

**LEGISLATIVE SUMMARY SHEET**  
**Tracking No.** 0056-16

**DATE:** February 10, 2016

**TITLE OF RESOLUTION:** AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S RECOMMENDATION OF SANCTIONS OF THE MEXICAN SPRINGS CHAPTER AND APPROVING SANCTIONS FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

**PURPOSE:** This resolution, if approved, will accept the Auditor General's recommendation of imposing sanctions on the Mexican Springs Chapter for failure to implement the corrective action plan and to withhold funds from the Chapter and Chapter officials until the implementation of the corrective action plan.

**This written summary does not address recommended amendments as may be provided by the standing committee. The Office of Legislative Counsel requests each committee member to review the proposed resolution in detail.**

5-DAY BILL HOLD PERIOD: Latang Bili  
Website Posting Time/Date: \_\_\_\_\_  
Posting End Date: 2/27/16  
Eligible for Action: 2/28/16

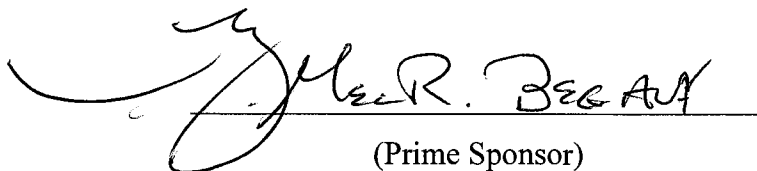
Resources & Development Committee  
Budget & Finance Committee

THENCE

PROPOSED STANDING COMMITTEE RESOLUTION

23<sup>RD</sup> NAVAJO NATION COUNCIL -- Second Year, 2016

INTRODUCED BY

  
(Prime Sponsor)

TRACKING NO. 0056-16

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND  
FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S  
RECOMMENDATION OF SANCTIONS OF THE MEXICAN SPRINGS CHAPTER  
AND APPROVING SANCTIONS FOR FAILURE TO IMPLEMENT THE  
CORRECTIVE ACTION PLAN

**BE IT ENACTED:**

**Section One. Committee Authority**

A. The Resources and Development Committee is a standing committee of the Navajo Nation Council with oversight authority over the chapters of the Navajo Nation. 2 NNC §§ 500(A); 500(C)(1); 501(B)(1).

B. The Budget and Finance Committee is a standing committee of the Navajo Nation Council. 2 NNC § 300(A). The Budget and Finance Committee is charged with receiving chapter audit reports from the Auditor General. 12 NNC §§ 6(A), 9(B).

**Section Two. Findings**

A. The Auditor General, in 2011, issued an audit report of Mexican Springs Chapter with the corrective action plan of the Chapter; the Budget and Finance Committee subsequently enacted BFMY-29-12, Accepting the Compliance Audit...and Approving the Corrective Action Plan.... See BFMY-29-12 attached as Exhibit A.

- 1 B. The Auditor General's office conducted a follow up review, Report No. 16-07, of  
2 the Mexican Springs Chapter to determine the status of the Chapter's corrective  
3 action plan and to identify barrier(s), if any, that hindered implementation efforts.  
4 Auditor General's Report No. 16-07 attached as Exhibit B.
- 5 C. The Auditor General's follow up review states that the Mexican Springs Chapter has  
6 not fully implemented the corrective action plan, did not resolve nine (9) of 28  
7 issues previously reported, has not demonstrated improvements to ensure  
8 accountability and safeguarding of chapter assets and resources, and as a result the  
9 Chapter's internal controls remain deficient and the Chapter remains non-compliant  
10 with laws and funding guidelines. *See* Exhibit B.
- 11 D. The Auditor General, based on the unresolved audit issues by the Mexican Springs  
12 Chapter, recommends the imposition of sanctions for failure to implement the  
13 corrective action plan in accordance with 12 N.N.C. § 9(B) and 9(C).  
14

