGD did not monitor consultant's completion of the project. ONGD has to extend the contract end date of consultants that did not meet the project timeline. In addition, ONGD did not ensure consultants consistently submitted progress reports. As a result, ONGD was unable to obtain an accurate picture of the consultant's progress in meeting the scope of work and project timeline. Approximately \$4,593,300 NAHASDA grant was disbursed, but only 109 Chapters and three local communities were assisted. This meant that one Chapter and two communities were not assisted but the grant monies that were budgeted for them amounting to \$120,000 have been expended.

FINDING II: Non-Compliance with the Terms of the Consultant's Contract

ONGD did not comply with the terms of the consultant contracts in authorizing payment to consultants. Review shows payment was approved to consultants with incomplete deliverables or for services not rendered which is contrary to the terms of the contract.

The ONGD former and current Executive Director provided a written response to our draft report. ONGD responded that they disagree with the deficiencies reported in the audit report relating to their management of the \$4.6 million NAHASDA grant. Nevertheless, documentation to support their response to address the deficiencies were not provided. Consequently, the deficiencies remain unresolved and therefore reported in this audit report.

The audit report provided recommendations to assist ONGD in managing future grants to fund ONGD projects. However, recognizing that the problem exists within the management of the grant is the first step that ONGD needs to undertake to make the necessary corrections.