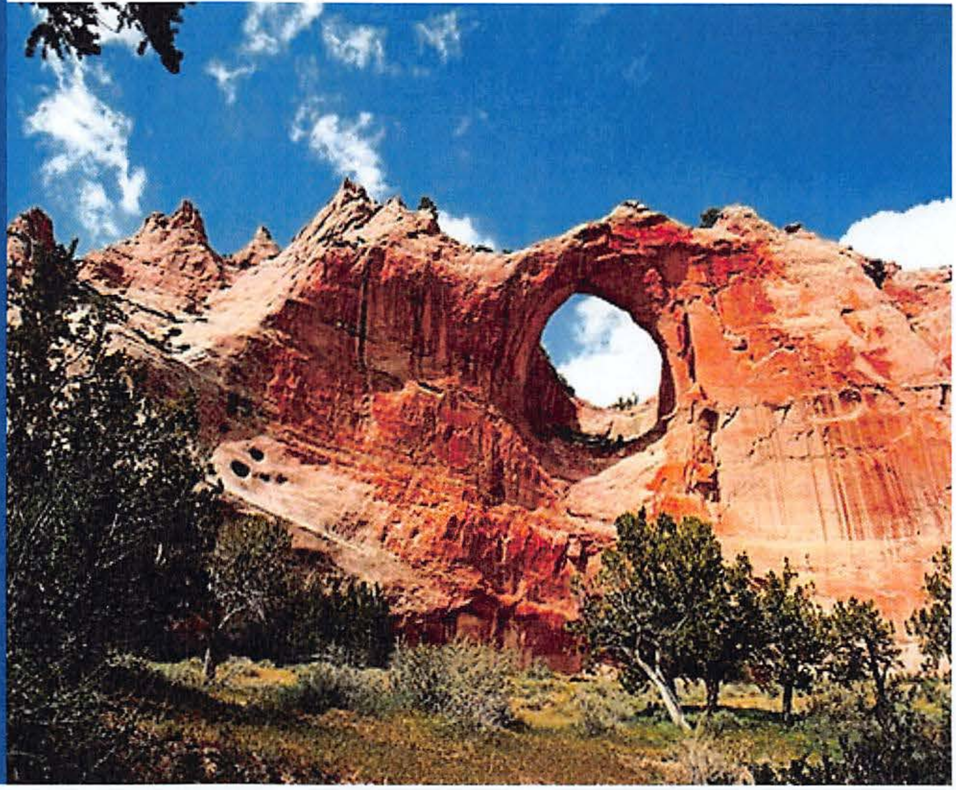
OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Performance Audit of the Agriculture Infrastructure Fund (AIF)



Report No. 26-03
February 2026

Performed by:
HEINFELD, MEECH & CO, P.C.

Office of the Auditor General
The Navajo Nation

Jeanine M. Jones, CFE, MFA
Auditor General

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

TO : Jesse Jim, Department Manager III
NAVAJO DEPARTMENT OF AGRICULTURE

FROM : Jeanine Jones, CFE, MFA
Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE : February 24, 2026

SUBJECT : Performance Audit of the Agriculture of Infrastructure Fund (AIF)

The Office of the Auditor General herewith transmits Audit Report No. 26-03, a Performance Audit of the Agriculture Infrastructure Fund (AIF). The performance audit was conducted, in conjunction with Heinfeld, Meech & CO, P.C., to determine whether Navajo Nation AIF resources were used prudently. The audit focused on the AIF projects and the expenditures incurred for these projects. The expenditure examination included an assessment of internal controls and compliance with policies and procedures. The audit period covered fiscal year 2019 through 2024.

The auditors reported eleven (11) main findings:

Finding 1: Documentation was not available to verify AIF projects were vetted prior to the award of funding.
Finding 2: AIF project funds were granted to outside entities, and the vetting process was not documented.
Finding 3: Project approvals were not documented, and copies of signed Program Budget Summaries or fully executed budget revision documentation were not provided for all projects.
Finding 4: $4.5 million in AIF program funds were not used for the original legislative intent but rather were redirected for distributions for the Livestock Management and Farm & Garden Incentive programs.
Finding 5: $3.8 million in AIF program funds were not used for the original legislative intent but rather were redirected for the payments of costs related to events such as fairs and rodeos.
Finding 6: NNDA did not ensure funds provided to the 110 chapters or to ToohBAA were used only for allowable AIF purposes due to the lack of established monitoring process.
Finding 7: NNDA did not maintain complete records to support operations and activities of the department.
Finding 8: NNDA does not currently have access to information on the AIF website related to the Livestock Management and Farm and Garden incentive programs.
Finding 9: Quarterly written project status reports were not prepared by NNDA management, and no AIF project accounts have been closed.

Finding 10: Several AIF program budgets are over expended.
Finding 11: AIF projects are in various stages of completeness, and not all funds were utilized to complete the projects approved in the FMP. More than half of the AIF funds were utilized for assistance programs and event related activities.

For the eleven findings, the auditors provided eleven recommendations that serve as a road map for transforming AIF's operations improvement. These recommendations are designed to strengthen internal controls, ensure accuracy and accountability and implement changes to achieve goals more efficiently.

If you have any questions about this report, please contact our office at extension 6303. Thank you for your assistance in completing this audit.

xc: Mike Halona, Executive Director
DIVISION OF NATURAL RESOURCES
Sharen A. Sandoval, Chief of Staff
OFFICE OF THE PRESIDENT/VICE PRESIDENT
Brenda Jesus, Chairperson
RESOURCES AND DEVELOPMENT COMMITTEE
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February 24, 2026

Office of the Auditor General of the Navajo Nation
P.O. Box 708
Window Rock, AZ 86515
ATTN: Jeanine Jones, Auditor General

Ms. Jones,

We have completed the performance audit of the Agriculture Infrastructure Fund (AIF) and have included our findings in this report for your consideration. The accompanying report includes the following:

- An overview and introduction including the audit objectives and a summary of the 11 audit findings
- The performance audit results by audit objective, including the findings and recommendations for department management

To the extent we have performed our review using data and information obtained from the various departments, we have relied upon such information to be accurate, and no assurances are intended and no representation or warranties are made with respect thereto or the use made therein.

We would like to thank everyone at the Office of the Auditor General and specifically the Navajo Nation Department of Agriculture (NNDA) for their assistance and cooperation.

Sincerely,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona

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Overview and Introduction

Background

The Navajo Nation is a tribal government with a land base of approximately 27,000 square miles extending into the states of Arizona, New Mexico, and Utah. The Navajo Nation is governed by a three-branch government system (executive, legislative, and judicial) and a 24-member Navajo Nation Council serves as its legislative body.

Overview of the Agriculture Infrastructure Fund (AIF)

A Sihasin Fund Subcommittee determined that the inadequacy of agriculture infrastructure within the Navajo Nation was detrimental to the establishment of a vibrant and sustainable agriculture economy and that full or partial funding of agriculture projects throughout the reservation could benefit each region.

On November 3, 2016, the Navajo Nation Council passed council resolution CO-57-16 adopting the Sihasin Fund Pasture, Range and Forage Expenditure Plan reserving $19,835,612 of Sihasin Funds to guarantee the insurance premiums necessary for the Nation's participation in the USDA's Pasture, Rangeland, and Forage Insurance Program for the 2017 and 2018 Crop Years for 6,984,343.10 grazable acres on the Navajo Nation. CO-57-16 was subsequently amended by CMY-54-18 to extend the Sihasin Fund reserve and guarantee for an additional five years through the end of the 2023 crop year. Lastly, CMY-54-18 amended CO-57-16 to extend an additional five years through the end of the 2028 crop year.

CO-57-16 also requires that net insurance proceeds (indemnity payments) be deposited in an Agriculture Infrastructure Fund (AIF) and used to fund agriculture infrastructure projects on the Navajo Nation. The projects are to be approved annually by the Navajo Nation Council Resources and Development Committee (RDC) after the Budget and Finance Committee enacts a Fund Management Plan (FMP) that ensures that the Sihasin Fund is reimbursed for any expenditures and that annual amounts are reserved and accumulated to replace the Sihasin Fund guarantee at the end of the applicable crop years.

CO-57-16, defines agriculture infrastructure projects as, "including but not limited to range, grazing, and livestock, tribal ranches infrastructure, farming and irrigation, agricultural water development, dams, reservoirs, and catchments; watershed planning for agriculture; agricultural complexes, drought contingency plan (mitigation measures), area wide fencing, brand office and Navajo Partitioned Lands and former Bennett Freeze Area projects, including administration costs.

Navajo Nation departments such as the Department of Agriculture (NNDA), Department of Water Resources (DWR), Department of Fish and Wildlife (DFW), Heritage and Historic Preservation Department (HHPD), and Forestry Department (FORESTRY) were allocated AIF project funds to assist and complete agricultural infrastructure projects. These departments are part of the Division of Natural Resources (DNR).

Additionally, incentive payment programs were offered to Navajo farmers and ranchers. There were specific projects approved for the purpose of administering these funds and during the audit it was determined incentive payment programs were administered from other project funds. As part of the Livestock

Management Incentive Program, a project for Ranchers Supplemental Feed Distribution allowed for approximately $4 million to be directly distributed to the 110 Navajo Nation Chapters. With these funds, each Chapter was allowed to purchase hay, feed and salt blocks to distribute to grazing permittees within their chapter boundaries.

Overview of the Navajo Nation Department of Agriculture (NNDA)

The designated administrator of the AIF is the Navajo Nation Department of Agriculture (NNDA). As the administrator, NNDA is responsible for establishing the applicable processes for implementing each AIF program. NNDA is also responsible for identifying the projects to be funded by the AIF.

NNDA is established under the Division of Natural Resources within the Executive Branch of the Navajo Nation. NNDA is the leading program in planning, coordination, and management of all programs, policies and regulatory provisions designed to protect and preserve Navajo rangelands, livestock and agricultural resources.

NNDA provides technical assistance and educational outreach to Navajo ranchers, farmers and communities on various livestock and agriculture issues. The department facilitates and fosters coalitions among county, state and federal agencies to assist Navajo communities with their agricultural and livestock needs. Lastly, NNDA provides administrative support services to District Grazing Committees, Farm Boards and Eastern Land Board Members with emphasis on regulatory oversight in accordance with the Navajo Nation Code.

Funding

The USDA's Pasture, Rangeland, and Forage Insurance Program remitted net indemnity payments into the AIF for crop years 2017-2021. USDA crop years for insurance purposes are on a calendar year. The funds were committed for use as follows:

- Crop Year 2017 - approved AIF Project Fund - $17,384,159

Table 1

Business Unit	Description	Department	Original Budget	Actuals as of 9/30/24	Over/Under Budget
AGRICULTURE INFRASTRUCTURE FUND PROJECT PLAN SUMMARY - YEAR 1					
RDCD-100-18					
N01517	AIF CLEARANCES YR 1	HHPD	$ 120,000.00	$ -	$ 120,000.00
			120,000.00	-	
N01446	FORESTRY DROUGHT MITIGATION YR1	FORESTRY	120,000.00	82,613.91	37,386.09
			120,000.00	**82,613.91**	
C01790	CLIMATE MONITORING SUPPORT YR1	DWR	50,000.00	-	50,000.00
C01791	RED WILLOW FARM YR1	DWR	297,000.00	296,260.16	739.84
C01792	WINDMILL PROJECTS YR1	DWR	3,900,000.00	3,720,307.14	179,692.86
C01793	EARTHEN DAM REPAIRS YR1	DWR	1,200,000.00	494,762.89	705,237.11
C01794	COPPERMINE LIVESTOCK WATERLINE YR1	DWR	327,000.00	56,629.80	270,370.20
C01795	GREASEWOOD LIVESTOCK WATERLINE YR1	DWR	496,000.00	323,233.79	172,766.21
C01796	BURNSIDE WELL PUMP POWERLINE YR1	DWR	115,000.00	40,375.69	74,624.31
C01797	TOLANI LAKE LIVESTOCK WATERLINE YR1	DWR	208,500.00	188,841.21	19,658.79
N01451	LCP (LEUPP) ALLUVIAL AQUIFER STUDY YR1	DWR	370,000.00	150,000.00	220,000.00
			6,963,500.00	**5,270,410.68**	
N01447	CLIMATE CHANGE/DROUGHT MITIGATION YR1	DFW	300,000.00	308,933.72	(8,933.72)
N01448	WATER CONSERVATION & CATCHMENTS YR1	DFW	266,000.00	265,021.00	979.00
N01449	WOODLAND HABITAT TREATMENT YR1	DFW	114,000.00	52,650.57	61,349.43
N01450	NATIVE SEED/RIPARIAN RESTORATION YR1	DFW	122,000.00	122,173.93	(173.93)
N01494	NHPD BIOLOGICAL CLEARANCES YR1	DFW	345,000.00	295,229.70	49,770.30
			1,147,000.00	**1,044,008.92**	
C01798	AGRICULTURE SERVICE CENTERS YR1	NNDA	1,100,000.00	1,094,706.96	5,293.04
N01437	NNDA HORSE MANAGEMENT YR1	NNDA	1,000,000.00	994,230.38	5,769.62
N01438	HERD COMPLIANCE INCENTIVE YR1	NNDA	500,000.00	505,375.00	(5,375.00)
N01439	RANCHERS SUPPLY FEED DISTRIBUTION YR1	NNDA	500,000.00	542,893.21	(42,893.21)
N01440	TRIBAL RANCH INFRASTRUCTURE IMPROVEMENT YR1	NNDA	1,000,000.00	982,079.71	17,920.29
N01441	DRYLAND/FARMLAND RECOVERY YR1	NNDA	400,000.00	399,059.44	940.56
N01442	AREA WIDE FENCING (RMU,ETC) YR1	NNDA	400,000.00	407,500.00	(7,500.00)
N01443	LIVESTOCK PROCESSING FACILITIES YR1	NNDA	500,000.00	540,118.41	(40,118.41)
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1	NNDA	400,000.00	400,401.40	(401.40)
N01445	AGRICULTURE CONSERVATION CORP YR1	NNDA	400,000.00	396,678.42	3,321.58
			6,200,000.00	**6,263,042.93**	
	YR1 APPROVED AIF PROJECTS		$ 14,550,500.00	$ 12,660,076.44	$ 1,890,423.56
	YR1 PREMIUM RESERVE SET ASIDE (CROP YEAR 2017)		2,833,659.00		
	TOTAL YR1 APPROVED		$ 17,384,159.00		

Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

- Crop Year 2018 - Approved AIF Project Fund - $19,276,459

Table 2

AGRICULTURE INFRASTRUCTURE FUND PROJECT PLAN SUMMARY - YEAR 2 RDCD-100-18					
Business Unit	Description	Department	Original Budget	Actuals as of 9/30/24	Over/Under Budget
N01518	AIF CLEARANCES YR2	HHPD	$ 250,000.00	$ 87,344.30	$ 162,655.70
			250,000.00	**87,344.30**	
N01519	FORESTRY DROUGHT MITIGATION YR2	FORESTRY	225,000.00	33,459.49	191,540.51
			225,000.00	**33,459.49**	
C01882	WINDMILL PROJECTS YR2	DWR	3,900,000.00	2,281,473.74	1,618,526.26
C01883	EARTHEN DAM REPAIRS YR2	DWR	1,200,000.00	33,135.28	1,166,864.72
C01884	BIRDSPRINGS WELL POWERLINE YR2	DWR	124,000.00	-	124,000.00
N01505	NON-NTUA DOMESTIC SYSTEMS YR2	DWR	200,000.00	-	200,000.00
N01506	WATER SYSTEM SUPPLY YR2	DWR	500,000.00	-	500,000.00
N01507	AIF LCR STUDY YR2	DWR	200,000.00	-	200,000.00
			6,124,000.00	**2,314,609.02**	
N01500	CLIMATE CHANGE/DROUGHT MITIGATION YR2	DFW	300,000.00	274,119.57	25,880.43
N01516	NATIVE SEED/RIPARIAN RESTORATION YR2	DFW	209,800.00	204,931.92	4,868.08
N01520	NHPD BIOLOGICAL CLEARANCES YR2	DFW	345,000.00	95,233.81	249,766.19
			854,800.00	**574,285.30**	
C01885	TRIBAL RANCH INFRASTRUCTURE IMPROVEMENT YR2	NNDA	1,000,000.00	441,626.82	558,373.18
C01887	LIVESTOCK PROCESSING FACILITIES YR2	NNDA	500,000.00	500,000.00	0.00
C01888	AGRICULTURE SERVICE CENTERS YR2	NNDA	3,000,000.00	2,999,742.46	257.54
N01508	NNDA HORSE MANAGEMENT YR2	NNDA	900,000.00	860,049.71	39,950.29
N01509	HERD COMPLIANCE INCENTIVE YR2	NNDA	600,000.00	599,800.00	200.00
N01510	RANCHERS SUPPLY FEED DISTRIBUTION YR2	NNDA	500,000.00	532,656.46	(32,656.46)
N01511	DRYLAND/FARMLAND RECOVERY YR2	NNDA	500,000.00	498,047.15	1,952.85
N01512	AREA WIDE FENCING (RMU,ETC) YR2	NNDA	400,000.00	372,018.56	27,981.44
N01513	TECHNICAL CAPACITY BUILDING & CONSERVATION YR2	NNDA	500,000.00	470,782.54	29,217.46
N01514	AGRICULTURE CONSERVATION CORP YR2	NNDA	500,000.00	450,993.32	49,006.68
N01515	AGRICULTURE CONSERVATION IMPROVEMENT YR2	NNDA	589,000.00	464,478.55	124,521.45
			8,989,000.00	**8,190,195.57**	
	YR2 APPROVED AIF PROJECTS		$ 16,442,800.00	$ 11,199,893.68	$ 5,242,906.32
	YR2 PREMIUM RESERVE SET ASIDE (CROP YEAR 2018)		2,833,659.00		
	TOTAL YR2 APPROVED		$ 19,276,459.00		

Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

- Crop Years 2019-2021 (only active projects and established business units during the audit period reported)

Table 3

AGRICULTURE INFRASTRUCTURE FUND PROJECT PLAN SUMMARY - YEAR 3					
RDCD-40-22					
Business Unit	Description	Department	Original Budget	Actuals as of 9/30/24	Over/Under Budget
N01546	AIF CLEARANCES YR3	HHPD	$ 500,000.00	$ -	$ 500,000.00
			500,000.00	-	
N01545	FORESTRY DROUGHT MITIGATION YR3	FORESTRY	300,000.00	25,392.11	274,607.89
			300,000.00	**25,392.11**	
N01547	TWO GREY HILL/NEWCOMB IRRIGATION YR3	DWR	100,000.00	-	100,000.00
N01548	NORTH LEUPP FARMS POWERLINE YR3	DWR	370,000.00	-	370,000.00
N01549	YELLOWMAN SIPHON IMPROVEMENTS YR3	DWR	311,640.00	-	311,640.00
N01550	TOHATCHI/CHUSKA LAKE IMPROVEMENT YR3	DWR	467,000.00	-	467,000.00
N01551	CAPTAIN TOM/NEWCOMB IRRIGATION YR3	DWR	300,000.00	-	300,000.00
N01552	ANETH FARMS IRRIGATION DEVELOPMENT YR3	DWR	250,000.00	-	250,000.00
N01553	NORTHERN AGENCY EQUIPMENT & OPERATING YR3	DWR	900,000.00	-	900,000.00
			2,698,640.00	-	
N01539	CLIMATE CHANGE/DROUGHT MITIGATION YR3	DFW	300,000.00	55,531.49	244,468.51
N01540	NATIVE SEED/RIPARIAN RESTORATION YR3	DFW	120,000.00	9,345.60	110,654.40
N01541	WATER CONSERVATION & CATCHMENTS YR3	DFW	266,000.00	-	266,000.00
N01542	WOODLAND HABITAT TREATMENT YR3	DFW	114,000.00	-	114,000.00
N01543	COLORADO RANCH AIF YR3	DFW	400,000.00	379,924.72	20,075.28
N01544	NEW LANDS WELL IMPROVEMENT YR3	DFW	103,000.00	-	103,000.00
			1,303,000.00	**444,801.81**	
N01535	NN FAIR EVENTS / IMPROVEMENTS YR 3	NNDA	2,850,000.00	2,850,000.00	-
N01554	NNDA HORSE MANAGEMENT YR3	NNDA	900,000.00	236,861.70	663,138.30
N01555	AGRICULTURE INCENTIVE PROGRAM YR3	NNDA	2,000,000.00	717,281.24	1,282,718.76
N01556	LIVESTOCK FEED ASSISTANCE NPL YR3	NNDA	150,000.00	-	150,000.00
N01557	LIVESTOCK FEED ASSISTANCE EASTERN AGENCY YR3	NNDA	120,000.00	8,000.00	112,000.00
N01558	VETERINARY PROGRAM-ADMIN YR3	NNDA	900,000.00	52,121.99	847,878.01
N01559	FARM/GARDEN INCENTIVE PROGRAM YR3	NNDA	500,000.00	462,500.00	37,500.00
N01560	NAVAJO 4H/FFA INCENTIVE PROGRAM YR3	NNDA	250,000.00	231,410.07	18,589.93
N01561	NNDA RAMAH BOUNDARY FENCING YR3	NNDA	130,000.00	-	130,000.00
N01562	SHIPROCK FARMERS COOPERATIVE YR3	NNDA	200,000.00	-	200,000.00
N01563	HOUCK CONSERVATION IMPROVEMENT YR3	NNDA	100,000.00	-	100,000.00
N01564	TOLANI LAKE RMU FENCING YR3	NNDA	110,000.00	-	110,000.00
N01565	FARM BOARD FIELD IMPROVEMENTS YR 3	NNDA	600,000.00	-	600,000.00
N01566	SAN JUAN RIVER FARM BOARD FIELD IMPROVEMENTS YR3	NNDA	350,000.00	-	350,000.00
N01567	LIVESTOCK ENFORCEMENT BRAND OFFICE YR3	NNDA	500,000.00	16,819.11	483,180.89
N01568	NNDA ANIMAL REZ-Q YR 3	NNDA	100,000.00	100,000.00	-
N01569	TOLANI LAKE WATER USERS YR 3	NNDA	70,000.00	-	70,000.00
N01570	AGRICULTURE INCENTIVE PROGRAM YR3	NNDA	9,100,000.00	-	9,100,000.00
N01571	WOOL/MOHAIR PRODUCER INCENTIVE YR3	NNDA	100,000.00	48,470.26	51,529.74
N01572	LIVESTOCK AUCTION INCENTIVE YR3	NNDA	2,000,000.00	1,799,125.00	200,875.00
			21,030,000.00	**6,522,589.37**	
	YR3 APPROVED AIF PROJECTS WITH ESTABLISHED BUSINESS UNIT		$ 25,831,640.00	$ 6,992,783.29	$ 18,838,856.71
	YR2 PREMIUM RESERVE SET ASIDE (CROP YEARS 2019-2021)		8,500,977.00		
	YR3 APPROVED AIF PROJECTS WITH ESTABLISHED BUSINESS UNIT		$ 34,332,617.00		

Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

- 4 million appropriated for Chapters (from crop year 2021)

Table 4

AGRICULTURE INFRASTRUCTURE FUND PROJECT APPROPRIATION TO CHAPTERS BUDGET TO ACTUAL									
Business Unit	Chapter	Revised Budget	Actual Expenditures as of 9/30/2024*	Available Balance	Business Unit	Chapter	Revised Budget	Actual Expenditures as of 9/30/2024*	Available Balance
115100	Black Mesa Chapter	$ 26,530.93	$ 26,530.93	$ -	115158	Lupton Chapter	$ 29,992.34	$ 29,512.35	479.99
115101	Chinle Chapter	79,913.11	Not Provided	*Undeterminable*	115159	Mexican Springs Chapter	32,514.46	32,514.64	(0.18)
115102	Forest Lake Chapter	26,844.02	26,844.02	-	115160	Naschitti Chapter	38,150.12	Not Provided	*Undeterminable*
115103	Hard Rock Chapter	30,583.73	30,583.73	-	115161	Oak Springs Chapter	29,105.25	29,904.37	(799.12)
115104	Lukachukai Chapter	36,723.81	36,723.81	-	115162	Red Lake #18 Chapter	29,331.37	29,331.37	-
115105	Manyfarms Chapter	40,428.73	40,428.73	-	115163	Sawmill Chapter	34,253.87	34,253.87	-
115106	Nazlini Chapter	32,444.89	32,444.89	-	115164	St. Michaels Chapter	55,976.98	Not Provided	*Undeterminable*
115107	Pinon Chapter	45,507.78	Not Provided	*Undeterminable*	115165	Steamboat Chapter	36,028.06	36,028.06	-
115108	Round Rock Chapter	32,392.70	Not Provided	*Undeterminable*	115166	Teesto Chapter	32,410.10	25,385.40	7,024.70
115109	Rough Rock Chapter	30,548.94	30,546.53	2.41	115167	Tohatchi Chapter	38,202.30	38,198.62	3.68
115110	Tachee/Blue Gap Chapter	32,566.64	32,565.76	0.88	115168	Twin Lakes Chapter	42,115.95	37,904.35	4,211.60
115111	Tsaile/Wheatfields Chapter	40,185.22	39,945.04	240.18	115169	Whitecone Chapter	30,931.61	27,834.40	3,097.21
115112	Tselani/Cottonwood Chapter	38,306.66	38,305.30	1.36	115170	Wide Ruins Chapter	32,183.99	32,065.60	118.39
115113	Whippoorwill Chapter	31,644.76	Not Provided	*Undeterminable*	115171	Nahata Dziil Chapter	35,158.36	35,043.98	114.38
115114	Alamo Chapter**	35,714.96	32,109.00	3,605.96	115172	Aneth Chapter	44,325.00	Not Provided	*Undeterminable*
115115	Baca/Haystack Chapter	39,854.73	46,365.50	(6,510.77)	115173	Beclabito Chapter	28,026.82	28,009.29	17.53
115116	Becenti Chapter	29,974.94	24,894.10	5,080.84	115174	Burnham Chapter	27,052.76	27,056.38	(3.62)
115117	Breadsprings Chapter**	33,175.43	22,576.40	10,599.03	115175	Cove Chapter	27,000.57	27,000.57	-
115118	Tohajiilee Chapter	35,593.20	35,542.60	50.60	115176	Gadiiahi Chapter	27,731.12	32,227.12	(4,496.00)
115119	Casamero Chapter	27,765.90	27,761.25	4.65	115177	Upper Fruitland Chapter	52,308.84	52,306.89	1.95
115120	Chichiltah Chapter	42,533.41	42,519.24	14.17	115178	Hogback Chapter	39,506.86	Not Provided	*Undeterminable*
115121	Churchrock Chapter**	52,221.86	56,030.28	(3,808.42)	115179	Mexican Water Chapter	28,826.94	20,994.86	7,832.08
115122	Counselor Chapter	27,209.29	Not Provided	*Undeterminable*	115180	Nenahnezad Chapter	40,602.68	41,054.48	(451.80)
115123	Crownpoint Chapter	36,775.99	32,942.62	3,833.37	115181	Newcomb Chapter	28,374.70	27,890.91	483.79
115124	Huerfano Chapter	44,290.20	44,301.25	(11.05)	115182	Red Mesa Chapter	38,376.25	38,376.25	-
115125	Iyanbito Chapter	31,296.88	31,296.88	-	115183	Red Valley Chapter***	34,079.93	34,079.93	-
115126	Lake Valley Chapter	25,104.62	Not Provided	*Undeterminable*	115184	Rock Point Chapter	39,037.22	38,880.00	157.22
115127	Little Water Chapter	29,383.54	26,213.12	3,170.42	115185	San Juan Chapter	29,522.70	29,522.70	-
115128	Manuelito Chapter	31,035.97	31,035.97	-	115186	Sanostee Chapter	43,003.05	43,003.05	-
115129	Mariano Lake Chapter	31,401.25	36,990.60	(5,589.35)	115187	Tooh Haltsooi (Sheep Springs) Chapter	29,035.67	29,035.67	-
115130	Nageezi Chapter	34,375.62	50,333.77	(15,958.15)	115188	Shiprock Chapter	104,714.97	104,714.97	-
115131	Nahodishgish Chapter	26,739.65	24,239.00	2,500.65	115189	Sweetwater Chapter	33,001.50	Not Provided	*Undeterminable*
115132	Ojo Encino Chapter	28,409.48	25,373.71	3,035.77	115190	Teec Nos Pos Chapter	35,871.51	35,871.51	-
115133	Pinedale Chapter	37,054.30	34,794.13	2,260.17	115191	Two Grey Hills Chapter	33,245.02	33,338.02	(93.00)
115134	Pueblo Pintado Chapter	25,991.71	25,972.12	19.59	115192	Bridsprings Chapter	28,931.31	28,931.02	0.29
115135	Ramah Chapter	38,758.91	Not Provided	*Undeterminable*	115193	Bodaway-Gap Chapter	37,297.82	Not Provided	*Undeterminable*
115136	Red Rock Chapter	44,794.63	44,015.27	779.36	115194	Cameron Chapter	32,392.71	Not Provided	*Undeterminable*
115137	Rock Springs Chapter	40,306.97	40,303.93	3.04	115195	Chilchinbeto Chapter	31,644.77	Not Provided	*Undeterminable*
115138	Smith Lake Chapter	28,270.33	28,270.33	-	115196	Coalmine Canyon Chapter	30,792.47	Not Provided	*Undeterminable*
115139	Standing Rock Chapter	29,227.00	27,962.00	1,265.00	115197	Coppermine Chapter	31,610.48	Not Provided	*Undeterminable*
115140	Thoreau Chapter	39,750.37	29,816.00	9,934.37	115198	Dennehotso Chapter	37,871.82	37,871.82	-
115141	Torreon Chapter	36,062.84	36,040.33	22.51	115199	Inscription House Chapter	30,496.77	30,496.77	-
115142	Tsayatoh Chapter	33,175.43	33,175.43	-	115200	Kaibeto Chapter	37,367.40	37,367.40	-
115143	Whitehorse Chapter	27,678.93	24,898.10	2,780.83	115201	Kayenta Chapter	58,566.68	58,566.68	-
115144	White Rock Chapter	23,834.86	23,834.86	-	115202	Lechee Chapter	34,758.31	34,738.00	20.31
115145	Cornfields Chapter	32,584.04	32,584.04	-	115203	Leupp Chapter	38,271.89	34,440.00	3,831.89
115146	Coyote Canyon Chapter	35,784.53	35,783.37	1.16	115204	Navajo Mountain Chapter	28,739.97	28,728.00	11.97
115147	Crystal Chapter	31,157.74	27,900.00	3,257.74	115205	Oljato Chapter	43,803.18	43,784.00	19.18
115148	Dilkon Chapter	37,576.12	37,576.12	-	115206	Tonalea/Red Lake Chapter	41,072.32	41,065.56	6.76
115149	Ft. Defiance Chapter	65,560.07	65,560.07	-	115207	Shonto Chapter	39,141.60	39,141.60	-
115150	Ganado Chapter	39,558.04	39,556.94	1.10	115208	Tolani Lake Chapter	27,278.88	Not Provided	*Undeterminable*
115151	Houck Chapter	37,280.43	37,280.43	-	115209	Tuba City Chapter	73,858.01	73,857.00	1.01
115152	Indian Wells Chapter	33,436.34	30,208.00	3,228.34			$ 1,943,895.26	$ 1,520,327.46	$ 21,590.21
115153	Jeddito Chapter	32,044.82	31,096.22	948.60					
115154	Kinlichee Chapter	40,880.99	39,880.51	1,000.48		**Combined Total**	$ 4,000,000.00	$ 3,271,237.00	$ 46,254.24
115155	Klagetoh Chapter	32,688.41	32,688.41	-					
115156	Low Mountain Chapter	30,966.40	30,872.89	93.51					
115157	Lower Greasewood Springs Chapter	34,201.69	35,396.01	(1,194.32)					
		$ 2,056,104.74	$ 1,750,909.54	$ 24,664.03					

**Actual expenditures were provided by the Navajo Nation Auditor General.*
***Includes expenditures through 12/31/2024*
****Includes expenditures through 3/31/2025*

Sources: Budget: *Office of the Controller memorandum to the Budget and Finance Committee. June 29, 2022 /* ***Actuals****: Expenditure Journal obtained from the respective chapters MIP backup provided to Office of the Auditor General*

Objectives, Scope and Overall Methodology

The Navajo Nation Council Budget and Finance Committee requested an audit of the AIF, as the Committee had questions/concerns about the overall accountability of the AIF since its inception. The performance audit focused on the AIF projects and the expenditures incurred for these projects. The examination of expenditures included an assessment of internal controls, compliance with policies and procedures, and a determination as to whether Navajo Nation AIF resources were used prudently.

