

**LEGISLATIVE SUMMARY SHEET**

Tracking No. 0109-21

**DATE:** June 30, 2021

**TITLE OF RESOLUTION:** AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW OF THE HARDROCK CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE HARDROCK CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

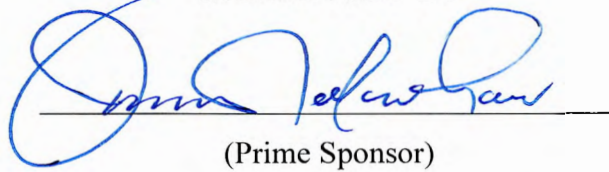
**PURPOSE:** The purpose of this legislation is to approve the Auditor General's Follow-Up Review of the Hardrock Chapter's implementation of the Corrective Action Plan approved by the BFC, and to impose sanctions upon the Hardrock Chapter for its failure to implement the Corrective Action Plan.

5-DAY BILL HOLD PERIOD VBREANNISE  
Website Posting Time/Date July 07 2021 2:34pm  
Posting End Date: July 12, 2021  
Eligible for Action: July 13, 2021

Resources & Development Committee  
Thence  
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION  
24<sup>TH</sup> NAVAJO NATION COUNCIL - Third Year, 2021

INTRODUCED BY



(Prime Sponsor)

TRACKING NO. 0109-21

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE  
COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW  
OF THE HARDROCK CHAPTER'S CORRECTIVE ACTION PLAN  
IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE HARDROCK  
CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee of the Navajo Nation Council serves as the oversight committee for all Chapters of the Navajo Nation. 2 N.N.C §501(C)(1).
- B. The Budget and Finance Committee of the Navajo Nation Council gives final approval of the Auditor General's audit reports and corrective action plans for audited Chapters. 12 N.N.C §7(D). The Budget and Finance Committee also receives post-audit follow-up reports from the Auditor General. 12 N.N.C §6(B) and §7(H).
- C. The Budget and Finance Committee is authorized to make a final determination on what sanctions, if any, should be imposed upon a Chapter for the failure to implement an approved corrective action plan. 12 N.N.C. §9(B)-(C).
- D. The Navajo Nation Auditor General is charged with the responsibility to conduct financial audits and reviews of the financial records of the Chapters. 12 N.N.C. §2(A)(1).

- 1 E. 12 N.N.C. §1-§10, provides: “12 months after the release of the audit report, the Auditor  
2 General will conduct a follow-up to document the status of implementation [of the  
3 corrective action plan].” 12 N.N.C. §7(G).
- 4 F. Regarding the audited Chapter’s response to the audit report and implementation of the  
5 corrective action plan approved by the Budget and Finance Committee, Title 12 continues:  
6 “[a]s part of the follow-up report, the Auditor General shall recommend action to be taken  
7 by the Budget and Finance Committee and present the report to the standing committee or  
8 committees having oversight responsibility for the audited program.” 12 N.N.C. §7(G).
- 9 G. “Based on the follow-up review and any recommendations made by the standing  
10 committee having oversight responsibility for the audited program, the Budget and Finance  
11 Committee will determine what actions should be taken.” 12 N.N.C. § 7(I).
- 12 H. If a Chapter fails to comply with the measures set forth in the approved corrective action  
13 plan, sanctions may be imposed upon the Chapter pursuant to 12 N.N.C. §9(B)-(C), upon  
14 the recommendation of the Auditor General, in accordance with 12 N.N.C. §7(G).
- 15 I. Title 12 provides that “[a]ny director or chapter official whose salary or other payments are  
16 withheld pursuant to §9(C) shall have the right to have the withholding reviewed by the  
17 Navajo Nation Office of Hearing and Appeals.” 12 N.N.C. §9(D).

## 18 19 **SECTION TWO. FINDINGS**

- 20 A. In April of 2018, the Auditor General conducted a comprehensive financial audit of the  
21 Hardrock Chapter and prepared “A Special Review of Hardrock - Report No. 18-23” which  
22 report is incorporated herein by reference.
- 23 B. The Budget and Finance Committee accepted the Auditor General’s April 2018 audit  
24 report, along with the Corrective Action Plan proposed by the Chapter and accepted by the  
25 Auditor General. BFO-40-18, dated October 22, 2018, attached hereto as **Exhibit 1**.
- 26 C. The Auditor General has engaged in a follow-up review to determine if the approved  
27 Corrective Action Plan has been satisfactorily implemented by the Hardrock Chapter. The  
28 Auditor General has reported on the accomplishments of the Hardrock Chapter in “A  
29 Follow-up Review of the Hardrock Chapter Corrective Action Plan Implementation.”  
30 Report No. 20-14, dated September 2020, attached hereto as **Exhibit 2**.

