

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

24TH NAVAJO NATION COUNCIL - First Year, 2019

AN ACTION

RELATING TO THE RESOURCES AND DEVELOPMENT COMMITTEE AND THE
BUDGET AND FINANCE COMMITTEE; ACCEPTING THE NAVAJO HOUSING
AUTHORITY FORENSIC EXAMINATION NOVEMBER 2018 SUBMITTED BY THE
OFFICE OF THE AUDITOR GENERAL, AND APPROVING THE CORRECTIVE
ACTION PLAN SUBMITTED BY THE NAVAJO HOUSING AUTHORITY

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee ("RDC") is established as a standing committee of the Navajo Nation Council with oversight over housing for the purposes of establishing policies and legislation appropriate to the housing needs of the Navajo Nation and its People. See 2 N.N.C. §§ 500(A) and 500(C)(3).
- B. As the oversight committee of housing needs of the Navajo Nation and its People, RDC is to receive audit reports and corrective action plans. 12 N.N.C. § 7(E).
- C. The Budget and Finance Committee ("BFC") is established as a standing committee of the Navajo Nation Council and is charged with receiving and approving audit reports from the Auditor General. See 2 N.N.C. §§ 300(A); 12 N.N.C. §§ 6(A); and 7(D).

SECTION TWO. FINDINGS

- A. The Auditor General with the assistance of KMPG, LLP., completed a forensic examination of the Navajo Housing Authority at the request of the Navajo Nation Office of the President and Vice-President.
- B. The Auditor General submitted the Navajo Housing Authority Forensic Examination, in accordance with 12

N.N.C. § 7(D). The report titled, "Navajo Housing Authority Forensic Examination November 2018," No. 19-03, dated November 2018, is attached as **Exhibit A**.

- C. The report lists recommendations for correction; details of the findings and recommendations from the forensic examination are included in **Exhibit A**.
- D. The Navajo Housing Authority provided a corrective action plan ("CAP"), and is attached as **Exhibit B**.

SECTION THREE. ACCEPTANCE AND APPROVAL

- A. The Navajo Nation hereby approves, "Navajo Housing Authority Forensic Examination November 2018," No. 19-03, dated November 2018, attached as **Exhibit A**.
- B. The Navajo Nation approves the CAP submitted by the Navajo Housing Authority, 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 housing matters on the Navajo Nation. The Navajo Nation directs the Navajo Housing Authority to 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 the Navajo Housing Authority 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 Navajo Housing Authority, to issue a written follow-up report indicating the Navajo Housing Authority'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 Tohajiilee, Navajo Nation (New Mexico), at which a quorum was present and that the same was passed by a vote of 3 in favor and 0 opposed, this 26th day of June 2019.