Specifically, the audit addressed the following objectives:

a) Whether AIF projects were properly vetted prior to approval.
b) Whether AIF projects were properly approved by the authorized parties.
c) Whether AIF funds were used for legitimate and intended purposes.
d) Whether policies and procedures were followed.
e) Whether AIF projects met the overall objectives and goals of the AIF.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Each major audit objective is reported in separate sections within the report with detailed discussions of the audit criteria, findings and recommendations.

The audit began with an entrance conference with NNDA management on December 19, 2024 to confirm the scope of work and audit schedule. We then developed a specific audit plan outlining the objectives and steps needed to be addressed based on the audit tasks defined in the audit proposal. The methodology for this audit was comprised of interviews of Navajo Nation staff and a Council Member; reviews of financial records; review of pertinent documents such as email communications, and the testing of specific transactions.

On site fieldwork was performed January 15-17, 2025 and February 18-21, 2025. Difficulties were encountered in obtaining audit requests at the NNDA due to a lack of documentation maintained in the department. Additionally, the Sr. Programs & Projects Specialist at the NNDA resigned during the audit. Audit delays were experienced due to staffing issues at the NNDA and a wildfire near Window Rock. Due to these challenges, documentation was requested from the Office of the Controller, which was received in August 2025.

The audit had four phases:

1. Project Initiation and Planning: This phase concentrated on overall project planning, including identifying interview participants, scheduling of site visits, and initial documentation review.
2. Fieldwork/Fact Finding: This phase of the audit included interviews, document review and transaction testing.
   - Interviews were performed to gain insights from management and staff.
   - Document review – we reviewed multiple forms of documentation, including but not limited to:
     - Relevant legislation
     - Program Budget Summaries
     - System budgets
     - NNDA correspondence
     - Navajo Nation policies and procedures
     - Department policies and procedures
   - Testing -
     - Performed review of the original and revised budgets for approved projects, if available.
       - Reviewed budget forms, budget revisions, and requests for project extensions for completeness and approvals.
       - Performed comparison of original and revised budgets with the actual amounts expended.
     - Reviewed general ledger transactions for alignment with project budget and purpose.
     - Sampled AIF expenditure transactions
       - Reviewed invoices and other purchase documentation to validate AIF purchases
       - Reviewed Personnel Action Forms (PAFs) and other payroll documentation to validate AIF personnel expenditures
     - Performed data analytics over posted AIF transactions to identify trends and analyze incentive payment data.
3. Performance Assessment: Using the information gathered, we evaluated the importance and impact in the development of our findings. Recommendations were then identified to assist management with addressing the audit objectives.
4. Reporting – The audit concluded with reviewing draft findings and recommendations at the exit meeting. NNDA management then provided a response to the draft report before finalized and issued.

Summary of Findings

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve performance and operations, facilitate decision-making and support public accountability.

Table 5 includes a summary of findings by audit objective:

Table 5

SUMMARY OF FINDINGS BY OBJECTIVE		
Objective	Finding Number	Finding Summary
Objective 1 **Were AIF projects vetted prior to approval?**	1	Documentation was not available to verify AIF projects were vetted prior to the award of funding.
	2	AIF project funds were granted to outside entities and the vetting process was not documented.
Objective 2 **Were AIF projects approved by authorized parties?**	3	Project approvals were not documented and copies of signed Program Budget Summaries or fully executed budget revision documentation were not provided for all projects.
Objective 3 **Were AIF projects used for legitimate and intended purposes?**	4	\$4.5 million in AIF program funds were not used for the original project purchase but rather were redirected for distributions for the Livestock Management and Farm & Garden Incentive programs.
	5	\$3.8 million in AIF program funds were not used for the original project purchase but rather were redirected for the payments of costs related to events such as fairs and rodeos.
	6	NNDA did not ensure funds provided to the 110 Chapters or to ToohBAA were used only for allowable AIF purposes due to the lack of an established monitoring process.
Objective 4 **Were AIF policies and procedures followed?**	7	NNDA did not maintain complete records to support operations and activities of the department.
	8	NNDA does not currently have access to information on the AIF website related to the Livestock Management and Farm and Garden incentive programs.
	9	Quarterly written project status reports were not prepared by NNDA management, and no AIF project accounts have been closed.
	10	Several AIF program budgets are over expended.
Objective 5 **Did AIF projects meet the overall objectives and goals of the AIF?**	11	AIF projects are in various stages of completeness and not all funds were utilized to complete the projects approved in the FMP. More than half of the AIF funds were utilized for assistance programs and event related activities.

Objective 1: Were AIF projects vetted prior to approval?

Methodology

We performed the following procedures to determine whether AIF projects were vetted prior to approval.

- Reviewed all legislation and resolutions related to the AIF Fund
- Reviewed available written AIF policies and procedures
- Reviewed the AIF Fund Management Plan (FMP)
- Met with the current NNDA administration to discuss AIF project approval process and to understand the methodology employed by prior management
- Reviewed meeting minutes maintained by the prior administration where discussions over new projects were held
- Reviewed NNDA documentation housed at the Navajo Nation Department of Justice offices
- Reviewed available files at NNDA office or electronic files for project applications or other form of project request documentation

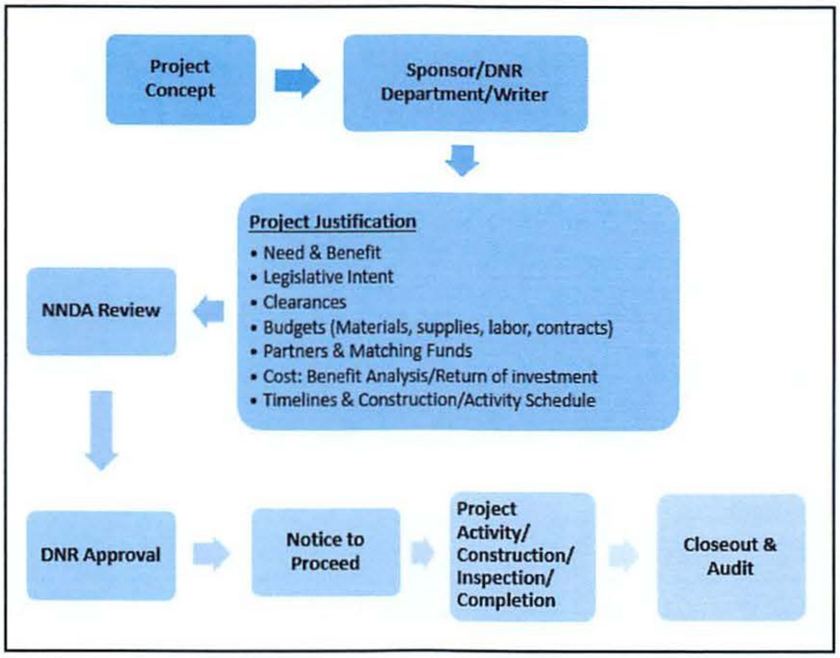
Objective 1 - Findings and Recommendations

Finding 1 – Documentation was not available to verify AIF projects were vetted prior to the award of funding.

Criteria

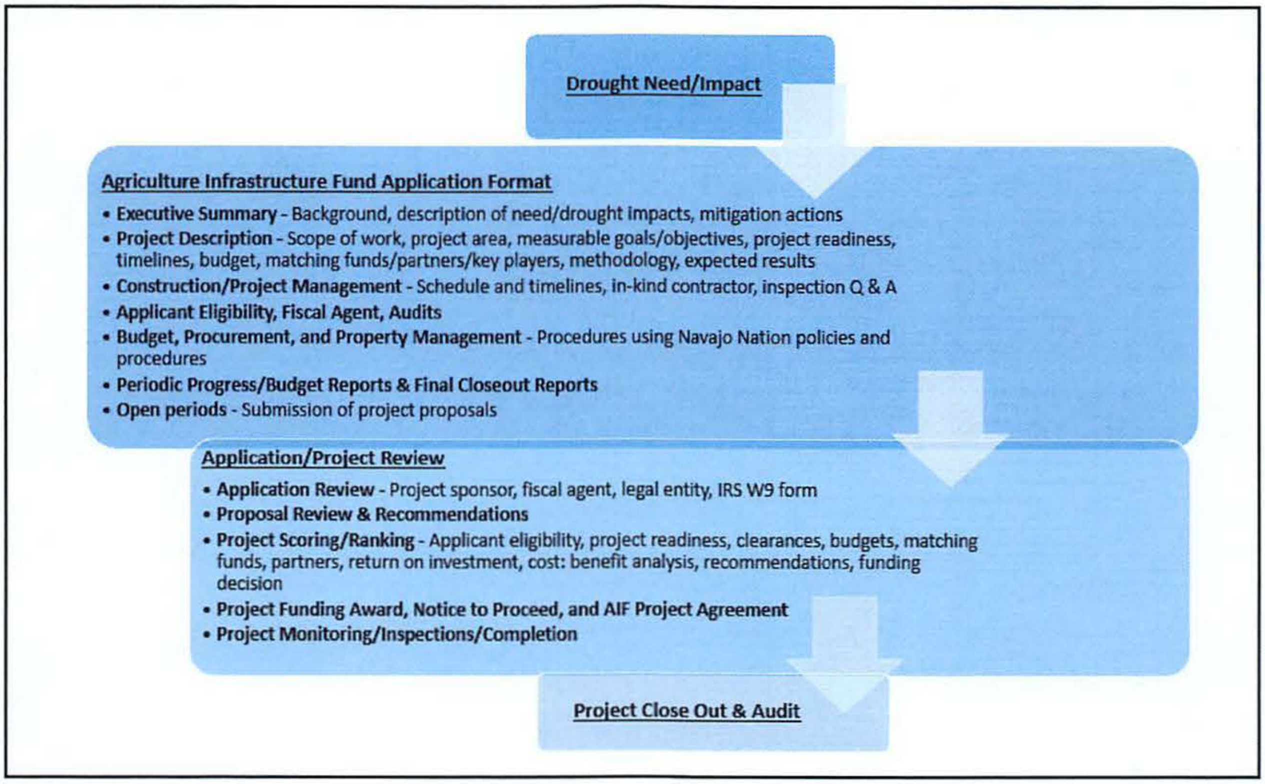
The FMP was approved on August 15, 2018 (RDCAU-74-18) by the Resource and Development Committee. The FMP requires that the Division of Natural Resources and Department of Agriculture manage and administer the AIF. Current NNDA management provided information noting the AIF simplified project proposal process developed by prior NNDA management as outlined on the next page in Tables 6 and 7:

Table 6



Source: NNDA office records

Table 7



Source: NNDA office records

Condition

Evidence that NNDA utilized the process outlined in Tables 6 and 7 to evaluate projects was not provided for review during the performance audit. Further, discussions with other departments confirmed a formal proposal process was not required.

- The Department Manager III of the HHPD indicated personnel from various departments were invited to the NNDA offices to discuss potential AIF projects and funding. The funding amount was already identified before being awarded.
- The Forest Manager indicated the funding process was based on discussions between the Forestry Department and NNDA. The funding amount was already identified before being awarded.
- The Principal Geologist/Branch Director of DWR indicated there was no application process for AIF funds. The DWR prepared a list of projects and submitted them to NNDA. The funding amounts were already identified before being awarded.
- Various personnel of the DFW indicated the process was conversational.

The *Initial AIF Project Review Committee (Cmte) Sign-in Sheet* was reviewed with six individuals in attendance including three from NNDA, one from HHPD, two from DWR and one from DFW.

Current NNDA management is working toward implementing an improved project approval process and have placed certain projects on hold until that process is finalized. However, some projects were approved and advanced due to directives from higher-level authorities.

In summary, documentation was not provided to support that projects were vetted prior to the award of AIF funds.

Effect

AIF funds may not be utilized on the highest impact projects to address drought conditions on the Navajo Nation. If an unbiased approval process is not used, this can lead to unwanted outcomes such as use of funds for improper or less beneficial projects.

Cause

Prior NNDA management did not adhere to the process and there was a lack of oversight of prior NNDA management to verify the process was being followed.

Recommendation

- Proposed AIF projects should be vetted by NNDA management prior to the award of funding.
- NNDA management should maintain records to demonstrate the vetting of projects prior to award.
- NNDA management should finalize an improved project approval process and put the process into practice to ensure AIF funds are utilized in the most impactful way.

Finding 2 – AIF project funds were granted to outside entities and the vetting process was not documented.

Criteria

The FMP requires that the Division of Natural Resources and Department of Agriculture manage and administer the AIF. Current NNDA management provided information noting the AIF simplified project proposal process developed by prior NNDA management was the process illustrated in Tables 6 and 7.

Condition

Outside entities were granted AIF funding for projects such as the Shiprock Traditional Farmers Cooperative project to set up a facility for food preparation and packaging of farm products. Evidence that the projects were vetted after review of the application and project proposal prior to the award of grant funding was not provided.

Effect

AIF funds may not be utilized on the highest impact projects to address drought conditions on the Navajo Nation. If an unbiased approval process is not used, this can lead to unwanted outcomes such as use of funds for improper or less beneficial projects.

Cause

Guidelines regarding the awarding of AIF funds to outside entities as grant funding do not exist. Prior NNDA management did not adhere to the developed application process and there was a lack of oversight of prior NNDA management to verify the process was being followed.

Recommendation

- Proposed AIF projects should be vetted by NNDA management prior to the award of funding.
- NNDA management should maintain records to demonstrate the vetting of projects prior to award.
- NNDA management should finalize an improved project vetting process and put the process into practice to ensure AIF funds are utilized in the most impactful way.
- Guidelines should be established for grant awards of AIF funds to outside parties.
- Future FMPs of the AIF should address the award of project funds to outside parties.

Objective 2: Were AIF projects approved by authorized parties?

Methodology

We performed the following procedures to determine whether AIF projects were approved by authorized parties.