1 D. The Auditor General has found that, of the fifteen (15) audit problems listed by the Auditor  
2 General, the Hardrock Chapter has resolved only five (5) of the concerns, leaving ten (10)  
3 unresolved. Thus, the Chapter has failed to adequately implement the Corrective Action  
4 Plan. **Exhibit 2.**

5 E. As a result, the Auditor General recommends that sanctions be imposed upon the Hardrock  
6 Chapter in accordance with 12 N.N.C. §9(B)-(C). **Exhibit 2.** Also, as provided for in 12  
7 N.N.C. §9(B)-(C), the Budget and Finance Committee is the final authority that makes the  
8 determination regarding sanctions to be imposed upon the Chapter.  
9

10 **SECTION THREE. ACCEPTANCE OF AUDITOR GENERAL'S REPORT AND**  
11 **IMPOSITION OF SANCTIONS**

12 A. The Navajo Nation hereby accepts the Auditor General's Report: "A Follow-up Review of  
13 the Hardrock Chapter Corrective Action Plan Implementation" (Report No. 20-14, dated  
14 September 2020), attached as **Exhibit 2.**

15 B. As authorized by 12 N.N.C. §9(B), the Controller shall immediately withhold ten percent  
16 (10%) of all monies payable to the Hardrock Chapter from any governmental fund of the  
17 Navajo Nation, as defined at 12 N.N.C. §810(S). As provided for in 12 N.N.C. §9(B), this  
18 withholding of funds shall continue unless and until the Hardrock Chapter demonstrates to  
19 the Auditor General that all corrective measures included in the approved Corrective  
20 Action Plan for the Hardrock Chapter have been satisfactorily implemented.

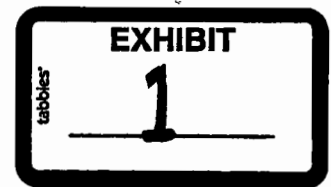
21 C. In addition, as authorized by 12 N.N.C. §9(C), the Controller shall immediately withhold  
22 twenty percent (20%) of all stipend payments for Hardrock Chapter Officials.

23 D. Hardrock Chapter Officials may appeal this withholding of their stipend payments, in  
24 accordance with the procedures detailed in 12 N.N.C. §9(D).

25 E. When the Hardrock Chapter demonstrates proof of adequate compliance with the  
26 provisions of the Corrective Action Plan, the Auditor General shall immediately report  
27 such compliance to the Controller who shall then release all withheld funds back to the  
28 Chapter and to Chapter Officials, in accordance with 12 N.N.C. §9(B)-(C).  
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1     **SECTION FOUR. SAVINGS CLAUSE**

2     If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation,  
3     or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme  
4     Court, the remainder of this Act shall remain as the law of the Navajo Nation.  
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**RESOLUTION OF THE  
BUDGET AND FINANCE COMMITTEE  
OF THE NAVAJO NATION COUNCIL**

BFO-40-18

**23<sup>RD</sup> NAVAJO NATION COUNCIL - Fourth Year, 2018**

**AN ACTION**

**RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE  
BUDGET AND FINANCE COMMITTEE; ACCEPTING THE SPECIAL REVIEW OF  
HARDROCK CHAPTER SUBMITTED BY THE OFFICE OF THE AUDITOR  
GENERAL, AND APPROVING THE CORRECTIVE ACTION PLAN SUBMITTED BY  
HARDROCK CHAPTER**

**BE IT ENACTED:**

**SECTION ONE. AUTHORITY**

- A. The Resources and Development Committee (RDC) is the oversight committee of Navajo Nation Chapters. 2 N.N.C. § 501(C) (1).
- B. As the oversight committee of chapters, RDC is to receive audit reports and corrective action plans. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee (BFC) is charged with receiving and approving audit reports from the Auditor General. 12 N.N.C. §§ 6(A) and 7(D).