Elmer P. Begay, Pro Tem Chairperson
Budget and Finance Committee

Motion: Honorable Jimmy Yellowhair
Second: Honorable Nathaniel Brown



OFFICE OF THE AUDITOR GENERAL

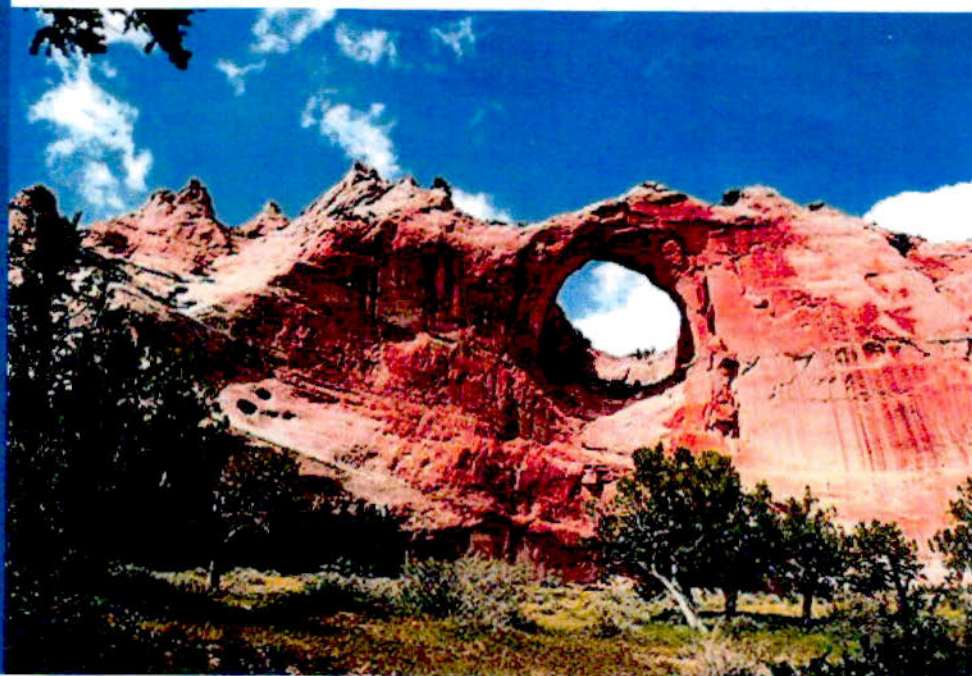
The Navajo Nation

Navajo Housing Authority

Forensic Examination

November 2018

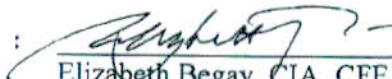
Report No. 19-03
November 2018



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

TO : Hon. Russell Begaye, President
NAVAJO NATION

Hon. Jonathan Nez, Vice President
NAVAJO NATION

FROM : 
Elizabeth Begay, CIA, CFE
Auditor General
OFFICE OF THE AUDITOR GENERAL

DATE : November 09, 2018

SUBJECT : **Forensic Examination of the Navajo Housing Authority**

The Office of the Auditor General herewith transmits Audit Report No. 19-03, Forensic Examination of the Navajo Housing Authority (NHA). The forensic examination was conducted, at the request of the Navajo Nation Office of the President/Vice-President. The forensic examination was completed in conjunction with KPMG LLP.

Based on transaction testing and targeted review, the auditors reported questionable activity within each of the following:

- a) Travel reimbursements and stipends paid to Board of Commissioners
- b) NHA vendors/consultants
- c) Land acquisitions
- d) Sub-recipient Chinle Nursing Home
- e) Bluestone Project
- f) Navajo FlexCrete Building Systems, Inc. (as an NHA component)

Although the forensic examination did not include a detailed review of NHA operations and processes, the review provided several recommendations for improvements in certain areas. The auditors also identified potential next steps for NHA to pursue to more fully understand the underlying culture of the organization, its use of non-program funds, and the patterns of questionable activity noted in the report.

If you have any questions about this report, please contact our office at (928) 871-6303. Thank you for your assistance in completing this forensic examination.

xc: Ethel Branch, Attorney General
LaTonia B. Johnson, Assistant Attorney General
OFFICE OF THE ATTORNEY GENERAL
Chrono

The Navajo Nation

Navajo Housing Authority
Forensic Examination
November 7, 2018

TABLE OF CONTENTS

Background and Scope of Work.....	3
Limitations and Assumptions.....	4
Detailed Observations	7
Transaction Testing	7
Targeted Review.....	14
Recommendations	28

BACKGROUND AND SCOPE OF WORK

Pursuant to discussions with the Office of the President and Vice President ("OPVP") of the Navajo Nation ("the Nation") and the Board of Commissioners ("BOC") of the Navajo Housing Authority ("NHA"), the Navajo Nation Auditor General scheduled a forensic audit of the Non-Program funds of the NHA. This forensic audit was conducted to determine whether the NHA's policies, procedures, and processes were followed in regards to the expenditure of Non-Program funds for the period from January 1, 2014, to December 31, 2016.

To execute this audit, forensic data analytics were performed of the NHA's Non-Program fund transactions for the period in question in order to identify anomalies and other areas for further analysis. Information was also received from the OPVP, the NHA's BOC, NHA employees, U.S. Senate staff, and media reports regarding areas of particular concern. Using the outcomes of the data analytics and the other information received, a judgmental sample of transactions was selected for testing. These transactions were analyzed in conjunction with the relevant supporting detail provided by NHA staff to determine their consistency with the NHA's policies, processes, and procedures.