- Reviewed AIF Fund legislation and resolutions
- Reviewed available written AIF policies and procedures
- Reviewed the AIF Fund Management Plan (FMP)
- Reviewed project original Program Budget Summaries and revised budget forms for approvals
- Met with the current NNDA and other department administration and staff to discuss AIF project approval process

Objective 2 - Findings and Recommendations

Finding 3 – Project approvals were not documented and copies of signed Program Budget Summaries or fully executed budget revision documentation were not provided for all projects.

Criteria

The project proposal process developed and outlined in the criteria of objective 1 requires DNR approval for projects.

The FMP indicates departments and programs shall comply with Budget Instructions Manual (BIM) Section VII, Project Budgeting and Account Set-Up. Table 8 outlines the budget forms that are included as required forms:

Table 8

Budget Form	Budget Form Title
Budget Form 1	Program Budget Summary
Budget Form 2	Program Performance Criteria
Budget Form 3	Listing of Positions and Assignments by Business Unit
Budget Form 4	Detailed Budget and Justification
Budget Form 5	Summary of Changes to Budgeted Positions
Budget Form 6	External Contract and Grant Funding Information
Project Form	Project Process Schedule

Condition

All AIF projects with allocated budgets and expenditures were included in the legislation outlined in RDCD-100-18 (Years 1 and 2) and RDCD-40-22 (Year 3). However, there is no documented evidence that projects were approved by DNR prior to the initiation of the legislative or budget process.

Program Budget Summaries were reviewed for approved AIF projects. The following is a summary of the individuals who submitted and approved the original Program Budget Summaries by Department.

Heritage and Historical Preservation Department (HHPD)

- Submitted - Program Manager III and Administrative Services Officer
- Approved - Principal Attorney, Division Directors, Division of Natural Resources

Foresty Department (Forestry)

- Submitted - Forest Manager
- Approved - Division Directors, Division of Natural Resources

Department of Water Resources (DWR)

- Submitted –Department Manager III, Principal Geologist/Branch Director
- Approved - Division Directors, Division of Natural Resources, Deputy Division Director, Division of Natural Resources

Fish and Wildlife (DFW)

- Submitted –Program Manager III, Zoologist
- Approved - Division Directors, Division of Natural Resources

Department of Agriculture (NNDA)

- Submitted –Department Manager III
- Approved –Division Directors, Division of Natural Resources

We were provided with unsigned or incomplete copies of Program Budget Summaries for some projects. Further, documentation on budget revisions, including rationale and authorizations, were not provided for several projects.

Effect

Auditors were unable to verify projects were approved by DNR or that all original budgets and budget revisions were reviewed and approved by authorized individuals. AIF funds were utilized for purposes that did not align with project objectives.

Cause

Poor record-keeping practices, the alleged destruction of records housed at NNDA and the number of years that have passed since the creation of the records reviewed for the audit were contributing factors.

Recommendation

- DNR and NNDA should adhere to and document the AIF project approval process for each project.
- The departments should develop a records management process and records retention schedule addressing the establishment of secure processes for file management, the communication of processes to department staff and how the process will be monitored by management. The process should include records creation, filing and storage (electronic, paper etc.), retention periods, and the roles and responsibilities of the various positions within the department.

Objective 3: Were AIF projects used for legitimate and intended purposes?

Methodology

Navajo Nation Council resolution CO-57-16 approved and adopted an expenditure plan for the AIF, outlining the use of any remaining indemnity payments in excess of the amount necessary to guarantee the subsequent crop year's insurance premiums to fund and implement agriculture infrastructure projects on the Navajo Nation, including but not limited to:

- Range, grazing and livestock
- Tribal ranch infrastructure
- Farming and irrigation
- Agriculture water development
- Dams, reservoirs and catchments
- Watershed planning for agriculture
- Agricultural complexes
- Drought contingency plan (mitigation measures)
- Area wide fencing
- Brand office
- Navajo Partitioned Lands and Former Bennett Freeze Area projects, including administration costs

Expenditure data was analyzed and samples of supporting documents such as invoices were obtained and reviewed to determine if funds were expended in accordance with the requirements above and project descriptions and budgets. Additionally, discussions were held with department management and staff regarding projects and alignment with project purposes.

Objective 3 - Findings and Recommendations

Finding 4 – $4.5 million in AIF program funds were not used for the original legislative intent but rather were redirected for distributions for the Livestock Management and Farm & Garden Incentive programs.

Criteria

CO-57-16 outlines the intent of the funding for AIF as noted in the methodology above. Additionally, the project plan outlines what each approved project is intended to accomplish. The objectives of the projects are summarized in Tables 19, 20 and 21 later in the report.

Condition

Table 9 summarizes information regarding the NNDA operated incentive programs funded by AIF.

Table 9

Navajo Nation Department of Agriculture Incentive Programs			
AIF Business Units with approved incentive program expenditures	Description	Timing	Incentive Amounts
N01555	Livestock Management Incentive	Annually and one incentive allowed per grazing permit (regardless if multiple users on permit)	1-49 Sheep: $1,500 50-100 Sheep: $2,500 101+ Sheep: $3,500
N01437, N01438, N01508, N01509, N01554	Herd/Equine Compliance Incentive	No limit	Geldings, Mares, Yearlings, Stallions (1-3rs), Donkeys/Mules: $100/Head Jenny w/Foal: $150 Mare w/Foal: $200 Stallions (3yrs+): $350/Head
N01559	Farm & Garden Incentive	Annually	If applicant has an Agriculture Land Use Permit (ALUP): $1,000 Gardeners: $500
N01571	Wool/Mohair Producer Incentive Program	Specific dates are set for collection	.39/Pound of Wool/Mohair

The AIF business units above were developed specifically for the incentive programs or included incentive program expenditures in the original budget.

It was noted during the audit that in addition to the designated funding above, funding for nine other approved AIF projects was redirected for Livestock Management Incentive and Farm & Garden Incentive programs totaling $4.5 million as reported in Table 10 on the next page:

Table 10

Approved AIF program funds redirected to incentive programs Through September 30, 2024						
Business Unit	**Account Code**	**Description**	**Department**	**Amount**	**Original Purpose**	**Redirected Purpose**
N01439	8095	RANCHERS SUPPLY FEED DISTRIBUTION YR1	NNDA	$ 5,000	Project Process Schedule: Assist livestock grazing permittee with mineral supplement fees for livestock	Used for Livestock Management Incentive Program
	6921			267,750		
N01441	8095	DRYLAND/FARMLAND RECOVERY YR1	NNDA	182,500	Project Process Schedule: Assist permittees to restore/reactivate/improve farms/range units	Used for Farm & Garden Incentive Program
	6921			199,000		
N01442	8095	AREA WIDE FENCING (RMU,ETC) YR1	NNDA	407,500	Project Process Schedule: Range and farmland fencing for proper grazing management and natural resource conservation	Used for Livestock Management Incentive & Farm & Garden Programs
N01443	8095	LIVESTOCK PROCESSING FACILITIES YR1	NNDA	167,000	Project Process Schedule: Obtain livestock gathering equipment and facilities for gathering feral, unauthorized animals to reduce range land grazing pressure and for public safety	Used for Livestock Management Incentive Program
C01887	8095	LIVESTOCK PROCESSING FACILITIES YR2	NNDA	490,000	Project Budget Schedule: Obtain livestock gathering equipment and facilities for feral unauthorized animals to reduce range land grazing and for public safety	Used for Livestock Management Incentive Program
N01510	8095	RANCHERS SUPPLY FEED DISTRIBUTION YR2	NNDA	369,500	Project Budget Schedule: Assist livestock grazing permittee with mineral supplement for livestock	Used for Livestock Management Incentive & Farm & Garden Programs
	6921			13,500		
N01511	8095	DRYLAND/FARMLAND RECOVERY YR2	NNDA	369,500	Project Process Schedule: To improve ranch facilities to increase revenues, assist materials to improve ranch, provide bull to improve cattle quality	Used for Livestock Management Incentive & Farm & Garden Programs
N01512	8095	AREA WIDE FENCING (RMU,ETC) YR2	NNDA	263,500	Project Budget Schedule: Range and farmland fencing for proper grazing management and natural resources conservation	Used for Livestock Management Incentive & Farm & Garden Programs
N01572	8095	LIVESTOCK AUCTION INCENTIVE YR3	NNDA	1,799,125	Project Budget Schedule: The livestock auction/marketing incentive objective is to provide drought contingency for livestock to be sold during a drought. A fiscal agent will be designated to conduct the livestock auction process	Used for Livestock Management Incentive & Farm & Garden Program
				$ 4,533,875		

Effect

Projects authorized within the original legislation were not executed by NNDA to strength agricultural infrastructure on the Navajo Nation. Larger scale projects with the potential for longer term agricultural sustainability were not completed as follows:

- Originally budgeted in the Ranchers Supply Feed Distribution Year 1 and Year 2 projects
  - Outreach and execution of supply feed programs
- Originally budgeted in the Dryland/Farmland Recovery Year 1 project
  - 20 miles of fencing was not installed
  - 15,000 pounds of dry land pasture seed was not purchased
  - A tractor was not purchased
  - A till seed drill was not purchased
  - A disc front end loader bucket, rotary cutter with wings, root rake, bale spears, drag harrow and rear blade was not purchased
- Originally budgeted in the Area Wide Fencing Year 1 project
  - 68 miles of fencing was not installed
  - 17 miles of farmland fencing was not installed
- Originally budgeted in the Livestock Processing Facilities Year 1 and Year 2 projects

- Purchase livestock processing facilities at three sites:
  - Eastern Agency Location
  - Fort Defiance Agency Location
  - Western Agency Location
- Originally budgeted in the Dryland/Farmland Recovery Year 2 project
  - 65 miles of fencing was not installed
  - 28,621 pounds of dry land pasture seed was not purchased
- Originally budgeted in the Livestock Auction Incentive Year 3 project
  - Assistance with the sale of livestock during drought

Cause

Prior NNDA management did not execute projects as outlined in the legislation and original budgets. Current NNDA management was unable to speak to the actions of prior management, but noted significant political pressures exist to provide this type of assistance to farmers and ranchers.

Recommendation

NNDA should obtain legislative approval to change the intent of the usage of AIF project funds.

Finding 5 – $3.8 million in AIF program funds were not used for the original legislative intent but rather were redirected for the payments of costs related to events such as fairs and rodeos.

Criteria

CO-57-16 outlines the intended use of funding for AIF as noted previously. Additionally, the project plan outlines what each approved project is intended to accomplish.

Condition

It was noted during the audit that in addition to redirecting funds to incentive programs, that funding for several other approved AIF projects was redirected for event related expenditures such as fairs and rodeos totaling $3.8 million. These expenditures were not included in the original program budgets as reported in Table 11 on the next page:

Table 11

AIF - Event Related Expenditures Through September 30, 2024						
Business Unit	Description	Expenditure Account Code	Department	Amount	Vendor	Budget information/Actual expenditure description
Year 1						
C01792	WINDMILL PROJECTS YR1	6921 Other Services	DWR	$ 86,650.00	C5 Rodeo Company Inc	Not in original budget. Rodeo event
C01798	AGRICULTURAL SERVICE CENTERS YR 1	9014 Land Improvements		328,097.24	Black Creek Fence Company	Not in original budget. Window Rock fair grounds fencing project
		9142 Equipment		250,103.40	A1 Golf Cart Leasing Inc	Not in original budget. 20 golf carts
		9142 Equipment		28,995.00	DCM Day Construction and Mechanical	Not in original budget. LED digital sign and controller system
N01443	LIVESTOCK PROCESSING FACILITIES YR1	5350 Other Space Rental	NNDA	159,131.42	America Tent Rentals Inc	Not in original budget. Event rental items - fair ground
		9142 Equipment		213,986.99	T and R Market Inc	Not in original budget. Bucking Chutes, Panels, Gates, etc. for event.
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1	5350 Rentals		200,992.95	America Tent Rentals Inc	Not in original budget. Event rental items
Year 2						
N01508	NNDA HORSE MANAGEMENT YR2	6921 Other Services	NNDA	44,386.00	C5 Rodeo Company Inc	Not in original budget. Navajo Nation Fair 4th of July PRCA Rodeo 2023
N01509	HERD COMPLIANCE INCENTIVE YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Budgeted $30,000 for sponsorships set up during Navajo Nation Fair. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01511	DRYLAND/FARMLAND RECOVERY YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01512	AREA WIDE FENCING (RMU,ETC) YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01513	TECHNICAL CAPACITY BUILDING & CONSERVATION YR2	6921 Other Services	NNDA	300,125.00	Building Nations	Not in original budget. Paid $106,000 for fiscal management of Fair and related activities associated for the 74th annual NN fair.
		9052 Buildings		40,968.79	Empire Steel Buildings	Not in original budget. 60x100x14 building - fair ground (partial)
N01514	AGRICULTURE CONSERVATION CORP YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Not in original budget. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
		4420 General Operating Supplies		94,838.40	Artificial Grass Recyclers Corporation	Not in original budget. Turf shipped to Navajo Nation fair ground
N01515	AGRICULTURE CONSERVATION IMPROVEMENT YR2	6921 Other Services	NNDA	212,000.00	Building Nations	Not in original budget. Modification for increased cost for planning, production, and fiscal management of the Navajo Nation Agriculture Expo and 4th of July events.
		6921 Other Services		212,901.00	Rafter G Rodeo Co Inc	2022 NNF Stock Contractor - Navajo Nation Fair and Rodeo
C01888	AGRICULTURAL SERVICE CENTERS YR 2	9142 Equipment		999,280.00	In Production Inc	Not in original budget. 8 refurbished VIPortable Suite Systems
Year 3						
N01560	NAVAJO 4H/FFA INCENTIVE PROGRAM YR3	7150 Charitable Contribution	NNDA	195,000.00	Building Nations	Not in original budget.
			Total	$ 3,791,456.19		

Effect

Projects authorized within the original legislation were not executed by NNDA to strengthen agricultural infrastructure on the Navajo Nation. AIF funds were redirected from larger scale projects with the potential for longer term agricultural sustainability to one-time events or infrastructure and equipment for events. More specific impacts will be discussed later in the report.

Cause

Prior NNDA management did not execute projects as outlined in the legislation and original budgets. It was noted that in some instances there was an initial version of the budget forms that were more aligned with the project purpose, and then the final version contained modifications that were less aligned with the project purpose. Legislative approval was not noted.

Recommendation

NNDA should obtain legislative approval to change the intent of the usage of AIF project funds.

<u>Finding 6 – NNDA did not ensure funds provided to the 110 Chapters or to ToohBAA were used only for allowable AIF purposes due to the lack of an established monitoring process.</u>

Criteria

RDCMA-07-21 approved $4 million from the AIF to be distributed to the 110 Navajo Nation Chapters to be used to procure hay, grain, and livestock feed for distribution to community members. No other uses of the funds were allowable.

The FMP indicates that if RDC approves projects to be managed and implemented by departments or programs outside of DNR, DNR and NNDA shall retain authority and responsibility to ensure that such funding is used only for projects meeting CO-57-16's criteria.

Expenditure monitoring practices ensure programmatic compliance.

Condition

Current NNDA management was able to locate the *Livestock Hay/Feed Distribution Guideline* dated April 2021 that Chapters were requested to follow. However, there is no evidence that NNDA monitored the Chapters for adherence to the guideline or to verify funds were utilized for allowable purposes.

Further, as noted previously, AIF funds were granted to ToohBAA, an outside party. NNDA did not establish a written grant monitoring process, nor could evidence be provided that the use of funds was monitored for adherence to the project's purpose.

Effect

Without an established monitoring process, NNDA is unable to determine the status of the program and if the program met its intended purpose. This could lead to noncompliance and diminished public impact.

Cause

Guidelines regarding the monitoring of AIF funds to departments or entities outside DNR do not exist.