**SECTION TWO. FINDINGS**

- A. The Auditor General submitted an Audit Report for the Special Review of Hardrock Chapter, in accordance with 12 N.N.C. § 7(D). The Report, "A Special Review of Hardrock," No. 18-23, dated April, 2018, is attached as Exhibit A.
- B. The Report lists eight (8) findings and recommendations for correction; details of the findings and recommendations from the special review are included in Exhibit A.

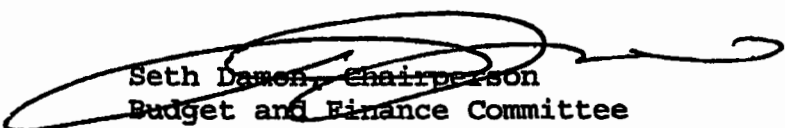
- C. Hardrock Chapter provided a corrective action plan ("CAP"), which is attached as Exhibit B.

**SECTION THREE. ACCEPTANCE AND APPROVAL**

- A. The Navajo Nation hereby approves, "A Special Review of Hardrock Chapter", No. 18-23, dated April, 2018 which is attached as Exhibit A.
- B. The Navajo Nation approves the CAP submitted by Hardrock Chapter, which is attached as Exhibit B.
- C. The Navajo Nation directs that copies of the CAP be provided to RDC as part of its oversight responsibility for the Navajo Nation chapters. The Navajo Nation directs that Hardrock Chapter submit a written status report on its progress in implementing the corrective action plan to the Office of the Auditor General six months after the approval of this resolution.
- D. The Navajo Nation directs the Office of the Auditor General to review the written status report submitted by Hardrock Chapter and to report the results to RDC and BFC.
- E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify the actions claimed to have been taken by Hardrock Chapter, to issue a written follow-up report indicating the Department's progress in implementing the CAP, and to make recommendations to RDC and BFC.

**CERTIFICATION**

I, hereby, certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 4 in favor and 0 opposed, this 22<sup>nd</sup> day of October 2018.



Seth Damon, Chairperson  
Budget and Finance Committee

Motion: Honorable Tom T. Chee  
Second: Honorable Leonard Tsosie





## OFFICE OF THE AUDITOR GENERAL

### The Navajo Nation

#### A Follow-up Review of the Hardrock Chapter Corrective Action Plan Implementation

**Report No. 20-14  
September 2020**

**Performed by:  
Kimberly Jake, Associate Auditor  
DeWayne Crank, Associate Auditor  
Karen Briscoe, Principal Auditor**



September 23, 2020

Timothy Johnson, President  
**HARDROCK CHAPTER**  
Post Office Box 20  
Kykotsmovi, AZ 86039

Dear Mr. Johnson:

The Office of the Auditor General herewith transmits audit report no. 20-14, a Follow-up Review of the Hardrock Chapter Corrective Action Plan Implementation.

**BACKGROUND**

In 2018, the Office of the Auditor General performed a Special Review of the Hardrock Chapter and issued audit report no. 18-23. A corrective action plan was developed by the Hardrock Chapter in response to the special review. The audit report and corrective action plan (CAP) were approved by the Budget and Finance Committee on October 22, 2018 per resolution no. BFO-40-18.

**OBJECTIVE AND SCOPE**

The objective of the follow-up review is to determine whether the Hardrock Chapter fully implemented its corrective action plan based on a six-month review period of July 1, 2019 to December 31, 2019. Our review was based on inquiries, review of records, and audit test work.

**SUMMARY**

Of the 39 corrective measures, the Hardrock Chapter implemented 17 (44%) corrective measures, leaving 22 (56%) not fully implemented. See attached **Exhibit A** for the detailed explanation of our review results.

**CONCLUSION**

The Hardrock Chapter has not fully addressed the audit findings from the 2018 audit of the Chapter. Therefore, the Office of the Auditor General recommends sanctions be imposed on the Hardrock Chapter and officials in accordance with 12 N.N.C. Section 9 (B) and (C).

We thank the Hardrock Chapter staff and officials for assisting in this follow-up review.

