

LEGISLATION SUMMARY SHEET

TRACKING NO. 0161-21

DATE: July 27, 2021

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

PURPOSE OF THIS LEGISLATION: to accept the Auditor General's follow-up review of the Oljato Chapter's implementation of its Corrective Action Plan, and to impose sanctions upon the Oljato Chapter for failure to implement its CAP.

OLC No. 21-324-1

5-DAY BILL HOLD PERIOD: Jefferson
Website Posting Time/Date: _____
Posting End Date: 08/16/21
Eligible for Action: 08/17/21

Resources & Development Committee
Thence
Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION
24TH NAVAJO NATION COUNCIL - Third Year, 2021

INTRODUCED BY



(Prime Sponsor)

TRACKING NO. 0161-21

AN ACTION
RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE
COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW
OF THE OLJATO CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION,
AND IMPOSING SANCTIONS UPON THE OLJATO 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 Hearings and Appeals.” 12 N.N.C. §9(D).
- 18

19 **SECTION TWO. FINDINGS**

- 20 A. In July of 2019, the Auditor General conducted a comprehensive financial audit of the
21 Oljato Chapter and prepared “A Special Review of Oljato Chapter - Report No. 19-23”
22 which report is incorporated herein by reference.
- 23 B. The Budget and Finance Committee accepted the Auditor General’s July 2019 audit report,
24 along with the Corrective Action Plan proposed by the Chapter and accepted by the Auditor
25 General. BFD-56-19, dated December 3, 2019, 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 Oljato Chapter. The
28 Auditor General has reported on the accomplishments of the Oljato Chapter in “A Follow-
29 up Review of the Oljato Chapter Corrective Action Plan Implementation.” Report No. 21-
30 14, dated June 2021, attached hereto as **Exhibit 2**.

1 D. The Auditor General has found that, of the sixteen (16) corrective measures to be
2 undertaken by the Chapter, only two (2) of the concerns were implemented. Thus, the
3 Chapter has failed to adequately implement the Corrective Action Plan. **Exhibit 2.**

4 E. As a result, the Auditor General recommends that sanctions be imposed upon the Oljato
5 Chapter in accordance with 12 N.N.C. §9(B)-(C). **Exhibit 2.**

6 F. As provided for in 12 N.N.C. §9(B)-(C), the Budget and Finance Committee is the final
7 authority that makes the determination regarding sanctions to be imposed upon the Chapter.
8

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

11 A. The Navajo Nation hereby accepts the Auditor General's Report: "A Follow-up Review of
12 the Oljato Chapter Corrective Action Plan Implementation" (Report No. 21-14, dated June
13 2021), attached as **Exhibit 2.**

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

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

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

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

29 **SECTION FOUR. SAVINGS CLAUSE**

30 If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation,

1 or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme
2 Court, the remainder of this Act shall remain as the law of the Navajo Nation.

3
4 **SECTION FIVE. EFFECTIVE DATE**

5 This legislation and the sanctions provided for herein shall become effective pursuant to 12
6 N.N.C. §9(B).

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

24TH NAVAJO NATION COUNCIL - First Year, 2019

AN ACTION

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

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee serves as the oversight committee of Navajo Nation Chapters. 2 N.N.C. § 501(C)(1).
- B. As the oversight committee of Navajo Nation chapters, the Resources and Development Committee is to receive audit reports and corrective action plans. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee 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 Oijato Chapter, in accordance with 12 N.N.C. § 7(D). The Report, "A Special Review of Oijato Chapter," No. 19-23, dated July, 2019, is attached as **Exhibit A**.
- B. The Report lists two (2) findings and recommendations for correction; details of the findings and recommendations from the special review are included in **Exhibit A**.
- C. Oijato Chapter provided a corrective action plan, which is attached as **Exhibit B**.

SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby approves, "A Special Review of Oljato Chapter," No. 19-23, dated July, 2019, attached as **Exhibit A**.
- B. The Navajo Nation approves the corrective action plan submitted by Oljato Chapter, attached as **Exhibit B**.
- C. The Navajo Nation directs that copies of the corrective action plan be provided to Resources and Development Committee as part of its oversight responsibility for the Oljato Chapter. The Navajo Nation directs Oljato chapter to submit a written status report on its progress in implementing the corrective action plan to the Office of the Auditor General six (6) 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 Oljato Chapter and to report the results to the Resources and Development Committee and the Budget and Finance Committee.
- E. The Navajo Nation directs the Office of the Auditor General to conduct a follow-up review twelve (12) months after the approval of this resolution to verify the actions claimed to have been taken by Oljato Chapter, to issue a written follow-up report indicating the progress in implementing the correction action plan, and to make recommendations to the Resources and Development Committee and the Budget and Finance Committee.