Recommendation

Programmatic monitoring processes and procedures should be established by NNDA management. Deadlines should be established by the NNDA for periodic programmatic reporting for both compliance and impact to DNR and RDC.

Objective 4: Were AIF policies and procedures followed?

Methodology

We performed the following procedures to determine whether AIF policies and procedures were followed.

- Reviewed legislation and resolutions
- Reviewed available AIF policies and procedures
- Reviewed the AIF FMP
- Met with the current NNDA and other department administration and staff to discuss project administration
- Read meeting minutes that were maintained from the prior administration where discussions over projects were held
- Performed data analytics on transactions in the general ledger to identify trends with incentive payments
- Compiled and reviewed budget to actual data by project
- Requested supporting documents and reviewed what could be provided for compliance with policies, procedures and alignment with best practices

Objective 4 - Findings and Recommendations

Finding 7 – NNDA did not maintain complete records to support operations and activities of the department.

Criteria

Departments should establish recordkeeping practices to ensure information to support operations and activities is easily accessible and available.

Condition

Limited documentation was available for review at NNDA for the audit. Requested items such as copies of project budget narratives with approvals and invoices could not be located at the NNDA offices. The Office of the Controller (OOC) was able to provide certain records requested; however, this took a significant amount of time and effort. Adding to the difficulties and delays, the Navajo Nation Department of Justice (DOJ) had confiscated certain AIF records for an active investigation. DOJ did allow the audit team to access the records during onsite fieldwork. Lastly, NNDA did not have record retention policies.

Effect

Poor recordkeeping practices have many negative impacts including (1) waste of employee time attempting to locate records (2) files misplaced, lost or removed from the premises, (3) the existence of multiple versions of documentation in various stages of completion and approval, (4) reputational damage related to the inability to provide documentation to respond to requests and inquiries and (5) noncompliance related to FMP requirements and for audits.

Cause

The Department Manager III at NNDA indicated that there were very few records in the Department when she was confirmed for the position in September 2024. It is alleged that prior management removed or destroyed department records.

Recommendation

- NNDA should develop a records management process and retention cycle addressing the establishment of secure processes for file management, the communication of processes to department staff and how the process will be monitored by management. The process should include records creation, filing and storage (electronic, paper etc.), retention periods, and the roles and responsibilities of the various positions within the department.
- Access to department records should be removed immediately upon employee termination.

Finding 8 – NNDA does not currently have access to information on the AIF website related to the Livestock Management and Farm and Garden incentive programs.

Criteria

Website management services and related vendor contracts or data-sharing agreements require appropriate security/access, processing, and backup controls in place. Further, it is a best practice for written agreements to include an acknowledgement that website service providers are responsible for the security of confidential data the service provider possesses and that the data should be returned securely to an entity upon termination of contract. Typically, departments will work in conjunction with the Information Technology Department (IT) to develop appropriate vendor agreements.

Condition

CKP Insurance, LLC (CKP) was a vendor utilized by the Navajo Nation for drought insurance services. The vendor developed a website for the NNDA to automate the application process for certain incentive and assistance programs. The programs require Navajo ranchers and farmers to upload information, some confidential in nature, as documented in Table 12 on the next page:

Table 12

Incentive Program Information Shared Through CKP Managed Website	
Incentive Program Description	Requirements
Livestock Management Incentive	- Full name & mailing address - ID, social security card, Certificate of Indian Blood (CIB) - Consent for electronic signature & W9 - Grazing permit - Previous year's annual livestock inventory - Livestock sale yard receipts
Farm & Garden Incentive	- Full name & mailing address - ID, social security card, certificate of Indian blood - Consent for electronic signature & W9 - If ALUP: provide Agriculture Land Use Permit (ALUP) - If gardener: proof of current food/crop production - Previous year's annual crop inventory - Two photos of the agriculture project planting in harvest season

The application website was fully managed by CKP, and upon nonrenewal of the contract, the vendor restricted NNDA's access to website.

Effect

Sensitive information related to Navajo farmers and ranchers may be comprised. Incentive program operations have experienced delays. Supporting documentation requested for the audit could not be provided. NNDA management may have delegated the responsibility of approving the award of incentive funds to CKP employees.

Cause

The contract agreement established between NNDA and CKP did not include provisions to clarify that the website is the property of the Navajo Nation and access is to be surrendered to the Navajo Nation upon termination of the contract.

Recommendation

- NNDA management should work with DOJ to obtain rights to the website and remove access rights from the former vendor.
- NNDA management should ensure written agreements including data security rights and protocols are established and ensure future vendor contracts include these provisions.

Finding 9 – Quarterly written project status reports were not prepared by NNDA management, and no AIF project accounts have been closed.

Criteria

The FMP indicates that at the end of each quarter, the Department responsible shall provide written project status reports. The reports are to include the status of the projects and the expenditures and fund balance for each project. Further, when a project is implemented, the Department responsible shall provide a memorandum, concurred to by DNR stating that the project is complete with all closeout tasks complete and that the project account can be closed.

Condition

Quarterly reports were requested but were not provided for the audit. The current Department Manager III at NNDA is not aware if the reports were prepared by the prior administration. Additionally, certain AIF projects appear to be complete or substantially complete, such as the Red Willow Farm and Water Conservation & Catchments projects from year one but have not been initiated for closeout.

Effect

Lack of timely review and reporting of financial data can lead to uninformed decision-making and the inability of management to provide stakeholders with relevant data needed to perform their oversight responsibilities. Residual unexpended project funds were not reappropriated for new projects to mitigate drought conditions.

Cause

The lack of records maintained at NNDA and lack of response to inquiries to obtain records from other individuals or departments within the Navajo Nation contributed to the inability to verify the preparation of required quarterly reports. Prior NNDA management did not adhere to the requirements of the FMP.

Recommendation

- Quarterly reporting should be performed by NNDA management to communicate the status of projects to stakeholders.
- To best leverage funds, NNDA management should implement a monthly budget monitoring process for all AIF projects.
- When a project is noted to be completed, the process for closing out the fund should be executed by the NNDA.

Finding 10 – Several AIF program budgets are over expended.

Criteria

Budgets exist to provide parameters to assist with the management of funds to control spending and help an organization achieve financial goals. For this reason, expenditures must be limited to available budgeted amounts.

Condition

Actual expenditures exceeded budgeted expenditures for seven AIF projects as reported in Table 13.

Table 13

AGRICULTURE INFRASTRUCTURE FUND (AIF)
OVEREXPENDED PROJECTS AS OF 9.30.24

Business Unit	Description	Department	Original Budget	Actuals as of 9/30/24	Over/Under Budget
N01447	CLIMATE CHANGE/DROUGHT MITIGATION YR1	FWD	300,000.00	308,933.72	(8,933.72)
N01438	HERD COMPLIANCE INCENTIVE YR1	NNDA	500,000.00	505,375.00	(5,375.00)
N01439	RANCHERS SUPPLY FEED DISTRIBUTION YR1	NNDA	500,000.00	542,893.21	(42,893.21)
N01442	AREA WIDE FENCING (RMU,ETC) YR1	NNDA	400,000.00	407,500.00	(7,500.00)
N01443	LIVESTOCK PROCESSING FACILITIES YR1	NNDA	500,000.00	540,118.41	(40,118.41)
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1	NNDA	400,000.00	400,401.40	(401.40)
N01510	RANCHERS SUPPLY FEED DISTRIBUTION YR2	NNDA	500,000.00	532,656.46	(32,656.46)

Effect

Budget over expenditures require the allocation of other resources to cover, which may not be available or may already be allocated to fund other critical areas. Financial reporting errors occur when expenditures are not charged to the current program within a fiscal year.

Cause

A lack of internal controls and a lack of monitoring by DNR and NNDA management allowed for payments to be processed in excess of available budget.

Recommendation

- NNDA management should not approve expenditures in excess of available budget.
- NNDA management should identify an available funding source to cover program over expenditures.

Objective 5: Did AIF projects meet the overall objectives and goals of the AIF?

Methodology

We performed the following procedures to determine whether the AIF projects met the overall objectives and goals of the AIF:

- Reviewed legislation and resolutions
- Reviewed the AIF FMP
- Discussed projects with department administrators and staff
- Sampled transactions and reviewed the following documentation to assist with conclusions regarding alignment with goals and objectives of AIF
    - Invoices and related payment information
    - Personnel Action Forms (PAFs), timesheets and other payment records
    - Budget forms, budget revisions, and requests for project extensions for completeness and all required approvals

Objective 5 - Findings and Recommendations

Finding 11 – AIF projects were in various stages of completeness and not all funds were utilized to complete the projects approved in the FMP. More than half of the AIF funds were utilized for assistance programs and event related activities.

Criteria

Navajo Nation Council resolution CO-57-16 approved and adopted an expenditure plan for the AIF, outlining the use of any remaining indemnity payments in excess of the amount necessary to guarantee the subsequent crop year's insurance premiums to fund and implement agriculture infrastructure projects on the Navajo Nation, including but not limited to:

- Range, grazing and livestock
- Tribal ranch infrastructure
- Farming and irrigation
- Agriculture water development
- Dams, reservoirs and catchments
- Watershed planning for agriculture
- Agricultural complexes
- Drought contingency plan (mitigation measures)
- Area wide fencing
- Brand office

- Navajo Partitioned Lands and Former Bennett Freeze Area projects, including administration costs

RDCD-100-18 approved a Fund Management Plan (FMP) outlining the use of funds. The approved projects for Year 1 and Year 2 were developed based on these objectives.

Year 1

- Heritage and Historic Preservation Department (HHPD) – clearances for AIF projects
- Forestry Department – drought mitigation measures
- Department of Water Resources (DWR)
    - Windmill priority projects (windmills/well repairs, storage tanks, troughs, equipment, trucks/trailers, operators, R&M, technical staff)
    - Contract services for earth dam repairs
    - Red Willow Farm well powerline
    - Little Colorado River (Leupp) alluvial aquifer USGA match
    - Coppermine livestock waterline
    - Greasewood Springs waterline extension
    - Burnside livestock well pump and powerline
    - Tolani Lake EQUP waterline extension
    - Climate monitoring installations
- Department of Fish and Wildlife (DFW)
    - Climate change/drought mitigation for wildlife
    - Horse management reduction for wildlife habitat
    - Water conservation/catchments for wildlife
    - Woodland habitat treatments for wildlife
    - Native seed/riparian habitat restoration for wildlife
- Department of Agriculture (NNDA)
    - Horse management program
    - Herd reduction incentives
    - Rancher supplemental feed distribution
    - Tribal ranches infrastructure improvements
    - Dryland/irrigated farmland recovery
    - Area wide fencing (grazing units, districts, ALUP, RMU)
    - Livestock gathering/processing facilities
    - Technical capacity building and conservation
    - Agriculture service centers
    - Agriculture conservation corps

Year 2

- HHPD – clearances for AIF projects
- Forestry Department – drought mitigation measures

- DWR
  - Windmill priority projects (windmills/well repairs, storage tanks, troughs, equipment, trucks/trailers, operators, R&M, technical staff)
  - Contract services for earth dam repairs
  - Non NTUA domestic systems/water hauling
  - Well consultations for water system supply
  - Bird Springs livestock water/powerline
  - LCR5 area geological/hydro survey with ACE, NRCS
- DFW
  - Climate change/drought mitigation for wildlife
  - Horse management reduction for wildlife habitat
  - Water conservation/catchments for wildlife
  - Woodland habitat treatments for wildlife
  - Native seed/riparian habitat restoration for wildlife
- NNDA
  - Horse management program
  - Herd reduction incentives
  - Rancher supplemental feed distribution
  - Tribal ranches infrastructure improvements
  - Dryland/irrigated farmland recovery and AG EO training
  - Area wide fencing (grazing units, districts, ALUP, RMU)
  - Livestock gathering/processing facilities
  - Technical capacity building and conservation
  - Agriculture service centers, veterinary equipment and events
  - Agriculture conservation corps
  - Dzil Yijiin drought preparedness planning
  - Cornfields farm project conservation improvements
  - Houck conservation improvements
  - Indian Wells conservation
  - Ganado Farm project conservation improvements
  - High Tunnel pilot project/training

Exhibit 7 within RDCD-40-22 outlined the projects for Year 3. Specific objectives were not outlined within the legislation. Individual program budgets were utilized to derive AIF project goals and objectives for Year 3 as well as to supplement the information for Years 1 and 2.

Condition

A summary of the conclusions regarding the progress of AIF departments and projects towards mitigating drought conditions on the Navajo Nation is outlined by department.

HHPD - The Heritage and Historic Preservation Department (HHPD) was awarded AIF funds for archeological clearances, a service the Department does not perform. As a result, 90% of the AIF funding awarded to the HHPD remains unused.

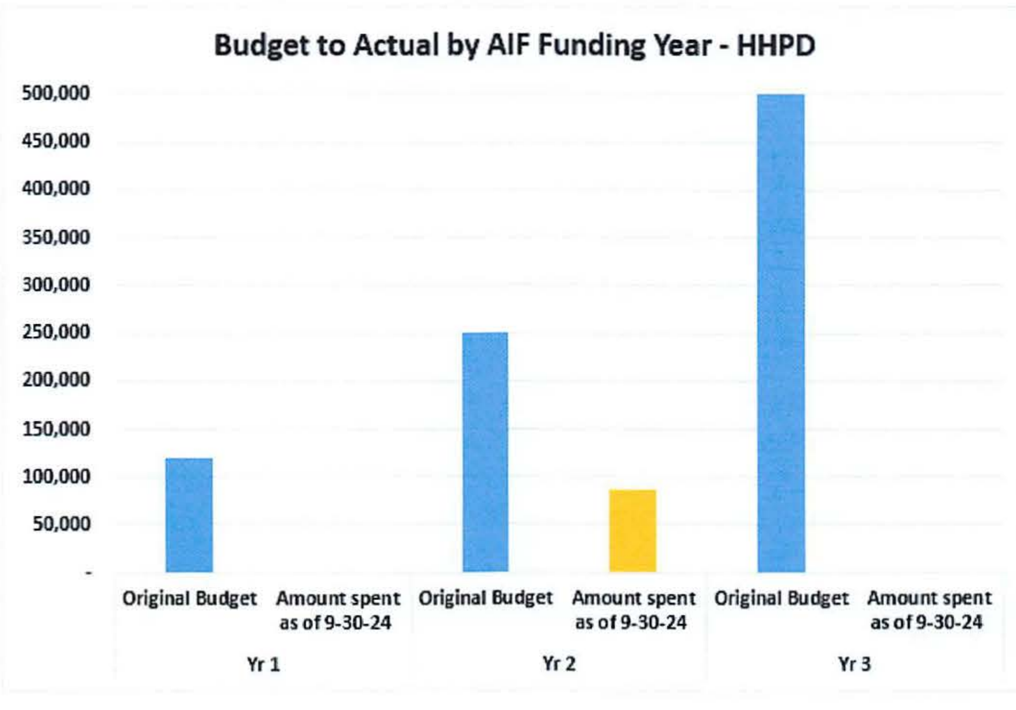
Expenditures made from AIF funds awarded to the HHPD were for the development of a planning tool to be utilized by multiple departments involved with development throughout the Navajo Nation regarding burial locations. The project has not yet been completed.

Table 14 includes a summary of AIF funds awarded and expended by HHPD as of September 30, 2024:

Table 14

Heritage and Historic Preservation Department (HHPD)
Agriculture Infrastructure Fund (AIF) Funding Overview

Yr 1		Yr 2		Yr 3	
Original Budget	Amount spent as of 9-30-24	Original Budget	Amount spent as of 9-30-24	Original Budget	Amount spent as of 9-30-24
120,000.00	-	250,000.00	87,344.30	500,000.00	-



Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

Forestry - The Forestry Department was awarded AIF funds for tree thinning. 78% of the AIF funding awarded remains unused for the intended purpose, as challenges were experienced when executing projects.