Sincerely,



Helen Brown, CFE, Principal Auditor  
Delegated Auditor General

xc: Byron Wesley, Vice President  
Jay Begay, Jr., Secretary/Treasurer  
Vacant, Community Services Coordinator  
Jimmy Yellowhair, Council Delegate  
**HARDROCK CHAPTER**  
Sonlatsa Jim-Martin, Department Manager II  
Edgerton Gene, Senior Program & Projects Specialist  
**ADMINISTRATIVE SERVICES CENTER/DCD**  
Chrono

**REVIEW RESULTS**  
**Hardrock Chapter Corrective Action Plan Implementation**  
**Review Period: July 1, 2019 to December 31, 2019**

<b>Audit Issues</b>	<b>Total # of Corrective Measures</b>	<b># of Corrective Measures Implemented</b>	<b># of Corrective Measures Not Implemented</b>	<b>Audit Issue Resolved?</b>	<b>Review Details</b>
1. Unauthorized bonuses totaling \$13,500 were paid to the Accounts Maintenance Specialist and Chapter President.	4	3	1		Attachment A
2. Travel checks totaling \$12,088 paid to the Chapter President and Accounts Maintenance Specialist were not authorized and supported with required travel documentation.	3	3	0		
3. The Chapter expended \$7,800 for services that did not benefit the Chapter.	3	3	0		
4. Personnel files documenting the hiring of 32 employees were not supported with required documentation.	2	2	0		
5. The Accounts Maintenance Specialist earned duplicate pay because she did not take leave to attend Community Land Use Planning Committee Meetings.	2	1	1		
6. Payments to relatives of the Chapter President and Accounts Maintenance Specialist totaling \$13,842 cannot be supported with documentation.	2	1	1		Attachment B
7. \$19,900 in food purchases may not have been for Chapter related events and were not community approved.	4	3	1		
8. The Chapter awarded housing assistance to seven applicants whose eligibility was not verified.	3	0	3		

↑ black boxes  
say "NO"

**REVIEW RESULTS**  
**Hardrock Chapter Corrective Action Plan Implementation**  
**Review Period: July 1, 2019 to December 31, 2019**

<b>Audit Issues</b>	<b>Total # of Corrective Measures</b>	<b># of Corrective Measures Implemented</b>	<b># of Corrective Measures Not Implemented</b>	<b>Audit Issue Resolved?</b>	<b>Review Details</b>
9. The Chapter cannot demonstrate that the housing assistance projects are complete.	2	0	2		Attachment B
10. The Chapter does not track the use of building materials.	2	0	2		
11. Consulting services were not procured competitively.	2	0	2		
12. Consulting services were obtained without a service contract that was reviewed and approved by the Navajo Nation.	2	0	2		
13. The Chapter's property inventory records are incomplete.	4	0	4		
14. The fixed assets value of \$138,553 that is reported in the financial statements cannot be supported with documentation.	2	0	2		
15. Complete financial reports were not provided to the community each month.	2	1	1		
<b>TOTAL:</b>	<b>39</b>	<b>17</b>	<b>22</b>	<b>5 - Yes 10 - No</b>	

WE DEEM CORRECTIVE MEASURES: **Implemented** where the Chapter provided sufficient and appropriate evidence to support all elements of the implementation; and **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided.

black boxes  
say "NO"

◆ 2020 STATUS	<b>Issue 1: Unauthorized bonuses totaling \$13,500 were paid to the Accounts Maintenance Specialist and Chapter President.</b> <b>RESOLVED</b>
<p>The initial finding refers to an Accounts Maintenance Specialist who is no longer employed with the Chapter but the Chapter President remains a current official. For the review period, there were no bonus payments issued to Chapter officials or staff. The Chapter understands that Navajo Nation Personnel Policies should be followed in the issuance of bonus payments and that Chapter officials are not eligible to receive bonuses. The current Chapter administration and officials stated they will seek guidance from the Administrative Service Center if bonus payments are to be considered to ensure compliance with applicable policies.</p> <p>The matter of unauthorized bonuses was referred to the Ethics and Rules Office for further investigation. As of this report, the Chapter was in the process of addressing the matter with the Ethics and Rules Office and all such investigations are considered confidential.</p>	
◆ 2020 STATUS	<b>Issue 2: Travel checks totaling \$12,088 paid to the Chapter President and Accounts Maintenance Specialist were not authorized and supported with required travel documentation.</b> <b>RESOLVED</b>
<p>For the review period, 13 travel expenditures totaling \$1,483 were examined and all expenditures were authorized and supported with required documents.</p>	
◆ 2020 STATUS	<b>Issue 3: The Chapter expended \$7,800 for services that did not benefit the Chapter.</b> <b>RESOLVED</b>
<p>The initial finding was regarding payments to the former Accounts Maintenance Specialist and current Chapter President for various services rendered with no clear benefits to the Chapter. For the review period, there was no evidence the Chapter retained services from Chapter officials or staff. This is no longer a practice by the Chapter.</p> <p>To verify all expenditures to Chapter officials and staff were legitimate, we examined checks payable to officials and staff. No disbursements for services by the chapter officials were found but disbursements totaling \$1,275 were made to a staff member to purchase operating supplies for the Chapter. Although the disbursements were supported with receipts, processed by an independent person and benefitted the Chapter, the Chapter was advised to make such purchases directly with vendors and issue checks payable to vendors.</p>	
◆ 2019 STATUS	<b>Issue 4: Personnel files documenting the hiring of 32 employees were not supported with required documentation.</b> <b>RESOLVED</b>
<p>For the review period, 20 personnel files were examined and verified to have all required personnel records on file to support the hiring of employees.</p>	
◆ 2020 STATUS	<b>Issue 5: The Accounts Maintenance Specialist earned duplicate pay because she did not take leave to attend Community Land Use Planning Committee Meetings.</b> <b>RESOLVED</b>
<p>In the initial audit, this issue pertained to the former Accounts Maintenance Specialist. For the review period, no Chapter employee earned duplicate pay for attending committee meetings while simultaneously working regular hours. The Chapter implemented an internal understanding that any employee is prohibited from serving on Chapter committees. The Chapter was advised to establish an internal written policy of such requirement.</p>	