15 **Section Three. Acceptance and Approval**

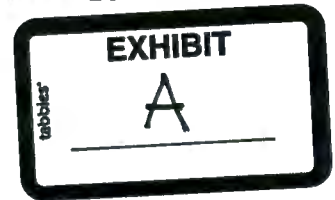
- 16 A. The Navajo Nation hereby accepts the Auditor General's Report No. 16-07,  
17 December 2015, Follow Up Review of the Mexican Springs Chapter, Exhibit B.
- 18 B. The Navajo Nation hereby approves the imposition of sanctions on the Mexican  
19 Springs Chapter pursuant to 12 N.N.C. § 9(B) and 9(C).
- 20 C. The Navajo Nation Controller shall cause ten percent (10%) of monies payable from  
21 any governmental fund of the Navajo Nation as defined at 12 N.N.C. § 810(S) to be  
22 withheld after the recommended sanction is approved by the Budget and Finance  
23 Committee and issued to the Chapter until such time as the Chapter demonstrates to  
24 the Auditor General that the corrective action plan has been implemented.
- 25 D. The Mexican Springs Chapter shall provide proof of implementation of the  
26 corrective action plan at which time the Auditor General shall immediately report  
27 the compliance to the Controller who shall then release all withheld funds to the  
28 Chapter.
- 29 E. The Navajo Nation Controller shall withhold twenty percent (20%) of any payment  
30 prospectively due the chapter officials until such time proof of implementation of

1 the corrective action plan is demonstrated at which time the Auditor General shall  
2 immediately report the compliance to the Controller, and the Chapter government,  
3 who shall then release the withheld salary to the chapter official.  
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BFMY-29-12

RESOLUTION OF THE  
BUDGET AND FINANCE COMMITTEE  
OF THE NAVAJO NATION COUNCIL

22<sup>ND</sup> NAVAJO NATION COUNCIL - Second Year, 2012



AN ACTION

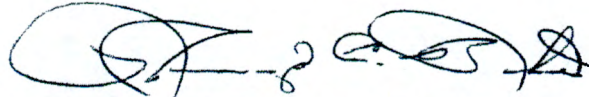
RELATING TO BUDGET AND FINANCE; ACCEPTING THE COMPLIANCE AUDIT  
OF THE MEXICAN SPRINGS CHAPTER SUBMITTED BY THE OFFICE OF THE  
AUDITOR GENERAL AND APPROVING THE CORRECTIVE ACTION PLAN  
SUBMITTED BY THE MEXICAN SPRINGS CHAPTER

BE IT ENACTED:

1. The Navajo Nation hereby accepts the Audit Report No. 12-10, a Compliance Audit of the Mexican Springs Chapter, attached hereto as Exhibit A, and approves the Mexican Springs Chapter Corrective Action Plan, attached hereto as Exhibit B.
2. The Navajo Nation hereby directs that copies of the Mexican Springs Chapter Corrective Action Plan be provided to the Office of the President and the Vice President and the Resources and Development Committee, as part of their oversight responsibility for the Mexican Springs Chapter.
3. The Navajo Nation hereby directs the Mexican Springs Chapter to submit a written status report on its progress in implementation of the Corrective Action Plan to the Office of the Auditor General six months after the approval of this resolution.
4. The Navajo Nation hereby directs the Office of the Auditor General to review the written status reports to be submitted by the Mexican Springs Chapter and report to the Resources and Development Committee, as well as the Budget and Finance Committee.
5. The Navajo Nation hereby directs the Office of the Auditor General to conduct a follow-up review twelve months after the approval of this resolution to verify to actions claimed to have been taken by the Mexican Springs Chapter, to issue a written follow-up report indicating the Mexican Springs Chapter progress implementing the Corrective Action Plan, and to make recommendations to the Resources and Development Committee, as well as the Budget and Finance Committee.

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 5 in favor, 0 opposed, this 15<sup>th</sup> day of May, 2012.

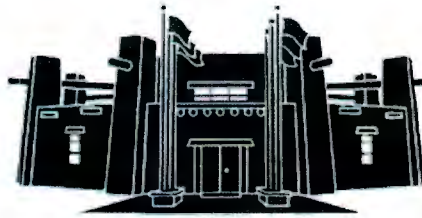
A handwritten signature in blue ink, appearing to read 'LoRenzo C. Bates', with a stylized flourish at the end.