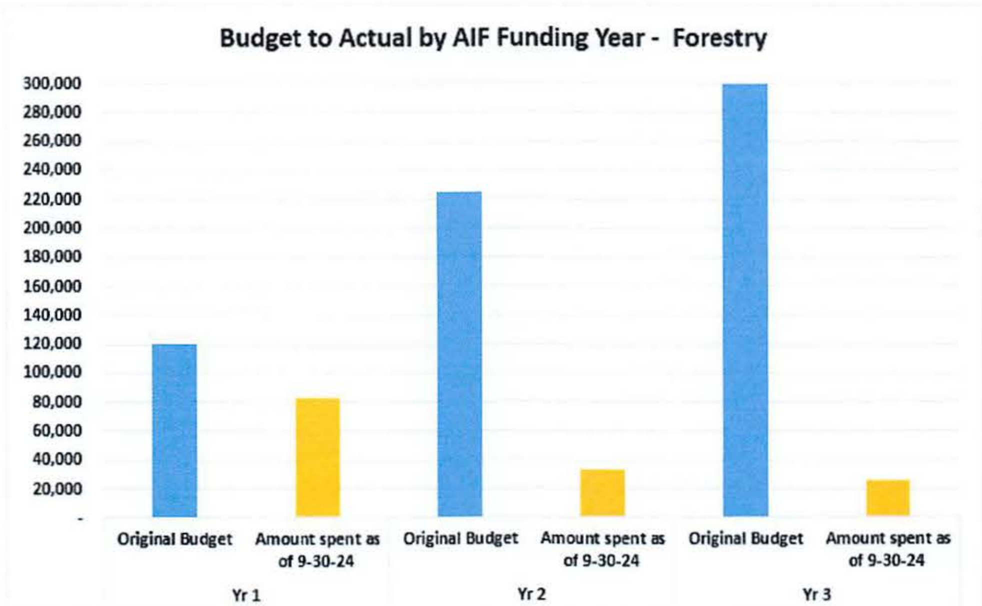
Expenditures made from AIF funds awarded to the Forestry Department were for tree thinning. The Forest Manager indicated that tree thinning benefits agriculture by reducing tree cover. Moisture can infiltrate the ground for grasses rather than be taken in by the crowns of trees. The reestablishment of grasses benefit livestock, wildlife and water filtration into the water table.

Table 15 includes a summary of AIF funds awarded and expended by the Forestry Department as of September 30, 2024:

Table 15

Forestry Department
Agriculture Infrastructure Fund (AIF) Funding Overview

Yr 1		Yr 2		Yr 3	
Original Budget	Amount spent as of 9-30-24	Original Budget	Amount spent as of 9-30-24	Original Budget	Amount spent as of 9-30-24
120,000.00	82,613.91	225,000.00	33,459.49	300,000.00	25,392.11



Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

DWR - The Department of Water Resources (DWR) made progress on AIF projects, expending 48% of awarded funds, however experienced challenges in working towards executing projects.

The DWR expended funds on projects to improve agriculture infrastructure with the goal of:

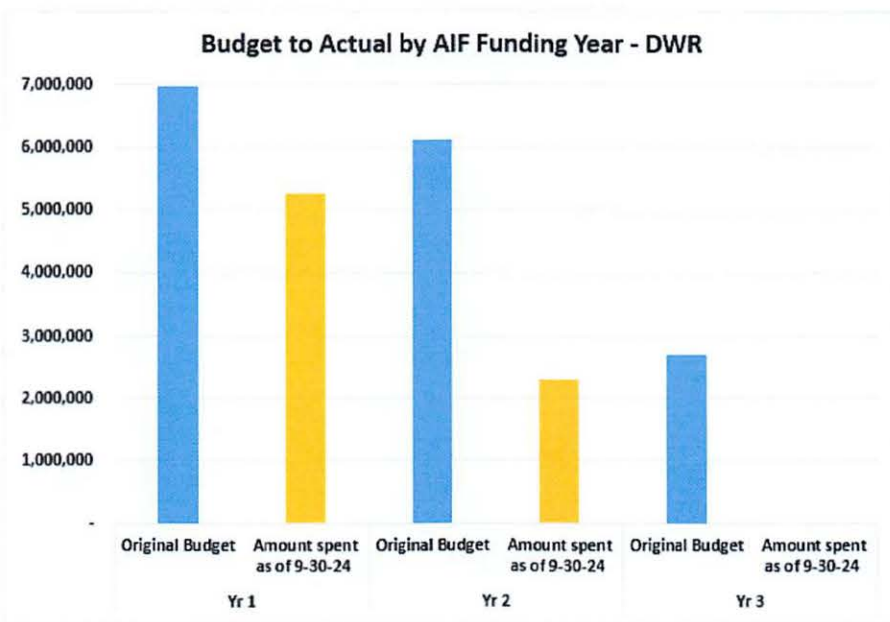
- Extending a power line to a well site for Red Willow Farmland, which contains 938 acres with 124 farm plots.
- Extending a waterline between two storage tanks with water to be used for livestock.
- Rehabilitating livestock earthen dams.
- Installing an additional 3.6 miles of waterline to meet the agricultural water demand of 20 additional local ranchers.
- Rehabilitating a well and constructing a water storage tank and water lines for livestock in the Greasewood Springs community.
- Installing a powerline extension and submersible pump to increase the water supply the current windmill cannot supply in the Ganado/Burnside area.
- Procuring a 2,000 gallon water hauling truck, installing a waterline and constructing a water collection/storage system in the Tolani Lake community.
- Performing a groundwater study to assess current water availability to determine future needs.

Table 16 includes a summary of AIF funds awarded and expended by DWR as of September 30, 2024:

Table 16

Department of Water Resources (DWR)
Agriculture Infrastructure Fund (AIF) Funding Overview

Yr 1		Yr 2		Yr 3	
Original Budget	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**
6,963,500.00	5,270,410.68	6,124,000.00	2,314,609.02	2,698,640.00	-



Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

DFW - The Department of Fish and Wildlife (DFW) made progress on AIF projects, expending 62% of awarded funds as of September 30, 2024.

The DFW expended funds on projects as follows:

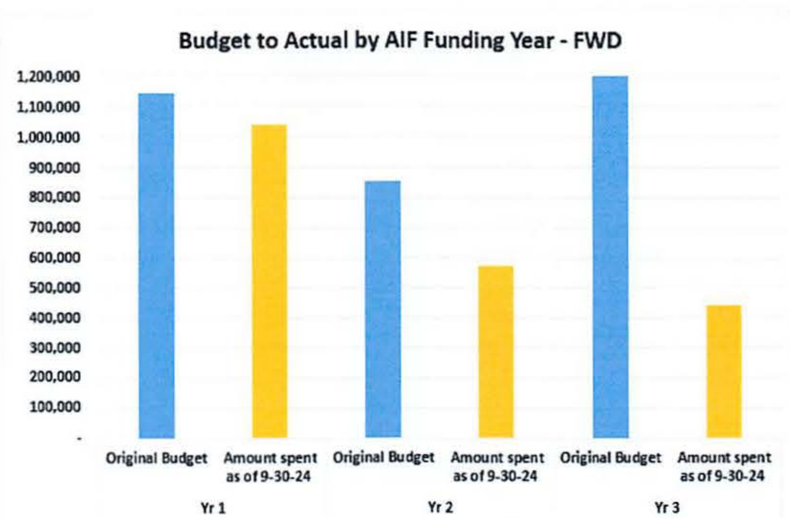
- On education, information and outreach regarding climate change
- To purchase six 2200 gallon water catchments for wildlife
- Fish hatchery water delivery system improvements
- Education, advertising and purchase of veterinary supplies to address overpopulation, disease and neglect of animals
- Repairs to stream habitats to reduce runoff to increase infiltration
- Assist with the re-issuance of grazing permits
- Colorado Ranch Enterprise (CRE)
    - Supplemental hay and feed for bison and cattle operations
    - Fertilizer to increase hay production capabilities in the agricultural fields of Wolf Springs and Boyer Ranches
    - Equipment to improve the quality and quantity of bailed hay including an aerator, baler and bale feeder

Table 17 includes a summary of AIF funds awarded and expended by DFW as of September 30, 2024:

Table 17

Department of Fish & Wildlife (DFW)
Agriculture Infrastructure Fund (AIF) Funding Overview

Yr 1		Yr 2		Yr 3	
Original Budget	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**
1,147,000.00	1,044,008.92	854,800.00	574,285.30	1,303,000.00	444,801.81



Sources: Budget: *Agriculture Infrastructure Funds Program Report 2024 /* ***Actuals as of 9/30/24:*** *G/L by Business Unit report from 10/1/2018 through 09/30/2024*

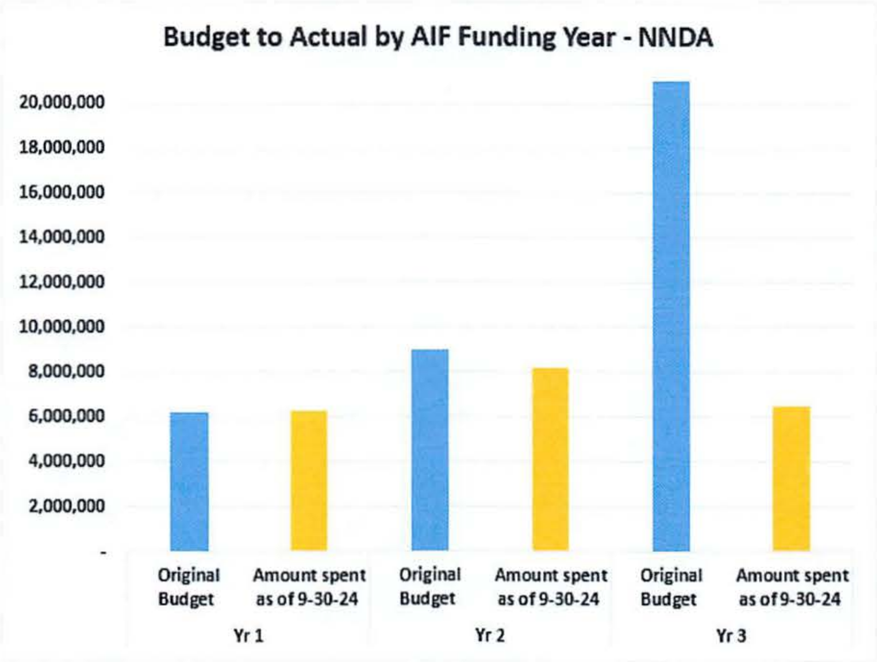
NNDA – The usage of AIF funds did not in many instances align with the purpose or objective of the project.

NNDA expended 58% of program funds as of the end of the audit period. Table 18 includes a summary of AIF funds awarded and expended as of September 30, 2024:

Table 18

Department of Agriculture (NNDA)
Agriculture Infrastructure Fund (AIF) Funding Overview

Yr 1		Yr 2		Yr 3	
Original Budget	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**	**Original Budget**	**Amount spent as of 9-30-24**
6,200,000.00	6,263,042.93	8,989,000.00	8,190,195.57	21,030,000.00	6,522,589.37



Source: Agriculture Infrastructure Funds Program Report 2024 and the G/L by Business Unit report from 10/1/2018 through 09/30/2024

Tables 19, 20 and 21 beginning on the next page contain information on the AIF projects administered by NNDA by year. The tables outline where the usage of funds as demonstrated by the expenditures through the audit date align with the purpose of objective outlined in the FMP or budget. For any project with deviations from the objectives, there is information on the deviation in the audit comments column. Items in red denote lack of alignment with project objectives.

Table 19

AGRICULTURE INFRASTRUCTURE FUND (AIF)
NNDA - YR1 PROJECTS

Business Unit	Program/Objective	Funding Amount	Usage align with purpose/objective?	Audit comments
C01798	AGRICULTURE SERVICE CENTERS YR1 **FMP:** Purchase/improve facilities for DNR/NNDA staff for AIF administration **Project Process Schedule:** Establish field Agriculture Service Centers to improve agriculture services delivery and facilitate meetings/training for agricultural elected officials and farm/graze permittees	$ 1,100,000.00	NO	*Monies were intended for NN Sport Center, Nakai Hall, or other facility buildings*. Only a portion of a 60x100x14 building totaling $114,998.21 was purchased with these funds.
N01437	NNDA HORSE MANAGEMENT YR1 **FMP:** Personnel, equipment, supplies and repairs to remove 5,000 horses **Project Process Schedule:** Continue to manage the horse population on Navajo Nation; horse round ups, entrapment and monitoring: surgical gelding and birth control, NNDA conduct outreach on horse management and horse care, and genetic testing for horse registry	1,000,000.00	YES	
N01438	HERD COMPLIANCE INCENTIVE YR1 **FMP:** Pay incentives to livestock owners to reduce livestock herd numbers **Project Process Schedule:** Pay grazing permittees to reduce number of livestock to alleviate grazing pressure, overgrazing, and conserve natural resources	500,000.00	YES	
N01439	RANCHERS SUPPLY FEED DISTRIBUTION YR1 **FMP:** Purchase and distribute mineral supplements to livestock owners **Project Process Schedule:** Assist livestock grazing permittee with mineral supplement fees for livestock	500,000.00	NO	Some funds expended on the Livestock Management Incentive program.
N01440	TRIBAL RANCH INFRASTRUCTURE IMPROVEMENT YR1 **FMP:** Repair and install windmills/dams, solar-controlled systems, fencing and water conservation improvements **Project Process Schedule:** Tribal Ranch infrastructure improvements & conservation practices	1,000,000.00	YES	Installation of solar pumping plants, water storage tanks, and fiberglass livestock drinkers at Pitts #1, #7, #9 and #5a for $502,441.54.
N01441	DRYLAND/FARMLAND RECOVERY YR1 **FMP:** Reactivate and improve inactive farmlands with cost sharing incentives to ALUP permit holders **Project Process Schedule:** Assist permittees to restore/reactivate/improve farms/range units	400,000.00	NO	Majority of funds expended on the Farm & Garden Incentive program.
N01442	AREA WIDE FENCING (RMU,ETC) YR1 **FMP:** Improve and install fencing for grazing units, districts, RMUs **Project Process Schedule:** Range and farmland fencing for proper grazing management and natural resource conservation	400,000.00	NO	Funds expended on the Livestock Incentive and Farm & Garden Incentive programs.
N01443	LIVESTOCK PROCESSING FACILITIES YR1 **FMP:** Purchase and install equipment to gather, process, vaccinate and market livestock for Navajo producers **Project Process Schedule:** Obtain livestock gathering equipment and facilities for gathering feral, unauthorized animals to reduce range land grazing pressure and for public safety	500,000.00	NO	*Equipment was budgeted for Eastern, Fort Defiance, and Western Agencies.* Instead, funds were expended on the Livestock Incentive program and event costs.
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1 **FMP:** Employ technical/professional staff to support PRF and AIF activities **Project Process Schedule:** Establish staff to oversee AIF agriculture services delivery and facilitate meeting/trainings/projects implementation with agriculture officials, farm/grazing, permittees, and other DNR Departments	400,000.00	PARTIALLY	$200,992.95 expended for event rental items.
N01445	AGRICULTURE CONSERVATION CORP YR1 **FMP:** Employ local conservation technicians **Project Process Schedule:** Providing a conservation labor corporation for project ready projects in each agency	400,000.00	YES	
	TOTAL	$ 6,200,000.00		

