

SUMMARY

The Office of the Auditor General has conducted a special review of the 2003 Navajo Nation Insurance Conference and Exposition (Exposition) sponsored by the Insurance Services Department (Department). This review was requested by the Executive Director of the Division of General Services. The Insurance Services Department within the Division of General Services has been sponsoring the annual Insurance Conference and Exposition for the past five years dating back to 1999.

FINDING I: The Navajo Nation 2003 Insurance Conference and Exposition Cost \$112,800

It cost approximately \$112,800 to sponsor the three-day 2003 Insurance Conference and Exposition held in Las Vegas, Nevada. The Department anticipated that sufficient revenues from fees and corporate sponsors would be generated to pay for the full cost of sponsoring the Exposition. However, only \$85,200 was generated, resulting in a \$27,600 deficit. The Department used its operating budget to cover the deficit. The cost of sponsoring the Exposition is not included in the Department's appropriated budget. The action by the Department in using its operating budget to cover the deficit in paying for the cost of the Exposition was not approved by the Navajo Nation Council and is thus deemed unauthorized expenditure of program funds.

FINDING II: Non-Compliance with Navajo Nation Established Process in Accounting for Funds Raised

The Department generated approximately \$26,700 monetary contributions from corporate sponsors. Of this amount, \$7,000 was deposited with the Navajo Nation Cashier's Office, leaving \$19,700 not deposited. As for the undeposited monies, the Department explained that corporate sponsors were advised to make their checks payable to vendors or individuals coordinating the Exposition, so that the monies could immediately be used to pay expenses. Also, along with the monetary contributions, corporate sponsors donated goods and services. The Department did not properly document the value of the in-kind donated goods or services from corporate sponsors. We estimated that the Department received approximately \$15,700 in-kind donated goods and services. Due to the Department not fully disclosing monetary contributions and not preparing or collecting sufficient records on in-kind donated goods and services, there is a possibility that not all funds raised for the Exposition are accounted for.

FINDING III: The Navajo Nation is not the Ideal Organization to Sponsor Exposition

Generally, conferences and expositions are sponsored by organizations for exposure and promotional purposes. Buyers, sellers and other organizations within the same industry sponsor and attend expositions to network, exchange information and expand their business expecting a return on their investment. The Navajo Nation does not sell insurance to other tribes or individuals. By sponsoring the Exposition, the Navajo Nation does not gain the same benefits generally achieved by organizations that are in the business of selling insurance services.