LoRenzo C. Bates, Chairperson  
Budget and Finance Committee

Motion: Nelson S. BeGaye  
Second: Jonathan Nez

ORIGINAL





## OFFICE OF THE AUDITOR GENERAL

### The Navajo Nation

#### A Follow-Up Review of the Mexican Springs Chapter Corrective Action Plan Implementation

**Report No. 16-07  
December 2015**

Performed by:  
Stacy Manuelito, Auditor  
Beverly Tom, Senior Auditor  
Karen Briscoe, Principal Auditor



December 29, 2015

Richard Bowman, President  
**MEXICAN SPRINGS CHAPTER**  
P.O. Box 689  
Tohatchi, NM 87325

Dear Mr. Bowman:

The Office of the Auditor General herewith transmits Audit Report No. 16-07, a Follow-up Review of the Mexican Springs Chapter Corrective Action Plan Implementation. The Office of the Auditor General conducted the follow-up review with the following objectives:

- To determine the status of the Mexican Springs Chapter corrective action plan.
- To identify the barrier(s), if any, that hindered implementation efforts.

To meet the objectives, we reviewed the Mexican Springs Chapter's records for the five month period of January 2015 to May 2015.

#### Background

A compliance audit of the Mexican Springs Chapter was conducted in 2011, and the Auditor General issued audit report no. 12-10. The audit report and the corrective action plan developed by the Mexican Springs Chapter were approved by the Budget and Finance Committee on May 15, 2012, per resolution no. BFMY-29-12. With Budget and Finance Committee approval, the Mexican Springs Chapter has the duty to implement the corrective action plan.

#### Review Results

The Mexican Springs Chapter has not fully implemented the corrective action plan. The Chapter did not resolve 9 of 28 issues reported in audit report no. 12-10. The Chapter has not demonstrated improvements to ensure accountability and safeguarding of chapter assets and resources. As a result, internal controls remain deficient and the Chapter remains non-compliant with laws and funding guidelines.

- Travel expenditures were not supported with proper documentation such as an approved travel authorization, current insurance cards and odometer reading that is stated in the Navajo Nation Travel Policies and Procedures.
- The Chapter is not safeguarding property/equipment. The Chapter did not tag and could not locate all property and equipment. In addition, the chapter's inventory is unreliable and incomplete. Furthermore, no fixed assets are reported on the chapter's financial statements.



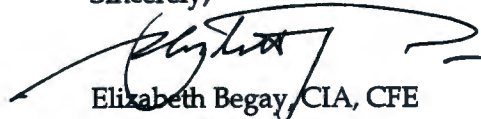
Ltr. to Mexican Springs Chapter  
Page 2

- Required personnel documents such as personnel action form, employee application, and new hire form were not on file.
- Required procurement documents such as quotations and receiving reports were not on file to support the procurement of goods and services.
- The Chapter is not completing follow-up assessments of approved housing projects to ensure funds are used as intended.
- The Chapter did not have all required documents such as project applications and project completion reports to support Public Employment Program projects.
- The Chapter did not have required documents such as declaration of emergency, assessments, meeting minutes, recipient listing, or approved budget to support the disbursement of emergency funds.
- The Chapter officials did not provide sufficient monitoring over the chapter administration.
- The Chapter has not fully implemented the Five Management System.

Conclusion

Title 12, Navajo Nation Code (N.N.C.) Section 8 imposes upon the Mexican Springs Chapter the duty to implement the corrective action plan according to the terms of the plan. The Chapter did not implement the corrective action plan. Consequently, the issues reported in the 2011 audit remain unresolved. Accordingly, the Office of the Auditor General recommends sanctions be imposed on the Mexican Springs Chapter and officials in accordance with 12 N.N.C. Section 9 (b) and 9(c) for failure to implement the corrective action plan. See attached Exhibit A for the review results.