Table 20

AGRICULTURE INFRASTRUCTURE FUND (AIF) NNDA - YR2 PROJECTS				
Business Unit	**Program/Objective**	**Funding Amount**	**Usage align with purpose/objective?**	**Audit comments**
C01885	TRIBAL RANCH INFRASTRUCTURE IMPROVEMENT YR2 **FMP:** To repair and install windmills/dams, solar controlled systems, fencing and water conservation improvements **Project Budget Schedule:** To improve ranch facilities to increase revenue, assist lessee with materials to improve ranch, provide bull to improve cattle quality	$ 1,000,000.00	YES	Largest purchases 15 10,150 gallon storage tanks. More than half of the funds remain to be expended.
C01887	LIVESTOCK PROCESSING FACILITIES YR2 **FMP:** Purchase and install equipment to gather, process, vaccinate and market livestock for Navajo producers **Project Budget Schedule:** Obtain livestock gathering equipment and facilities for feral unauthorized animals to reduce range land grazing and for public safety	500,000.00	NO	*Monies were intended for livestock processing facilities in Eastern, Fort Defiance and Chinle Agencies*. Funds expended on the Livestock Management Incentive program.
C01888	AGRICULTURE SERVICE CENTERS YR2 **FMP:** Purchase/improve facilities for DNR/NNDA/veterinary staff and events **Project Budget Schedule:** Agriculture field service centers to improve services delivery, outreach to livestock producers, farmer (large and small), general public, provide training, meetings for agricultural elected officials, farm/grazing permittees.	3,000,000.00	NO	Majority of funds used for event related expenditures. Not all funds are expended. Current NNDA management indicated a prototype needs to be established and then remote locations can be built to cut down on travel to Window Rock.
N01508	NNDA HORSE MANAGEMENT YR2 **FMP:** Personnel, equipment, supplies and repairs to remove 5,000 horses **Project Budget Schedule:** Continue with program, to collect samples for equine, rescue feral livestock, conduct outreach for proper livestock management.	900,000.00	YES	
N01509	HERD COMPLIANCE INCENTIVE YR2 **FMP:** Pay incentives to livestock owners to reduce livestock herd numbers **Project Budget Schedule:** Pay grazing permittee to reduce number of livestock to alleviate grazing pressure, overgrazing, and conserve resources	600,000.00	YES	
N01510	RANCHERS SUPPLY FEED DISTRIBUTION YR2 **FMP:** Pay and distribute mineral supplements to livestock owners **Project Budget Schedule:** Assist livestock grazing permittee with mineral supplement for livestock	500,000.00	NO	Used for Livestock Management Incentive & Farm & Garden Programs.
N01511	DRYLAND/FARMLAND RECOVERY YR2 **FMP:** Reactivate and improve inactive farms with cost share incentives to ALUP permittees and agriculture DGC/LB/FB training **Project Process Schedule:** To improve ranch facilities to increase revenues, assist materials to improve ranch, provide bull to improve cattle quality	500,000.00	NO	Used for Livestock Management Incentive & Farm & Garden Programs and event costs.
N01512	AREA WIDE FENCING (RMU,ETC) YR2 **FMP:** Improve and install fencing for ALUP, grazing units, districts and RMUs **Project Budget Schedule:** Range and farmland fencing for proper grazing management and natural resources conservation	400,000.00	NO	*Monies should have been used for 64 miles of range and 20 miles of farmland fencing.* Used for Livestock Management Incentive & Farm & Garden Programs.
N01513	TECHNICAL CAPACITY BUILDING & CONSERVATION YR2 **FMP:** Employ technical/professional staff to support PRF and AIF activities **Project Budget Schedule:** Obtain livestock gathering equipment and facilities for feral unauthorized animals to reduce range land grazing pressure and for public safety.	500,000.00	NO	Majority of funds used for event costs.
N01514	AGRICULTURE CONSERVATION CORP YR2 **FMP:** Employ local conservation technicians **Project Budget Schedule:** Providing a conservation labor corporation for projects ready in each agency for CY2021-2022 and identify projects for CY 2023	500,000.00	PARTIALLY	Some funds used for event costs and infrastructure.
N01515	AGRICULTURE CONSERVATION IMPROVEMENT YR2 **FMP:** Drought and climate change outreach in Dzil Yijiin Council/NPL area chapters/Initiate actions to reactive farming areas and install conservation measures in the Cornfields Farm, Houck, and Indian Wells areas/Ganado farm project/High Tunnel pilot project to leverage with NRCS to install high tunnel facilities and chapter training on installation and operations **Project Budget Schedule:** Distribution of funds to participants whom have agriculture improvements, land conservations, drought planning, and tunnel pilot projects	589,000.00	NO	*Funds budgeted for Dziil Yijiin drought preparedness planning, Cornfields Farm project conservation improvement, Houck conservation improvement, Indian Wells conservation improvement, Ganado farm project conservation improvements and High Tunnel pilot project/training.* Majority of funds used for event related expenditures.
	TOTAL	8,989,000.00		

Table 21

AGRICULTURE INFRASTRUCTURE FUND (AIF) NNDA - YR3 PROJECTS				
Business Unit	**Program/Objective**	**Funding Amount**	**Usage align with purpose/objective?**	**Audit comments**
N01535	NN FAIR EVENTS / IMPROVEMENTS YR 3 **Project Process Schedule:** To plan, coordinate, organize, collaborate, improve, and assist in brining the community together to highlight the Navajo peoples' craft and agricultural skills. Analyze, design, develop, implement, and evaluate Navajo Nation fair events and improvements. To plan, design, construct, equip, and furnish program initiatives and specialized services	$ 2,850,000.00	YES	
N01554	NNDA HORSE MANAGEMENT YR3 **Project Budget Schedule:** Continue to manage the equine population on the Navajo Nation through equine removal, equine growth rate/population, continue to monitor disease/genetics, complete outreach and provide education for all communities on the Navajo reservation	900,000.00	YES	
N01555	AGRICULTURE INCENTIVE PROGRAM YR3 **Project Budget Schedule:** To assist Navajo ranchers during the ongoing drought, using the best management practices and to encourage ranchers to reduce their livestock herd to permitted levels. To promote recovery of idle and inactive farms . Program goal is to revitalize agriculture practices	2,000,000.00	YES	
N01557	LIVESTOCK FEED ASSISTANCE EASTERN AGENCY YR3 **Project Budget Schedule:** Eastern Navajo Agency will provide funding to four certified chapters to procure hay and feed to distribute to feed 1-Permit Eastern Navajo Agency livestock owners	120,000.00	TOO EARLY TO DETERMINE	Project recently began and only minimal expenditures incurred as of 9/30/24
N01558	VETERINARY PROGRAM-ADMIN YR3 **Project Budget Schedule:** To pay for veterinary services to mitigate the spread of diseases and infections that could cause an adverse reaction to the agriculture rangeland and farm land areas	900,000.00	TOO EARLY TO DETERMINE	Project recently began and only minimal expenditures incurred as of 9/30/24
N01559	FARM/GARDEN INCENTIVE PROGRAM YR3 **Project Budget Schedule:** Provides active farmers and gardeners a financial incentive to produce crops, increase food production, increase agroeconomics and agriculture productivity of Navajo Nation.	500,000.00	YES	
N01560	NAVAJO 4H/FFA INCENTIVE PROGRAM YR3 **Project Budget Schedule:** The Navajo Youth 4H/Future Farmers of America Incentive program objective is to procure high priced 4H livestock from 4H participants to encourage Navajo Nation youth to continue to participate in 4H & FFA programs. *The program was created to provide additional money for Youth 4H members who sold animals at a loss to compensate them for their loss. The budget was later revised to be used towards renovating the 4H facilities*	250,000.00	NO	$195,000 paid to Building Nations. No incentives for youth or 4H facility renovations.
N01567	LIVESTOCK ENFORCEMENT BRAND OFFICE YR3 **Project Budget Schedule:** Any livestock entering/leaving the NN must be inspected by a deputy livestock inspector. The staff will inspect the livestock and issue hauling permits and resell permits as required	500,000.00	TOO EARLY TO DETERMINE	Project recently began and only minimal expenditures incurred as of 9/30/24
N01568	NNDA ANIMAL REZ-Q YR 3 **Project Budget Schedule:** Livestock, equine, & vegetation restoration proposal - Expand livestock & equine wellness, build on rach management techniques, improve genetics and support balanced grazing to increase rangeland recovery	100,000.00	YES	Monies paid to Rez Q Inc., a 501c organization
N01571	WOOL/MOHAIR PRODUCER INCENTIVE YR3 **Project Budget Schedule:** The wool/mohair producers incentive provides financial assistance to Navajo wool producers by subsidizing the low wool market pricing	100,000.00	YES	
N01572	LIVESTOCK AUCTION INCENTIVE YR3 **Project Budget Schedule:** The livestock auction/marketing incentive objective is to provide drought contingency for livestock to be sold during a drought. A fiscal agent will be designated to conduct the livestock auction process	2,000,000.00	NO	Used for Livestock Management Incentive & Farm & Garden Programs.
	TOTAL	$ 10,220,000.00		

Overall, as illustrated by Tables 22, 23 and 24 below, more than 50% of AIF funds expended as of September 30, 2024 were related to financial assistance programs and event related expenditures.

Table 22

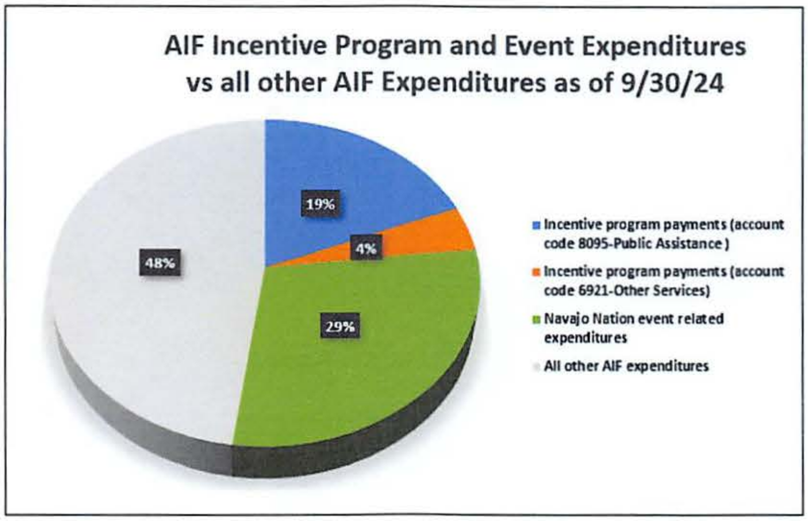


Table 23

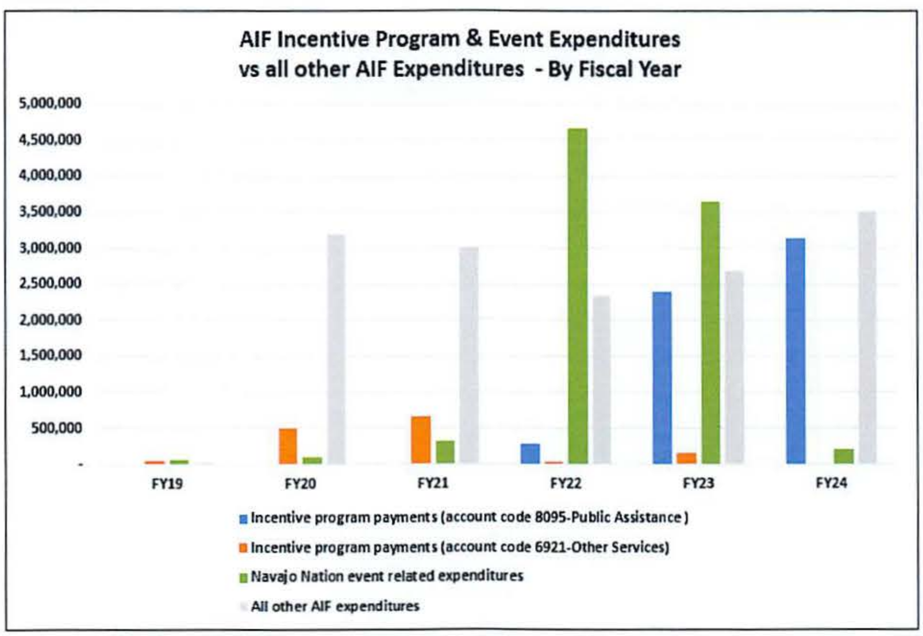


Table 24

Total Amount of Incentive and Event Expenditures by Fiscal Year							
	FY19	FY20	FY21	FY22	FY23	FY24	Total
AIF Funds Expended	$ 98,473.28	$ 3,759,559.83	$ 3,983,522.31	$ 7,292,418.63	$ 8,883,372.67	$ 6,835,406.69	$ 30,852,753.41
All Incentive & Event Amounts	84,600.00	569,700.00	970,332.37	4,956,811.61	6,194,124.41	3,339,826.50	16,115,394.89
Percentage of Total Expended	86%	15%	24%	68%	70%	49%	52%

Source: G/L by Business Unit report from 10/1/2018 through 09/30/2024

Information on all event related expenditures from the AIF through September 30, 2024 is reported in Table 25 below. Items in red denote lack of alignment of actual expenditures to budgeted expenditures.