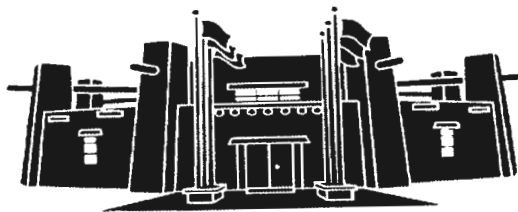


◆ 2020 STATUS	<b>Issue 6: Payments to relatives of the Chapter President and Accounts Maintenance Specialist totaling \$13,842 cannot be supported with documentation. NOT RESOLVED</b>
For the review period, six disbursements totaling \$750 were identified as payments to the relative of the current Accounts Maintenance Specialist for committee stipends. Although the payments were supported with the required documents, the current Accounts Maintenance Specialist initiated and processed the payments creating a conflict of interest in the process. As such, there is still a risk that unsupported and unauthorized payments to relatives could be processed.	
◆ 2020 STATUS	<b>Issue 7: \$19,900 in food purchases may not have been for Chapter related events and were not community approved. NOT RESOLVED</b>
For the review period, three food expenditures totaling \$1,128 were examined. All expenditures were budgeted, approved, had supporting receipts and were for Chapter related events. However, there was no receiving reports on file to confirm that all food items purchased were received intact by the Chapter. Without this verification, it is uncertain whether the Chapter received everything it purchased and none of the food was diverted for personal use.	
◆ 2020 STATUS	<b>Issue 8: The Chapter awarded housing assistance to seven applicants whose eligibility was not verified. NOT RESOLVED</b>
For the review period, the Chapter did not award any housing assistance. Rather, the Chapter was collecting housing assistance applications during our review. The eligibility of these applicants was pending because the Chapter was waiting to form a housing committee and to revise its housing policies that were dated from 2011.	
Nonetheless, to verify if sufficient controls are in place to make sure applicant eligibility is properly verified, the Chapter's current housing assistance policy was evaluated. The following deficiencies were noted with the policy:	
<ol style="list-style-type: none"> <li>1. The housing policy requires the Community Services Coordinator to be involved in every step of the housing assistance process without the involvement of the Accounts Maintenance Specialist and the Chapter officials. Therefore, the policy does not facilitate proper segregation of duties within the housing process.</li> <li>2. The corrective action plan requires the Chapter to establish a housing committee to evaluate applicants for eligibility. However, the Chapter policy allows the Community Services Coordinator to complete this task without supervision or review by an independent person. The intent of a housing committee is to provide an objective evaluation of applications and in the absence of this committee, there is no assurance only eligible applicants are awarded in a fair manner.</li> <li>3. There is a checklist to verify required documents are submitted by the applicant but the policy does not require the Accounts Maintenance Specialist, as the person completing the checklist, and the Community Services Coordinator, as the reviewer of the checklist, to sign the document. As such, the Chapter officials are unable to verify there are checks and balances within the housing process.</li> </ol>	