NHA has served as the public housing authority for the Navajo Nation since 1963. In 2003, the Navajo Nation Council formally designated NHA as the Tribally Designated Housing Entity ("TDHE") for the Nation. As the TDHE, NHA is responsible for the housing needs of the Navajo Nation that spans over 27,000 square miles. The overall primary beneficiary of the Indian Housing Block Grants ("IHBG") is the Navajo people. The Navajo Nation, therefore, has a responsibility of monitoring NHA's administration of IHBG resources as stipulated by the Native American Housing Assistance and Self Determination Act ("NAHASDA").

LIMITATIONS AND ASSUMPTIONS

Limitations

1. The NHA forensic examination was unable to assess the completeness of the general ledger detail data provided by NHA. Completeness of the general ledger detail provided by NHA was tested by reconciling total general ledger activity to trial balance activity. The forensic examination then attempted to reconcile the trial balance activity to the audited financial statements for years ended September 30, 2014, 2015, and 2016. However, the general ledger detail was unable to be reconciled with the audited financials for fiscal years 2014 and 2016 as detailed in the table below. Despite numerous attempts, working with NHA staff, it was not possible to reconcile the variances.

Total expenses ¹	2014	2015	2016
Total expenses per general ledger	\$ 58,259,536	\$ 102,467,934	\$ 122,689,245
Total expenses per Statement of Revenues, Expenses, and Changes in Net Position	58,807,599	102,467,934	128,765,609
Variance	\$ (548,063)	\$ -	\$ (6,076,364)

2. NHA provided audited financial statements for fiscal years 2000 – 2016. Malcom Johnson & Company, P.A. was NHA's independent auditor for fiscal years 2014 – 2016 and issued an unqualified audited opinion for each of those three years. During the course of the forensic examination, several attempts were made to contact Malcom Johnson & Company, P.A. Despite repeated efforts, this firm could not be reached during the review period, and the e-mail previously used by the firm returned undeliverable messages. It was noted that Malcom Johnson & Company, P.A. also opined on the financial statements for fiscal years 2000 – 2003.²
3. NHA's Program Income and Non-Program Income Determination Policies and Procedures designate that Program and Non-Program income should be recorded in separate accounts. However, the NHA forensic examination was not able to confirm NHA's use of Program and Non-Program funds respectively to pay expenses via analysis of its accounting system and related records. NHA does not utilize separate cash accounts for Program and Non-Program activity, and neither the NHA's accounting system nor its audited financials separate Program and Non-Program activity. NHA Accounting department staff indicated that fund numbers were used to identify Program versus Non-Program transactions. As a result, assumptions had to be made regarding the Program or Non-Program nature of certain funds within the NHA's accounting system after review of relevant policies and discussions with NHA staff (see the Assumptions section below for further information).

¹ Excludes prior period adjustments.

² The independent auditor that opined on the NHA's financial statements for fiscal years 2008 – 2013 was Heinfeld, Meech & Co, P.C. For fiscal years 2004 – 2007, Joseph Eve Certified Public Accountants issued an audit opinion on NHA's financial statements. No attempts were made to contact these prior period auditors during the course of the forensic examination as the years were outside the initial scope of testing.

4. NHA was unable to provide complete general ledger detail for fiscal years 2000 – 2010 from the ECS system (NHA's previous accounting system utilized until the transition to Navigator in 2010/2011). As a result, the review of general ledger detail was limited to the Navigator system for fiscal years 2011 - 2017. In addition, the sample transactions tested for additional forensic review were limited to those recorded in fiscal years 2014 – 2016.
5. The NHA forensic examination was limited to interviews with certain current NHA employees and analysis of documents and data provided by NHA staff. The forensic examination included contact with and vendor confirmations provided by representatives from three outside parties: Navajo Tribal Utility Authority, Bedo Productions, Inc., and Swaback Partners, PLLC. The examination did not seek to understand relationships between the NHA and outside parties beyond those which were preliminarily expressed by the Nation, uncovered during interviews, or apparent during review of the supporting documentation provided by the NHA or the aforementioned outside parties. This work and other additional procedures would need to be completed to gain a full understanding of the matters in question regarding the NHA.