Table 25

AIF - Event Related Expenditures Through September 30, 2024						
Business Unit	Description	Expenditure Account Code	Department	Amount	Vendor	Budget information/Actual expenditure description
Year 1						
C01792	WINDMILL PROJECTS YR1	6921 Other Services	DWR	$ 81,062.86	Building Nations	Budgeted $95,000 as a charitable contribution with the purpose of providing outreach, education, and promotion for DWR through NN Fair Office for 4th of July Fair & Rodeo and NN Fair & Rodeo. Not in original budget as Other Services. Memorandum for budget revision indicates funds are required to pay for current contracts in place for the Agriculture Expo during the 4th of July celebration in July 2022.
		7150 Charitable Contribution		30,000.00	Building Nations	Budgeted $95,000 as a charitable contribution with the purpose of providing outreach, education, and promotion for DWR through NN Fair Office for 4th of July Fair & Rodeo and NN Fair & Rodeo.
		6921 Other Services		86,650.00	C5 Rodeo Company Inc	Not in original budget. Rodeo event
C01793	EARTHEN DAM REPAIRS YR1	6921 Other Services	DWR	30,000.00	Building Nations	Budgeted $30,000 as a charitable contribution with the purpose of providing outreach, education, and promotion for DWR through NN Fair Office for 4th of July Fair & Rodeo and NN Fair & Rodeo.
N01437	NNDA HORSE MANAGEMENT YR1	7150 Charitable Contribution	NNDA	37,500.00	Building Nations	Budgeted $50,000 for charitable contributions. Paid $25,000 sponsorship of 2020 NN Fair Agriculture Exposition/4H Virtual Livestock Sale, $5,000 2020 NN Fair/AG Expo Golf Event, and $7,500 sponsorship of 2020 Northern Navajo Agency 4H Livestock Expo/Sale.
C01798	AGRICULTURAL SERVICE CENTERS YR 1	7150 Charitable Contribution	NNDA	50,000.00	Building Nations	Budgeted $55,000 for charitable contributions for the sponsorship of events.
		7150 Charitable Contribution		10,000.00	Turquoise Circuit Finals Rodeo	
		5350 Other Space Rental		58,683.76	America Tent Rentals Inc	Event rental items
		9014 Land Improvements		328,097.24	Black Creek Fence Company	Not in original budget. Window Rock fair grounds fencing project
		9052 Buildings		114,998.21	Empire Steel Buildings	60x100x14 building - fair ground (partial)
		9142 Equipment		250,103.40	A1 Golf Cart Leasing Inc	Not in original budget. 20 golf carts
		9142 Equipment		28,995.00	DCM Day Construction and Mechanical	Not in original budget. LED digital sign and controller system
N01443	LIVESTOCK PROCESSING FACILITIES YR1	5350 Other Space Rental	NNDA	159,131.42	America Tent Rentals Inc	Not in original budget. Event rental items - fair ground
		9142 Equipment		213,986.99	T and R Market Inc	Not in original budget. Bucking Chutes, Panels, Gates, etc. for event.
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1	7150 Charitable Contribution	NNDA	50,000.00	Building Nations	Budgeted $20,000 for charitable contributions. Sponsorship of the 108th Annual Western Navajo Fair.
		5350 Rentals		200,992.95	America Tent Rentals Inc	Not in original budget. Event rental items
Year 2						
N01508	NNDA HORSE MANAGEMENT YR2	6921 Other Services	NNDA	44,386.00	C5 Rodeo Company Inc	Not in original budget. Navajo Nation Fair 4th of July PRCA Rodeo 2023
		7520 Training/Registration Fees		300.00	Professional Rodeo Cowboys Association	Budgeted $1,000 for training and registration fees. PRCA costs
		7550 Mandatory Professional		1,300.00	Professional Rodeo Cowboys Association	Budgeted $1,000 for training and registration fees. PRCA costs
N01509	HERD COMPLIANCE INCENTIVE YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Budgeted $30,000 for sponsorships set up during Navajo Nation Fair. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01511	DRYLAND/FARMLAND RECOVERY YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01512	AREA WIDE FENCING (RMU,ETC) YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01513	TECHNICAL CAPACITY BUILDING & CONSERVATION YR2	6921 Other Services	NNDA	300,125.00	Building Nations	Not in original budget. Paid $106,000 for fiscal management of Fair and related activities associated for the 74th annual NN fair.
		9052 Buildings		40,968.79	Empire Steel Buildings	Not in original budget. 60x100x14 building - fair ground (partial)
N01514	AGRICULTURE CONSERVATION CORP YR2	6921 Other Services	NNDA	106,000.00	Building Nations	Not in original budget. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
		4420 General Operating Supplies		94,838.40	Artificial Grass Recyclers Corporation	Not in original budget. Turf shipped to Navajo Nation fair ground
N01515	AGRICULTURE CONSERVATION IMPROVEMENT YR2	6921 Other Services	NNDA	212,000.00	Building Nations	Not in original budget. Modification for increased cost for planning, production, and fiscal management of the Navajo Nation Agriculture Expo and 4th of July events.
		6921 Other Services		212,901.00	Rafter G Rodeo Co Inc	2022 NNF Stock Contractor - Navajo Nation Fair and Rodeo
C01888	AGRICULTURAL SERVICE CENTERS YR 2	6921 Other Services	NNDA	1,863,686.00	Building Nations	Preliminary budget included $2,374,000 for contractual services for the use of consultant services for agricultural events in conjunction with annual fairs/events. However final signed budget did not include this, but rather $526,000 for sponsorships for agricultural related projects events throughout the Navajo Nation. Provide for fiscal management of Fair and related activities associated for the 74th annual NN fair.
		9142 Equipment		999,280.00	In Production Inc	Not in original budget. 8 refurbished VIPortable Suite Systems
Year 3						
N01535	NN FAIR EVENTS/IMPROVEMENTS YR3	6921 Other Services	NNDA	2,850,000.00	Building Nations	Budget included $2,850,000 for contractual services and sponsorship of events and fairs.
N01560	NAVAJO 4H/FFA INCENTIVE PROGRAM YR3	7150 Charitable Contribution	NNDA	195,000.00	Building Nations	Not in original budget.
			Total	$ 8,968,987.02		

The vendor Building Nations was paid $6.2 million from the AIF as reported in Table 26. All were event related except one professional development related expenditure. Items in red denote lack of alignment of actual expenditures to budgeted expenditures.

Table 26

AIF Expenditures through September 30, 2024 Vendor - Building Nations					
Business Unit	**Description**	**Expenditure Account Code**	**Department**	**Amount Paid**	**Included in budget?**
Year 1					
C01792	WINDMILL PROJECTS YR1	6921 Other Services	DWR	$ 81,062.86	Not in original budget as Other Services. Memorandum for budget revision indicates funds are required to pay for current contracts in place for the Agriculture Expo during the 4th of July celebration in July 2022.
		7150 Charitable Contribution		30,000.00	Budgeted $95,000 as a charitable contribution with the purpose of providing outreach, education, and promotion for DWR through NN Fair Office for 4th of July Fair & Rodeo and NN Fair & Rodeo.
C01793	EARTHEN DAM REPAIRS YR1	6921 Other Services	DWR	30,000.00	Budgeted $30,000 as a charitable contribution with the purpose of providing outreach, education, and promotion for DWR through NN Fair Office for 4th of July Fair & Rodeo and NN Fair & Rodeo.
N01437	NNDA HORSE MANAGEMENT YR1	7150 Charitable Contribution	NNDA	37,500.00	Budgeted $50,000 for charitable contributions. Paid $25,000 sponsorship of 2020 NN Fair Agriculture Exposition/4H Virtual Livestock Sale, $5,000 2020 NN Fair/AG Expo Golf Event, and $7,500 sponsorship of 2020 Northern Navajo Agency 4H Livestock Expo/Sale.
C01798	AGRICULTURAL SERVICE CENTERS YR 1	7150 Charitable Contribution	NNDA	50,000.00	Budgeted $55,000 for charitable contributions for the sponsorship of events.
N01444	TECHNICAL CAPACITY BUILDING & CONSERVATION YR1	7150 Charitable Contribution	NNDA	50,000.00	Budgeted $20,000 for charitable contributions. Sponsorship of the 108th Annual Western Navajo Fair.
		7520 Training/Registration Fees*		84,549.00	Budgeted $84,600 for training and professional dues. Paid for registration fees to attend GPS training (141 elected officials, 78 grazing committee members, 20 Eastern Navajo land board members and 43 Farm board members.
Year 2					
N01509	HERD COMPLIANCE INCENTIVE YR2	6921 Other Services	NNDA	106,000.00	Budgeted $30,000 for sponsorships set up during Navajo Nation Fair. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01511	DRYLAND/FARMLAND RECOVERY YR2	6921 Other Services	NNDA	106,000.00	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01512	AREA WIDE FENCING (RMU,ETC) YR2	6921 Other Services	NNDA	106,000.00	Original budget for 6921 was for incentives for agricultural production, range management activities and to support agriculture projects. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01513	TECHNICAL CAPACITY BUILDING & CONSERVATION YR2	6921 Other Services	NNDA	300,125.00	Not in original budget. Paid $106,000 for fiscal management of Fair and related activities associated for the 74th annual NN fair.
N01514	AGRICULTURE CONSERVATION CORP YR2	6921 Other Services	NNDA	106,000.00	Not in original budget. Paid $106,000 for planning, production and fiscal management of the Navajo Nation Agriculture Expo and 4th of July.
N01515	AGRICULTURE CONSERVATION IMPROVEMENT YR2	6921 Other Services	NNDA	212,000.00	Not in original budget. Modification for increased cost for planning, production, and fiscal management of the Navajo Nation Agriculture Expo and 4th of July events.
C01888	AGRICULTURAL SERVICE CENTERS YR 2	6921 Other Services	NNDA	1,863,686.00	Preliminary budget included $2,374,000 for contractual services for the use of consultant services for agricultural events in conjunction with annual fairs/events. However final signed budget did not include this, but rather $526,000 for sponsorships for agricultural related projects events throughout the Navajo Nation. Provide for fiscal management of Fair and related activities associated for the 74th annual NN fair.
Year 3					
N01535	NN FAIR EVENTS/IMPROVEMENTS YR3	6921 Other Services	NNDA	2,850,000.00	Budget included $2,850,000 for contractual services and sponsorship of events and fairs.
N01560	NAVAJO 4H/FFA INCENTIVE PROGRAM YR3	7150 Charitable Contribution	NNDA	195,000.00	Not in original budget.
	*not event related		Total	$ 6,207,922.86	

Effect

Several AIF projects have not been completed. Additionally, changes in AIF fund usage resulted in the inability to meet project objectives.

Cause

HHPD - The Program Manager III of HHPD indicated that there was a lack of communication regarding the availability of funding and that he informed NNDA management that HHPD does not perform archeological clearances. NNDA insisted the archeological clearances be handled by HHPD, so funds were budgeted as contracted services. The services were never contracted and 90% of the AIF funds allocated to HHPD remain unexpended.

Forestry - The Forest Manager experienced challenges expending the funds including:

- Lack of communication regarding the availability of funding and with NNDA
- Inability to execute capital purchases during a compressed time period
- Impact of COVID-19 pandemic on operations
- Utilization of temporary personnel such as laborers to perform the work. There is high degree of turnover and it is difficult to fill vacancies. For the laborers that did complete the work period, the Department had to adhere to the six month employment limit policy.

DWR - Challenges were experienced by DWR in expending the funds and executing the projects as follows:

- Lack of communication with other Navajo Nation departments as well as federal and state agencies
- Impact of COVID-19 pandemic on operations including office closures
- Influx of COVID-19 relief funds (American Rescue Plan Act – ARPA) and the prioritization to expend ARPA funds first
- Clearances and procurement solicitations were time consuming and staff intensive
- Competitive bid amounts came in over available funds and DWR could not execute the projects within budget
- Turnover in department personnel to both manage the program side and the labor side
- Difficulty filling vacant positions due to low wages
- Department personnel lack skill to do certain specialized projects such as windmill repair or setting up a remote weather station to track snow levels and no vendor is on contract to do the work
- Insufficient manpower to manage the amount of projects
- Department building was condemned which necessitated a move

NNDA – Prior NNDA management allowed for program expenditures to deviate from the original project purposes. Further, NNDA management did not develop criteria to measure the effectiveness and impact of AIF projects to mitigate drought conditions, nor did they monitor projects on a regular basis.

Recommendation

HHPD:

- Available AIF resources should be communicated to departments in a timely manner.
- NNDA and HHPD management should re-evaluate the funding required to complete the burial location project. Funding specific to the completion of the project should be awarded from AIF funds.
- NNDA and HHPD should determine the Navajo Nation department best equipped to oversee the archeological clearances required. AIF funding should be reallocated from HHPD to the appropriate department.
- NNDA should monitor the HHPD and other department involved with the archeological clearances on a go forward basis to verify AIF project objectives are met.

Forestry:

- Available AIF resources should be communicated to departments in a timely manner.
- Funds for capital purchases should be budgeted from the onset, to allow time to procure items in accordance with required procedures.
- The status of hard to fill positions could be changed from temporary to part-time or regular.

DWR:

- NNDA's project vetting process should include reviewing realistic project cost estimates to ensure the funding awarded will be sufficient to complete awarded projects.
- NNDA management should conduct regular status meetings with departments to discuss barriers to project completion and evaluate if funding use changes are warranted to maximize impact on agriculture infrastructure.
- Wages should be evaluated for market competitiveness and hard-to-fill stipends, or other financial incentives should be explored to reduce vacancies.
- Competitive solicitations should be procured after AIF project award for goods and services required to execute approved projects.

NNDA:

- For projects with unmet objectives, NNDA should evaluate if remaining AIF resources should be realigned to execute the projects that were passed over in order to fund assistance programs and recreational events.

- NNDA management should implement a process for evaluating the effectiveness of all AIF projects after completion and the impact on agricultural resource development and infrastructure. This can serve to determine what projects should be continued or discontinued for future crop years.
- The significant amount of resources utilized for assistance programs, such as the Farm and Garden Incentive program should be evaluated to determine if effective in creating a more self-sustaining agricultural environment on the Navajo Nation. Programs not serving to meet the objectives of the AIF should be eliminated.
- The significant amount of resources utilized for recreational events, such as fairs and rodeos should be evaluated for compliance with AIF objectives. The practice of shifting approved AIF project resources to recreational events should be discontinued immediately.
- After evaluating the status and effectiveness of each project, NNDA management should determine if projects in process should move forward as originally planned, or if changes should be made. Consideration should be made to discontinue projects that do not align or do not result in addressing drought conditions, instead releasing the funds to be allocated to a future project focused on building long term agricultural infrastructure.

Management Response

THE NAVAJO NATION
DEPARTMENT OF AGRICULTURE
P.O. Box 4889 Window Rock, Arizona 86515| PH: (928)871-6605 | FAX:(928)871-6679

DR. BUU NYGREN
NAVAJO NATION PRESIDENT

RICHELLE MONTOYA
NAVAJO NATION VICE PRESIDENT

February 17, 2026

RECEIVED
FEB 17 2026
OFFICE OF THE AUDITOR GENERAL

Jeanine Jones, CFE, MFA
Auditor General
Office of the Auditor General
The Navajo Nation

Madam Auditor General,

We, the Department of Agriculture, acknowledge receipt of the Agriculture Infrastructure Fund (AIF) Program Performance Audit Report and accept the findings and recommendations. After reviewing the findings report, we are committed to addressing the findings and addressing and implementing the necessary corrections.

Findings 1-3 - The Department of Agriculture accepts the assessment and the recommendations to establish a formal project proposal process.

Finding 4 - The Department of Agriculture accepts the assessment and recommends consulting legislative oversight to redirect funding. The issue was identified during a review of the AIF Fund Management Plan, which revealed inconsistencies by allowing funds allocation to deviate from BIM provisions. The incentive policies were not applied nor enforced by former management when approving incentive payments. A major concern is the use of these payments; it is not guaranteed that livestock feed is purchased, and farm and garden development lacks monitoring. Overall, there was a lack of accountability for the incentive payments.

Findings 5 and 11 - The Department of Agriculture accepts this assessment. This matter was addressed when the current leadership evaluated the Department's overall performance and subsequently removed the Navajo Nation Fair Program from the Department of Agriculture's oversight to prevent the intermingling of funds and enhance the department's performance.

However, the remaining unpaid invoices related to fair expenses must be addressed by the Division of Natural Resources. We request a remedy to reimburse the AIF program for fair expenses incurred to prevent the Nation's removal from the U.S.D.A. Pasture, Range, and Forage (PRF) program, which provides PRF indemnities that fund the Navajo Nation's AIF projects.

Findings 6 and 7 - The Department of Agriculture accepts the assessment. This concern was identified during the audit. The Department is creating AIF program staff positions to ensure effective program management and will request the Navajo Nation Council to fund these positions with general funds.

Finding 8 – The Department of Agriculture accepts this assessment. This concern was raised with current leadership, noting that no agreement is in place to protect the identities of all AIF incentive participants and that CKP staff can access the website to send prefilled RDPs with all authorized signatures to Office of the Controller Accounts Payable section for incentive payments. The Department requested an agreement with CKP, but CKP disagreed, stating that the disclaimer at the bottom of the webpage was the Nation's agreement. The Department of Justice is currently investigating this matter.

Findings 9 and 10 - The Department of Agriculture accepts the assessment. We are developing a report format to monitor quarterly performance and financial reporting. We plan to meet with OMB to amend the AIF Fund Management Plan to include closeout procedures and address overall expenditures.

We have conducted a comprehensive review of the objectives of the AIF program and the USDA's Pasture, Range, and Forage program to align and redirect the AIF program to mitigate drought-related risks for Navajo livestock owners and farmers. This initiative will facilitate the development of beneficial agricultural infrastructure that provides opportunities for all Navajo farmers and ranchers to enhance livestock and agricultural productivity and sustain our most valuable livelihood. We look forward to working with you to address and implement these corrections and/or changes. Thank you.

Respectfully,

Ms. Jesse Jim, Department Manager III
Department of Agriculture
Division of Natural Resources

Cc: W. Mike Halona, Executive Director
Immanuel Charley, Deputy Director