Overall, the current housing policy conflicts with the corrective action plan. This hinders any improvements to the Chapter's housing process and the risk for awarding ineligible applicants still exists.	
◆ 2020 STATUS	<b>Issue 9: The Chapter cannot demonstrate that the housing assistance projects are complete. NOT RESOLVED</b>
As stated previously, the Chapter did not award any housing assistance during the review period. However, there are real concerns about the adequacy of the Chapter's current housing assistance policy. The housing policy conflicts with the corrective action plan and allows for poor controls within the process. There are no clear steps for defining projects, tracking projects as they progress, and making sure they are completed as intended. No real improvements have been made in this area, therefore the risks posed by the audit finding remain.	
◆ 2020 STATUS	<b>Issue 10: The Chapter does not track the use of building materials. NOT RESOLVED</b>
Chapter funds can be used to purchase building materials depending on the type of assistance, and it is upon the Chapter administration to track the use of these materials to ensure chapter resources are used for their intended purposes. The current Chapter housing policy does not address how building materials will be tracked from when they are delivered and used for the project until completion. Since the housing policy has not been revised to require such tracking, this audit finding has not been resolved and the Chapter cannot provide assurance building materials are used for their intended purposes.	
◆ 2020 STATUS	<b>Issue 11: Consulting services were not procured competitively. NOT RESOLVED</b>
For the review period, four vendors were paid for consulting services totaling \$12,710. Three of the four vendors were not procured through a bidding process which is required for such services. In the absence of competitive bids, there is a risk that the Chapter did not secure the most economical prices for its consulting services. Higher prices can have a negative impact on operating budgets.	
◆ 2020 STATUS	<b>Issue 12: Consulting services were obtained without a service contract that was reviewed and approved by the Navajo Nation. NOT RESOLVED</b>
The four vendors hired for consulting services were hired without a proper professional services contract. There were no contracts for three vendors and the contract for the fourth vendor was not reviewed and approved through the Navajo Nation review process which is required for non-certified Chapters. Without a contract, the Chapter cannot be assured that it will receive the expected deliverables based on the services rendered. Without proper review and approval, there is no assurance the Chapter will be protected from potential liabilities and risks while receiving consulting services.	
◆ 2020 STATUS	<b>Issue 13: The Chapter's property inventory records are incomplete. NOT RESOLVED</b>
The Chapter's property inventory is incomplete and in disarray. There are three separate inventory records but they do not reconcile. In addition, pertinent information needed to identify the property is missing from the inventory. The inventory was prepared by temporary employees, but it was never verified for accuracy and completeness. Furthermore, 11 of 29 (38%) property items reviewed were not tagged with identification numbers and 3 of 29 (10%) property items could not be located on Chapter premises. As long as the property inventory remains incomplete, there is no full accountability of Chapter property.	

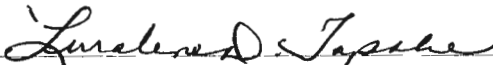
<p>◆ 2020 STATUS</p>	<p><b>Issue 14: The fixed assets value of \$138,553 that is reported in the financial statements cannot be supported with documentation. NOT RESOLVED</b></p>
<p>The financial statements as of December 31, 2019 reported total fixed assets of \$138,553. However, the total value of fixed assets recorded on the property inventory was approximately \$1,022,000 which is significantly higher than the financial statements. In addition, the fixed assets value is the same value reported in the financial statements during the initial audit in 2018. Since there is no change in the reporting of fixed assets, the Chapter continues to understate the total value of its assets in the financial statements.</p> <p>29 fixed assets valued at \$562,607 did not have documentation such as invoices or appraisals on file to support their values reported on the property inventory. As a result, it is unclear whether these values per the property inventory are true and legitimate. Further, without supporting documentation, the Chapter cannot justify the reporting of these fixed assets in the financial statements which likely explains why the financial statements remain the same since the initial audit.</p>	
<p>◆ 2020 STATUS</p>	<p><b>Issue 15: Complete financial reports were not provided to the community each month. NOT RESOLVED</b></p>
<p>We examined six months of meeting minutes and for three months, the Chapter did not provide financial reports to the community. Although financial reports were generated by the Chapter staff, there was inconsistent reporting due to turnover in the Secretary/Treasurer position. The other Chapter officials did not present the financial reports to the community in the absence of a Secretary/Treasurer. Without consistent financial reporting, the Chapter membership cannot make informed financial decisions.</p>	