Sincerely,



Elizabeth Begay, CIA, CFE  
Auditor General

xc: Darrell Morris, Vice-President  
Roberta Becenti, Secretary/Treasurer  
Christine Sam, Community Service Coordinator  
Mel R. Begay, Council Delegate  
**MEXICAN SPRINGS CHAPTER**  
Jayne Mitchell, Senior Accountant  
Robert Begay, Department Manager  
**ADMINISTRATIVE SERVICE CENTER/DCD**  
Chrono

## 2016 REVIEW RESULTS

### Finding I: Chapter internal controls are deficient.

| <b>2011 Audit Issue 1: Budgets were not presented to chapter membership for approval.</b>  |                             |
|--|-----------------------------|
| Chapter Corrective Actions   | Status of Corrective Action |
| 1. The Community Services Coordinator and the chapter officials will develop a budget and present the proposed budget at a regular chapter meeting.  | Implemented                 |
| 2. The Community Services Coordinator will ensure the community membership, at a regular chapter meeting, approves the budgets.  | Implemented                 |
| <b>Audit issue resolved: Yes</b>   |                             |
| <b>2011 Audit Issue 2: Poor budget monitoring resulted in budget deficits.</b>   |                             |
| Chapter Corrective Actions   | Status of Corrective Action |
| 1. The Accounts Maintenance Specialist and the Community Services Coordinator will use the accounting system to verify funds are available and refrain from processing checks unless there are sufficient funds. | Implemented                 |
| 2. The Community Services Coordinator, Accounts Maintenance Specialist, and the Secretary/Treasurer will ensure all expenditures are in compliance with the approved budgets and not exceed budget limits.       | Implemented                 |
| <b>Audit issue resolved: Yes</b>   |                             |
| <b>2011 Audit Issue 3: Budgets were not accurately posted in the accounting system.</b>  |                             |
| Chapter Corrective Actions   | Status of Corrective Action |
| 1. The Community Services Coordinator and the Secretary/Treasurer will ensure all chapter budgets have been accurately posted to the accounting system.  | Implemented                 |
| <b>Audit issue resolved: Yes</b>   |                             |
| <b>2011 Audit Issue 4: Funds from Division of Social Services intended to purchase wood/coal for low income families was used to pay chapter bills.</b>  |                             |
| Chapter Corrective Actions   | Status of Corrective Action |
| 1. The Community Services Coordinator will ensure unexpended funds are returned to the Navajo Nation Division of Social Services.  | Implemented                 |
| 2. The Community Services Coordinator will ensure the Chapter does not enter into another contract with the Navajo Nation Division of Social Services after October 2009.  | Implemented                 |
| 3. The Community Services Coordinator will ensure the repayment of funds is approved by the community membership at a regular chapter meeting.   | Implemented                 |
| <b>Audit issue resolved: Yes</b>   |                             |

**2011 Audit Issue 5: Chapter travel expenditures lack proper documentation.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Community Services Coordinator will ensure travel policies and procedures are followed.  | Not Implemented             |
| 2. The Community Services Coordinator will ensure travel requests are approved prior to actual travel.                                | Not Implemented             |
| 3. The Community Services Coordinator will ensure travel advances do not exceed 80% of travel cost.                                   | Implemented                 |
| 4. The Community Services Coordinator will ensure travel expenses are supported with required documentation and filed at the chapter. | Not Implemented             |
| 5. The Chapter officials will review travel documents to verify travel activities are approved.                                       | Not Implemented             |

**Audit issue resolved: No****2011 Audit Issue 6: The Chapter could not support stipend payments to committee members and grazing official.**

| Chapter Corrective Actions   | Status of Corrective Action            |
|--|--|
| 1. The Accounts Maintenance Specialist and the Community Services Coordinator will ensure the committee member's and grazing official's claim forms are supported with required documents such as meeting minutes prior to approval. | Cannot be determine due to no activity |

**Audit issue resolved: Cannot not be determine due to no activity****2011 Audit Issue 7: The Chapter has undeposited revenue.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Accounts Maintenance Specialist will give to the Community Services Coordinator all cash receipts along with the prepared bank deposit slip for review.    | Implemented                 |
| 2. The Community Services Coordinator will reconcile the cash receipts, cash receipts journal, and deposit amount for accuracy prior to deposit.                  | Implemented                 |
| 3. The Community Services Coordinator will deposit cash receipts to the chapter's bank account.   | Implemented                 |
| 4. The Community Services Coordinator will return the deposit receipt to the Accounts Maintenance Specialist to post the deposit amount to the accounting system. | Implemented                 |