Assumptions

The following assumptions were utilized in order to complete the forensic examination:

1. NHA accounting staff provided that fund codes are used to differentiate transactions as Program or Non-Program. However, the fund listing provided by NHA designated other fund types, such as Federal Funds, State Funds, Tribal Funds, and Self-Funded. NHA's Program Income and Non-Program Income Determination Policies and Procedures state that Non-Program income "shall be treated as unrestricted reserve." Based on this policy and additional discussions with NHA staff regarding the nature of certain funds, fund codes designated as "Restricted" within the NHA's chart of accounts were identified as Program funds, as such the associated revenue and expenses were designated as Program income or expenses. Fund codes not designated as "Restricted" were identified as Non-Program funds, as such the associated revenue and expenses were designated as Non-Program income or expenses.³
2. The general ledger detail provided by NHA was assumed to be complete and accurate for fiscal years 2014 – 2016 in order to select and review the sample transactions chosen for the forensic examination. The variances identified between this detail and NHA's audited financials are discussed in the Limitations section of this report.
3. The listing of the NHA's BOC members' names provided by NHA was assumed to be complete in that it provided all BOC member's names for reference during review of the general ledger detail and other supporting documentation provided. It was noted that in one instance, for Chairperson Wayne Claw, he was only listed as a BOC Member in 2014. However, a BOC resolution was provided during the course of the forensic examination that listed his term on the BOC as December

³ See Appendix A for listing of fund numbers and designation between Program and Non-Program funds.

4, 2014 – August 21, 2015. Therefore, this listing was not strictly relied upon for the years of the BOC member's service.⁴ These listings were not further tested for accuracy.

Transaction Testing Sample

1. Eighty-eight Non-Program expenses were chosen for review based on preliminary areas that the Nation and the NHA's BOC requested for review and other criteria determined during review of the general ledger detail. These expenses total \$19,173,229.⁵

Selection Criteria	2014	2015	2016	Total
Land	\$ 4,359,962	\$ -	\$ 9,479,303	\$ 13,839,265
Judgmental selection	926,889	3,374,072	180,606	4,481,567
Consultant fees	158,544	139,340	314,108	611,992
Expenses related to contracts	42,138	92,580	-	134,718
Travel expenses	13,000	11,461	41,515	65,976
Legal fees	9,680	17,094	-	26,774
Gift expenses	-	1,300	5,170	6,470
Expenses associated with Marlene Lynch	6,469	-	-	6,469
Total Amount Selected	\$ 5,516,681	\$ 3,635,846	\$ 10,020,702	\$ 19,173,229
Total Non-Program Expenses ⁶	\$ 5,868,641	\$ 8,253,055	\$ 11,256,670	\$ 25,378,366
<i>Percent of Total Non-Program Expenses</i>	<i>94%</i>	<i>44%</i>	<i>89%</i>	<i>76%</i>

2. Thirty-one Program expenses were chosen for review based on preliminary areas that the Nation and the NHA's BOC requested for review. Although the scope of the forensic examination was limited to Non-Program funds, these expenses were chosen for transaction testing because the areas were specifically requested to be reviewed and no Non-Program expenses for the review areas could be identified in the general ledger detail for 2014 – 2016. The Program expenses chosen as a sample for review total \$3,437,211.^{7,8}

Selection Criteria	2014	2015	2016	Total
Land	\$ 2,036	\$ -	\$ 3,500	\$ 5,536
Judgmental selection	-	2,515,045	790,403	3,305,448
Consultant fees	39,196	-	86,298	125,494
Expenses related to contracts	-	733	-	733
Total Amount Selected	\$ 41,233	\$ 2,515,778	\$ 880,201	\$ 3,437,211

⁴ See Appendix B for the BOC member listing provided.