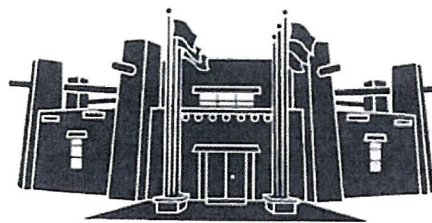
CERTIFICATION

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 4 in favor and 0 opposed, this 3rd day of December 2019.

A handwritten signature in blue ink, appearing to read 'J. Henio', with a long horizontal line extending to the right.

Jamie Henio, Chairperson
Budget and Finance Committee

Motion: Honorable Nathaniel Brown
Second: Honorable Jimmy Yellowhair



OFFICE OF THE AUDITOR GENERAL

The Navajo Nation

A Follow-Up Review of the Oljato Chapter Corrective Action Plan Implementation

**Report No. 21-14
June 2021**

**Performed by:
Genalle Benally, Associate Auditor
Karen Briscoe, Principal Auditor**



June 16, 2021

Willis Begay, President
OLJATO CHAPTER
P.O. Box 360455
Monument Valley, UT 84536

Dear Mr. Begay:

The Office of the Auditor General herewith transmits audit report no. 21-14, a Follow-up Review of the Oljato Chapter Corrective Action Plan Implementation.

BACKGROUND

In 2019, the Office of the Auditor General performed a Special Review of the Oljato Chapter and issued audit report no. 19-23. A corrective action plan was developed by the Oljato Chapter in response to the special review. The audit report and corrective action plan (CAP) were approved by the Budget and Finance Committee on December 3, 2019 per resolution no. BFD-56-19.

OBJECTIVE AND SCOPE

The objective of the follow-up review is to determine whether the Oljato Chapter fully implemented its corrective action plan based on a six-month review period of October 1, 2020 to March 31, 2021.

SUMMARY

Of the 16 corrective measures, the Oljato Chapter implemented 2 (12%) corrective measures, leaving 14 (88%) not fully implemented. See Exhibit A for the details of our review results.

CONCLUSION

Since the Oljato Chapter did not fully implement its corrective action plan, the findings from the 2019 audit remain unresolved. Therefore, the Office of the Auditor General recommends sanctions be imposed on the Oljato Chapter and officials in accordance with 12 N.N.C. Section 9 (B) and (C).

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

Sincerely,



Helen Brown, CFE, Principal Auditor
Delegated Auditor General

xc: Dr. Tommy Rock, Vice-President
Marietta Bedonie, Secretary/Treasurer
Herman Daniels Jr., Council Delegate
OLJATO CHAPTER
Sonlatsa Jim-Martin, Department Manager II
Calvin Tsosie, Senior Program & Projects Specialist
ADMINISTRATIVE SERVICES CENTER/DCD
Chrono

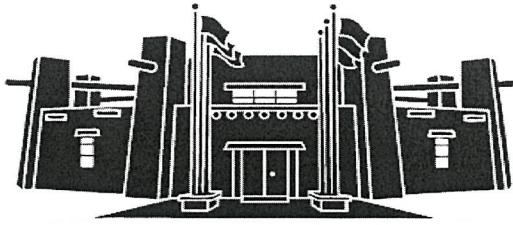
REVIEW RESULTS
Oljato Chapter Corrective Action Plan Implementation
Review Period: October 1, 2020 to March 31, 2021

Audit Issues	Total # of Corrective Measures	# of Corrective Measures Implemented	# of Corrective Measures Not Implemented	<i>Audit Issue Resolved?</i>	Review Details
1. Travel requests and expense reimbursements are not properly approved	13	2	11	No	See Attachment A
2. Controls over chapter property need improvement to ensure property is reliable, adequately identified, and well documented.	3	0	3	No	
TOTAL:	16	2	14	0 - Yes 2 - No	

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.