**Audit issue resolved: Yes**



**2011 Audit Issue 8: Poor inventory controls over hay resale activities.**

| Chapter Corrective Actions   | Status of Corrective Action            |
|--|--|
| 1. The Community Services Coordinator and the Accounts Maintenance Specialist will implement the resale policies and procedures.             | Cannot be determine due to no activity |
| 2. The Community Services Coordinator will ensure the resale inventory records document all purchases, sales, and damaged or stolen items.   | Cannot be determine due to no activity |
| 3. The Community Services Coordinator will perform physical counts of resale inventory on a monthly basis to reconcile to inventory records. | Cannot determine due to no activity    |

**Audit issue resolved: Cannot be determine due to no activity****2011 Audit Issue 9: Bank reconciliations were not completed.**

| Chapter Corrective Actions   | Status of Corrective Action |
|--|-----------------------------|
| 1. The Community Services Coordinator will download the bank statements from the bank and ensure the Accounts Maintenance Specialist completes the bank reconciliation each month. | Implemented                 |
| 2. The Community Service Coordinator and the Secretary/Treasurer will review the bank reconciliation for accuracy.   | Implemented                 |

**Audit issue resolved: Yes****2011 Audit Issue 10: On-line banking policies and procedures need strengthening.**

| Chapter Corrective Actions   | Status of Corrective Action |
|--|-----------------------------|
| 1. The Community Services Coordinator will revise the on-line banking policies to improve controls over the on-line banking activities including the segregation of duties and authorized users. | Implemented                 |

**Audit issue resolved: Yes****2011 Audit Issue 11: The Chapter officials and former Community Services Coordinator signed their own checks.**

| Chapter Corrective Actions   | Status of Corrective Action |
|--|-----------------------------|
| 1. The Community Services Coordinator will ensure no Chapter staff or official signs their own checks. | Implemented                 |

**Audit issue resolved: Yes**

**2011 Audit Issue 12: Chapter property and equipment is not safeguarded from loss and misuse.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Accounts Maintenance Specialist will conduct an annual physical inventory of chapter property and equipment and ensure the inventory is complete and reliable. | Not Implemented             |
| 2. The Community Services Coordinator and the Chapter President will ensure chapter property and equipment are tagged with pre-numbered identification tags.          | Not Implemented             |

**Audit issue resolved: No**

**2011 Audit Issue 13: Incomplete personnel files.**

| Chapter Corrective Actions   | Status of Corrective Action |
|--|-----------------------------|
| 1. The Community Services Coordinator will ensure all personnel documents, as required by policies and procedures, are on file prior to the start of employment. | Not Implemented             |
| 2. The Accounts Maintenance Specialist will verify all personal action forms are complete and signed before an employee begins their employment.                 | Not Implemented             |

**Audit issue resolved: No**

**2011 Audit Issue 14: The Chapter cannot justify wages paid to temporary employees.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Community Services Coordinator will ensure attendance sheets are maintained by employees to document hours worked and ensure employees are paid only for hours worked. | Implemented                 |
| 2. The Accounts Maintenance Specialist will prepare timesheets based on the attendance sheets.  | Implemented                 |
| 3. The Community Services Coordinator and the Chapter officials will review payroll documents for accuracy prior to approving payment.  | Implemented                 |

**Audit issue resolved: Yes**

## 2016 REVIEW RESULTS

**Finding II: Chapter did not consistently comply with applicable laws and fund guidelines.**

**2011 Audit Issue 15: Non-compliance with Navajo Nation procurement code and regulations.**

| Chapter Corrective Actions   | Status of Corrective Action |
|--|-----------------------------|
| 1. The Accounts Maintenance Specialist will ensure to obtain three (3) price quotations from vendors for procurement of goods/services.                        | Not Implemented             |
| 2. The Community Service Coordinator and the Secretary/Treasurer will ensure the procurement packets have all required supporting documents prior to approval. | Not implemented             |

**Audit issue resolved: No**

**2011 Audit Issue 16: Non-compliance with housing discretionary fund policies and procedures.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Community Services Coordinator will ensure housing funds are used in accordance with the housing policies and procedures.                          | Implemented                 |
| 2. The Community Services Coordinator will verify the housing assistance requests are documented on an application form and have all required documents.  | Implemented                 |
| 3. The Community Services Coordinator will present the housing applicants to the community membership at a regular chapter meeting for final approval.    | Implemented                 |
| 4. The Community Services Coordinator will complete follow-up reviews of approved housing assistance to verify funds are used for their intended purpose. | Not Implemented             |