## MEMORANDUM

**TO :** Hon. Delegate Jimmy Yellowhair  
Budget and Finance Committee  
Navajo Nation Council

**FROM :**   
Luralene D. Tapahe, Principle Advocate  
Office of Legislative Counsel

**DATE :** June 30, 2021

**SUBJECT :** **AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW OF THE HARDROCK CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE HARDROCK CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN**

I have prepared the above-referenced proposed legislation and related summary sheet, pursuant to your request. The Office of Legislative Counsel has determined that this draft is legally sufficient. However, as with any legislation, it is subject to review by the Navajo Nation Courts in the event of a proper legal challenge. Also, please note that the Speaker is authorized to refer this proposed legislation to standing committees other than those listed in the title.

Please review this legislation to ensure it is drafted to your satisfaction. If the draft is acceptable, please sign it as the "sponsor" of the legislation and submit it to the Office of Legislative Services. OLS will give the legislation a tracking number and will then forward the document to the Office of the Speaker for assignment to committees.

If the proposed legislation is unacceptable to you, please immediately contact me at the Office of Legislative Counsel (extension 7166) and advise me of the changes you would like made. Ahe'he'.

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0109-21\_

SPONSOR: Jimmy Yellowhair

**TITLE: An Action Relating to Resources and Development and Budget and Finance Committees; Accepting the Auditor General's Follow-Up Review of the Hardrock Chapter's Corrective Action Plan Implementation, and Imposing Sanctions Upon the Hardrock Chapter for Failure to Implement the Corrective Action Plan**

***Date posted:*** July 07, 2021 at 2:34PM

Digital comments may be e-mailed to [comments@navajo-nsn.gov](mailto:comments@navajo-nsn.gov)

Written comments may be mailed to:

Executive Director  
Office of Legislative Services  
P.O. Box 3390  
Window Rock, AZ 86515  
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

**Please note:** This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*

**THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW SUMMARY**

**LEGISLATION NO.: 0109-21**

**SPONSOR: Honorable Jimmy Yellowhair**

**TITLE: An Action Relating to Resources and Development and Budget and Finance Committees; Accepting the Auditor General's Follow-Up Review of the Hardrock Chapter's Corrective Action Plan Implementation, and Imposing Sanctions Upon the Hardrock Chapter for Failure to Implement the Corrective Action Plan**

**Posted: July 07, 2021 at 2:34 PM**

**5 DAY Comment Period Ended: July 12, 2021**

**Digital Comments received:**

<b>Comments Supporting</b>	<i>None</i>
<b>Comments Opposing</b>	<i>None</i>
<b>Comments/Recommendations</b>	1) Felicia John

  
**Legislative Tracking Secretary  
Office of Legislative Services**

07/13/21; 6:31 AM

**Date/Time**

0109-21

Felicia A John <fjohn@navajochapters.org>

Thu 7/8, 1:47 PMcomments

Administrative Service Center needs more staff to assist with Technical Assistance at the Chapter to prevent discrepancies within the accounts. Monthly MIP reporting of Chapter accounts need to be done, but with lack of staff at the ASC level, fraud, theft and lack of running transactions are highly likely to happen. ASC should develop a check off list that should be done monthly and provided to the Chapter officials during the Eastern Agency Council Meeting. Collaboration between Chapters and ASC needs to be enhanced and improved. ASC seems to target only certain chapters to assist with Technical Assistance whereas it should be all Chapters. Not only does the Chapter take the fall of non compliance it should also be the ASC office as well. Since ASC was established in 2016 it seems like more Chapters are being sanctioned than Certified, goals of ASC are as follow: Train and provide technical assistance to Chapters, Enhance Administrative Support, Enhance Professional Development and Team Building, Promote FINANCIAL ACCOUNTABILITY!!! Since established, ASC has a purpose which is: (read #2 again)

1. Provide technical assistance and training for Chapters to become self-governing units of local government;
2. Monitor and ensure Chapters comply with all Navajo Nation fiscal policies, procedures, and laws when tracking, receiving, allocating, and expending all funds;
3. Assist Chapters in establishing sustainable Chapter operations; and
4. Assist Chapters in preserving public trust in the government

Solution is to hire more ASOs within the ASC to monitor more Chapters. Also Chapters need to have more public trust with the government and not misuse funds voted by the membership and given to Chapters by membership.