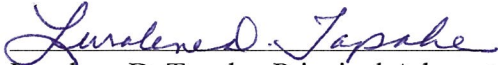
<p>◆ 2021 STATUS</p>	<p>Travel requests and expense reimbursements are not properly approved. NOT RESOLVED</p>
<p>Controls over travel activities remain weak. For the six-month review period ending March 31, 2021, there were no travel expenditures. To verify the implementation of the applicable corrective measures for this finding, we expanded our audit scope to identify travel expenditures beginning April 2020. Accordingly, nine (9) travel expenditures totaling \$1,168 were identified. There were no travel expenditures for the Accounts Maintenance Specialist (AMS) and Community Services Coordinator (CSC).</p> <p>Of the nine (9) expenditures, six (6) were travel reimbursements paid to volunteers during the COVID pandemic for delivering supplies to community members. To justify these reimbursements to the volunteers the Chapter applied the Five Management System travel policies and procedures for proper support documentation and approval. However, the following discrepancies were noted:</p> <ul style="list-style-type: none"> • 1 travel voucher file was missing. • 8 travel authorizations were prepared and approved by the CSC instead of the AMS. • 8 travel authorizations were incomplete and not approved prior to travel. • 1 traveler was approved for travel reimbursement beyond the authorized travel dates. • 1 travel reimbursement was missing a trip report. • 5 travel reimbursements had expense reports, trip reports, and mileage reports that were prepared by the CSC on behalf of the traveler. The CSC also signed some of these documents for the traveler and approved the documents as the supervisor. <p>Although the corrective measures agreed to by the Chapter required segregation of duties, the current travel process showed the CSC had continued to perform all key procedures including the preparation and approval of travel documents on behalf of the travelers. This practice does not facilitate proper accountability of chapter funds.</p> <p>Lastly, since there were no travel activities specifically for the CSC and no travel advances issued during the audit scope, four (4) corrective actions could not be verified as implemented. However, considering the discrepancies noted with the sample of nine (9) travel expenditures, there is still a high risk that travel funds could be misused for unauthorized travel activities or for travel expenses unrelated to chapter business.</p>	

<p>◆ 2021 STATUS</p>	<p>Controls over chapter property need improvement to ensure property is reliable, adequately identified, and well documented. NOT RESOLVED</p>
<p>Controls over property have not been strengthened despite a corrective action plan. The last known annual inventory was completed in 2019 by temporary employees rather than the Accounts Maintenance Specialist as noted in the corrective action plan. Further, there was no review of the inventory by the Community Services Coordinator to ensure the physical inventory was done correctly and all property items were identified and accounted for. As a result, the property inventory was deemed incomplete as pertinent property information such as property numbers, acquisition dates, acquisition costs, and condition was missing.</p> <p>We selected 45 property items to verify they were affixed with property identification tags and of this number, four (4) items were missing identification tags. In addition, the identification numbers found on 11 property items were not recorded on the property inventory. The corrective action plan required the Community Services Coordinator and the Vice President to verify all property items were tagged and the property inventory was complete but based on our audit work, this was not done.</p> <p>Without sufficient controls, the risk remains that the Chapter cannot fully account for its property and any items stolen or destroyed that could result in a financial loss to the Chapter would not be readily detected.</p>	



MEMORANDUM

TO: Hon. Delegate Herman M. Daniels, Jr., Member
Resources and Development Committee
24th Navajo Nation Council

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

DATE: July 27, 2021

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

Per your request, the Office of Legislative Counsel has prepared the above-referenced proposed legislation and related summary sheet. Based on existing Navajo Nation law and other applicable laws, and upon review of all supporting documents submitted to OLC, this legislation as drafted is legally sufficient. However, as with any action of government, this legislation may be subject to review by the Navajo Nation courts in the event of proper legal challenge.

Please ensure that this legislation is precisely what you want. You are encouraged to review this proposed legislation to ensure that it is drafted to your satisfaction.

OLC has reviewed the appropriate standing committees' authorities to consider this legislation, based on the standing committees' powers and responsibilities set forth in Title 2 of the Navajo Nation Code. Based on its review, OLC has listed those committees in the title of this legislation. Nevertheless, the Speaker of the Navajo Nation Council may assign this legislation to committee(s) other than those shown in the title, pursuant to his authority under 2 N.N.C. §164(A)(5).

If you find this document unacceptable for any reason, please immediately contact me at the Office of Legislative Counsel (at extension 7166) and advise me of the changes you would like made to this proposed legislation. Thank you.