**Audit issue resolved: No**

**2011 Audit Issue 17: Non-compliance with Public Employment Project policies and procedures.**

| Chapter Corrective Actions  | Status of Corrective Action |
|---|-----------------------------|
| 1. The Community Services Coordinator will ensure PEP funds are used in accordance with the PEP policies and procedures.                | Not Implemented             |
| 2. The Community Services Coordinator will ensure each PEP project has a project application and any extension of projects is approved. | Not Implemented             |
| 3. The Community Services Coordinator will ensure PEP vacant positions are advertised for 10 days.                                      | Implemented                 |
| 4. The Community Services Coordinator will ensure the PEP project supervisor submits project reports.                                   | Not Implemented             |

**Audit issue resolved: No**



|   |                             |
|---|-----------------------------|
| <b>2011 Audit Issue 18: Scholarships was not awarded fairly and equitably.</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Community Services Coordinator and the chapter officials will implement the student financial assistance policies and procedures.  | Implemented                 |
| 2. The Accounts Maintenance Specialist and the Community Services Coordinator will ensure all required scholarship documents are submitted by the applicants for review of eligibility.   | Implemented                 |
| 3. The Community Services Coordinator will refer eligible applicants to be approved by the community membership at a regular chapter meeting.   | Implemented                 |
| 4. The Community Services Coordinator will ensure students receive award amounts that do not exceed the maximum allowable amount according to policies and procedures.  | Implemented                 |
| <b>Audit issue resolved: Yes</b>  |                             |
| <b>2011 Audit Issue 19: Use of Emergency Funds cannot be justified</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Community Services Coordinator will ensure emergency funds are used to provide relief services to chapter members in the event of an emergency and based on priority in accordance to the funding guidelines, Five Management System policies and procedures, and emergency response plan. | Not Implemented             |
| 2. The Community Services Coordinator will develop an emergency response plan and obtain community membership approval for the plan.  | Not Implemented             |
| 3. In the event of an emergency, the Community Services Coordinator and the chapter officials will implement the plan.  | Not Implemented             |
| <b>Audit issue resolved: No</b>   |                             |
| <b>2011 Audit Issue 20: Restricted Funds were reallocated to cover fund deficits</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Community Services Coordinator and the Chapter officials will ensure all expenditures are in compliance with approved funding guidelines.  | Implemented                 |
| <b>Audit issue resolved: Yes</b>  |                             |
| <b>2011 Audit Issue 21: IRS Reports and payments were not remitted in a timely manner.</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Accounts Maintenance Specialist will generate payroll reports and prepare the quarterly tax reports.   | Implemented                 |
| 2. The Community Services Coordinator will verify the accuracy of the tax reports and remit the report and payment to the IRS in a timely manner.   | Implemented                 |