⁵ Years provided in the table below correspond to calendar years, not NHA's fiscal years.

⁶ Total expenses in fund numbers that are not Restricted per the general ledger detail provided by NHA.

⁷ Years provided in the table below correspond to calendar years, not NHA's fiscal years.

⁸ The forensic examination was conducted as a review of Non-Program funds. As such, the Program expenses were evaluated against NHA policies, processes, and procedures as they relate to Non-Program funds. The scope of the review did not include the policies, processes, and procedures in place that restricted the use of Program funds, nor did it include an evaluation of Program funds against said policies, processes, and procedures as this was outside the scope of this work.

DETAILED OBSERVATIONS

Transaction Testing Summary Observations

During the examination, NHA personnel represented that certain NHA employees were responsible for individual areas involved in the transactions selected for testing. These individuals and Ms. Dorothy Billy and Ms. Sandra Willie were the Accounting department resources on-site to answer questions and provide additional supporting documentation during transaction testing.

Areas of Responsibility	
Jolanda Manuelito	Travel Authorizations
Roxana Becenti	Payroll
Angie Jake	Vendors A – F
Verbena Mike	Vendors G – M
Phyllis Norton	Vendors N – Z
Karen Mitchel	Fixed Assets
Belinda Yazzie	Journals

The following are observations related to the 119 transactions that were tested as part of the forensic examination. The observations relate to exceptions noted during the course of the review.

Procurement Department Involvement

- NHA's Procurement Policy, adopted with BOC Resolution NHA-4264-2012 on July 12, 2012, and the associated Standard Operating Procedures for procurement were reviewed as part of the NHA forensic examination. The Procurement Policy states, "The actions of any officer or employee procuring goods, materials, equipment, work, or services are subject to these rules." In the policy, the CEO is delegated the authority and responsibility to "identify by position and title those NHA officials authorized to undertake procurement where competitive bidding is not required by HUD regulations" and "delegate responsibility for NHA procurement actions valued at \$1,000,000 or less." BOC approval is required for actions which are valued in excess of \$1,000,000. In addition, the policy designates that a responsibility of the Procurement Department is to "provide oversight for all NHA procurement activities to ensure compliance with appropriate laws, regulations, policy, and procedures." Neither the Procurement Policy nor the associated Standard Operating Procedures explicitly state that Program funds and Non-Program funds should be treated differently from a procurement standpoint.
- However, the Equity Reserve Accounts Policies and Procedures states, "It is the policy of the Navajo Housing Authority to use Non-Program Income and the Unrestricted Reserve Accounts as determined necessary by the Executive Management Staff, not to exceed \$1.0 million in the aggregate per fiscal year." The Executive Management Staff is defined as the CEO, COO, and CFO. The policy also gives the BOC the authority to approve the use of the Unrestricted Reserve Accounts in excess of \$1.0 million for any single transaction. The policy outlines specific situations for which the Executive Management Staff is specifically granted authority to use Non-Program funds and additionally allows for "other unanticipated expenditures as determined necessary and urgent by the Executive Management Staff." Further, the policy dictates the BOC's authority to approve additional withdrawals from the Unrestricted Equity Reserve Accounts in excess of \$1,000,000, over and above the drawdowns allowed by Executive

Management Staff, "as well as any expenditure outside of the Executive Management Staff's authority outlined [therein]." Finally, "for all other uses of the reserve accounts not defined in this policy and procedure, the Executive Management Staff shall prepare a Board Resolution with supporting documentation for review and approval by the Board of Commissioners." This allows NHA's Executive Management Staff and BOC the authority to use Non-Program funds without including the Procurement department or following the Procurement policy.

- Although the Procurement Policy does not explicitly differentiate between transactions using Program versus Non-Program funds, Roberta Roberts, interim CEO of NHA, stated that the Procurement department is not involved in transactions using Non-Program funds. The operating practice of the NHA is that only a BOC resolution and executive management sign-off is required to procure a vendor if Non-Program funds are used.