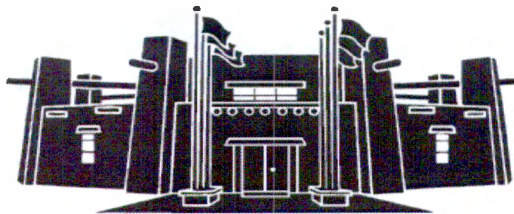
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|---|-----------------------------|
| 3. The Chapter officials will verify the timely remittance of the IRS report and payroll taxes to the IRS.  | Implemented                 |
| <b>Audit issue resolved: Yes</b>  |                             |
| <b>2011 Audit Issue 22: SUTA Tax Report and payment were not remitted.</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Accounts Maintenance Specialist will generate payroll reports and prepare the quarterly SUTA reports.  | Implemented                 |
| 2. The Community Services Coordinator will verify the accuracy of the SUTA report and remit the report and unemployment taxes to New Mexico Department of Workforce Solutions in a timely manner. | Implemented                 |
| 3. The Chapter officials will verify the timely remittance of the SUTA report and unemployment taxes to New Mexico Department of Workforce Solutions.   | Implemented                 |
| <b>Audit issue resolved: Yes</b>  |                             |
| <b>2011 Audit Issue 23: Sales taxes were not reported and payments were not remitted.</b>   |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. Accounts Maintenance Specialist will generate sales tax reports and prepare the quarterly sales tax report.  | Implemented                 |
| 2. The Community Services Coordinator will verify the accuracy of the sales tax report and remit the report to the Navajo Nation Tax Commission.  | Implemented                 |
| 3. The Chapter officials will verify the timely remittance of the sales tax report to Navajo Nation Tax Commission.   | Implemented                 |
| <b>Audit issue resolved: Yes</b>  |                             |
| <b>2011 Audit Issue 24: Monitoring by Chapter Officials Is insufficient.</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Chapter President will ensure the chapter staff are carrying out all duties and responsibilities as stated in the Local Governance Act.  | Not Implemented             |
| 2. The Chapter Secretary/Treasurer will monitor chapter finances and ensure funds are expended in accordance to policies.   | Not Implemented             |
| <b>Audit issue resolved: No</b>   |                             |
| <b>2011 Audit Issue 25: Contrary to LGA, the Chapter has not fully implemented a Five Management System.</b>  |                             |
| Chapter Corrective Actions  | Status of Corrective Action |
| 1. The Chapter officials will work closely with the chapter staff to implement the Five Management System policies and procedures.  | Not Implemented             |
| <b>Audit issue resolved: No</b>   |                             |



## 2016 REVIEW RESULTS

**Finding III: \$168,000 Unauthorized payments to the chapter officials and former employees.**

| <b>2011 Audit Issue 26: Approximately \$60,000 unauthorized compensation to the former Chapter President and current Vice-President and Secretary/Treasurer.</b>                            |   |
|---|---|
| Chapter Corrective Actions  | Status of Corrective Action                                     |
| 1. The Community Services Coordinator will ensure the Office of the Auditor General refer the issue to Navajo Nation Ethics and Rules Office and the Navajo Nation White Collar Crime Unit. | Implemented (chapter officials settled to pay back the Chapter) |
| <b>Audit issue resolved: Yes</b>  |   |
| <b>2011 Audit Issue 27: Approximately \$100,000 unauthorized compensation to the former Chapter Community Services Coordinator and Office Specialist.</b>                                   |   |
| Chapter Corrective Actions  | Status of Corrective Action                                     |
| 1. The Community Services Coordinator will ensure the Office of the Auditor General refer the issue to Navajo Nation Ethics and Rules Office and the Navajo Nation White Collar Crime Unit. | Implemented (Ethics Office has not filed the complaint)         |
| <b>Audit issue resolved: Yes</b>  |   |
| <b>2011 Audit Issue 28: Approximately \$8,400 unauthorized compensation to the former Chapter PIP Worker.</b>   |   |
| Chapter Corrective Actions  | Status of Corrective Action                                     |
| 1. The Community Services Coordinator will ensure the Office of the Auditor General refer the issue to Navajo Nation Ethics and Rules Office and the Navajo Nation White Collar Crime Unit. | Implemented (Ethics Office has not filed the complaint)         |
| <b>Audit issue resolved: Yes</b>  |   |



## MEMORANDUM

**TO:** Honorable Mel R. Begay  
23<sup>rd</sup> Navajo Nation Council

**FROM:**   
Levon B. Henry, Chief Legislative Counsel  
Office of Legislative Counsel

**DATE:** February 10, 2016

**SUBJECT:** AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S RECOMMENDATION OF SANCTIONS OF THE MEXICAN SPRINGS CHAPTER AND APPROVING SANCTIONS FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN

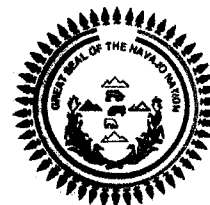
Pursuant to your request, attached is the above-referenced proposed resolution and associated legislative summary sheet. Based on existing law and the documents submitted, the resolution as drafted is legally sufficient. However, as with all legislation, it is subject to review by the courts in the event of a challenge.

The Office of Legislative Council confirms the appropriate standing committee(s) reviews based on the standing committees powers outlined in 2 N.N.C. §§ 301, 401, 501, 601 and 701. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. § 164(A)(5).

Please review the proposed resolution to ensure it is drafted to your satisfaction. If this proposed resolution is acceptable to you, please sign it where it indicates "Prime Sponsor", and submit it to the Office of Legislative Services for the assignment of a tracking number and referral to the Speaker.

If the proposed resolution is unacceptable to you, or if you have further questions, please contact me at the Office of Legislative Counsel and advise me of changes you would like made to the proposed resolution. You may contact me at (928) 871-7166. Thank you.

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0056-16\_\_

SPONSOR: Mel R. Begay

**TITLE: An Action Relating To Resources And Development And Budget And Finance Committees; Accepting The Auditor General's Recommendation Of Sanctions Of The Mexican Springs Chapter And Approving Sanctions For Failure To Implement The Corrective Action Plan**

*Date posted:* February 22, 2016 at 10:30AM

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.

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

**LEGISLATION NO.:** 0056-16

**SPONSOR:** Honorable Mel R. Begay

**TITLE:** An Action Relating To Resources And Development And Budget And Finance Committees; Accepting The Auditor General's Recommendation Of Sanctions Of The Mexican Springs Chapter And Approving Sanctions For Failure To Implement The Corrective Action Plan.

**Posted:** February 22, 2016 at 10:30AM

**5 DAY Comment Period Ended:** February 27, 2016

**Digital Comments received:**

|                                  |   |
|----------------------------------|---|
| <b>Comments Supporting</b>       | <i>None</i>                               |
| <b>Comments Opposing<br/>(1)</b> | <b>1. Blaine Wilson, Dine Constituent</b> |
| <b>Inclusive Comments</b>        | <i>None</i>                               |

1-711

\_\_\_\_\_  
**Executive Director  
Office of Legislative Services**

2/29/2016 - 9:10 AM

\_\_\_\_\_  
**Date/Time**



## Legislation 0056-16

Blaine Wilson <blaine.wilson@yahoo.com>

Wed 2/24/2016 12:13 PM Blaine Wilson <blaine.wilson@yahoo.com>

To: comments <comments@navajo-nsn.gov>;

[Add to Contacts](#)

Honorable Council Delegates,

I have a concern regarding the method of imposing sanctions upon chapter communities. I oppose this legislation as it does not hold those responsible for the reasons of not implementing the CAP. I would like to have the Navajo Nation Auditor General determine who is the actual person or persons held accountable for the CAP not being implemented. Also, the punishment for the Mexican Springs chapter officials is not harsh enough; on the other hand, the punishment for the community of Mexican Springs is very harsh as it will decrease the amount of funds needed for direct services. I would hope this legislation would be amended to punish those accountable for the non implementation and non compliance. Navajo Nation needs to hold those who took oaths to abide and uphold Navajo Nation Laws accountable for their actions or inactions. The amount withholding of stipends for the non compliance should be half of the amount compensated for the Mexican Springs chapter officials. The community should not suffer because of the mismanagement of the chapter from officials and from chapter staff.

Thank you,  
Blaine Wilson  
Dine constituent

**RESOURCES AND DEVELOPMENT COMMITTEE  
23rd NAVAJO NATION COUNCIL**

**SECOND YEAR 2016**

**COMMITTEE REPORT**

Mr. Speaker,

The **RESOURCES AND DEVELOPMENT COMMITTEE** to whom has been assigned:

**Legislation # 0056-16:** An Action Relating to Resources and Development and Budget and Finance Committee; Accepting the Auditor General's Recommendation of Sanctions of the Mexican Springs Chapter and Approving Sanction for failure to Implement the Corrective Action Plan. *Sponsor: Honorable Mel R. Begaye*

Has had it under consideration and reports the same was DEFERRED, at the request of the sponsor of the legislation, to the next RDC regular meeting date.

Respectfully submitted,



Honorable Alton Joe Shepherd, Chairperson  
Resources and Development Committee  
of the 23<sup>rd</sup> Navajo Nation Council

Date: March 1, 2016

Main Motion: Honorable Walter Phelps

Second: Honorable Leonard Pete

Vote: 3-0-1 (CNV)