Discretionary Review Items

- The NHA's Program Income and Non-Program Income Determination Policies and Procedures provides that the CFO's responsibility is to "ensure the Accounting department staff administers and performs the calculation, separation and recording of Program and Non-Program income" in accordance with said policy. Accordingly, NHA accounting staff stated that the determination for whether to use Program or Non-Program funds to pay certain expenses depends on the Accounting department's discretionary review of information submitted regarding the underlying business reason for the expense. This review is conducted to determine if the transaction is an eligible activity for which Program funds can be used.
- This discretionary review and its outcome were not documented as part of the transaction, and the Program fund policies and procedures were outside the scope of this review. Therefore, the forensic examination was unable to confirm that the appropriate fund type was used for the following expenses based on the scope of work:
 - Travel
 - BOC Stipends
 - Legal Fees
 - Consulting Fees

Circular Authorizations for Travel and Payroll

- The NHA travel policy provides that the CEO approves BOC member travel and the BOC approves CEO travel.
- The BOC By-Laws provide that the BOC has the authority to set the CEO's compensation. It was also noted through transaction testing of BOC member stipends that the CEO authorizes BOC members' timesheets which are used to calculate BOC members' compensation.

Brokers hired by NHA for Insurance and Land

- The NHA forensic examination noted that NHA hires insurance brokers for Risk Management policies (property, liability, and worker's compensation) and for Human Resources policies. These brokers locate excess insurance carriers and third party administrators in each of these respective policy fields. NHA then pays these carriers and administrators for their policies and services. No evidence was provided to support that NHA evaluates the carriers or the administrators recommended by the broker.
- Similarly, the broker hired to locate the four properties near Twin Arrows (discussed in the "Fixed Asset" section below), Maria Cohen via MC Dream Builders Realty, LLC, hired the appraiser, surveyor, and selected the title company for the transactions. It was noted that the same appraiser issued an opinion on the value of all four properties. No evidence was provided to support that NHA evaluated the companies hired by this broker.

Transaction Testing: Non-Program Funds

Travel

- A transaction for travel expenses on May 13, 2015, for Asa Begay, BOC Vice-Chairperson at the time, was reviewed. The supporting documents included a note that Asa Begay's travel was extended one extra night and that night was paid for on the CEO's purchase card. The CEO at that time was Aneva Yazzie. The hotel folio for the additional night was included in the supporting documents for the transaction, but there was no flight change information provided.
- Three transactions were reviewed related to travel expenses paid for individuals to attend the Native American Indian Housing Council ("NAIHC") Trade Show in Hawaii. The following observations were made:
 - A BOC resolution limited travel to this event to essential NHA personnel only, and BOC members were included in the list of essential personnel. Lula Jackson, a BOC member at the time, was on leave so she requested and sent Ruthie Francis in her place. Ms. Francis was identified by NHA staff as a tenant who lives in Shiprock, New Mexico. In addition, representatives of the Nation provided information that Ruthie Francis also uses the name Ruthie A. Keeswood. Ms. Francis did not submit a Travel Authorization and was not on the list of essential personnel; therefore, a clear business purpose for Ms. Francis' attendance at this event could not be determined. The payment of \$1,896.34 was made to Ms. Francis on April 21, 2016.
 - Charlotte Rieck was approved as an essential person for travel. However, the supporting documentation submitted with Ms. Rieck's payment indicated that she was paid more for both her hotel and meal per diem than was allowable under the Travel Policy at that time, as detailed below. The payment to Ms. Rieck was made on May 31, 2016.

- The Travel Policy states that the rates paid should be those listed on gsa.gov for the location of travel or, if gsa.gov does not present rates for the location of travel, the Standard Rate listed on gsa.gov for that time should be utilized. Gsa.gov only issues rates specific to the 48 contiguous states, so the standard rate should be used for travel to Hawaii.
- The Standard Rate for hotels in fiscal year 2016 was \$89 per night. Ms. Rieck was reimbursed for \$177 per night without authorization to exceed the allowable rate.
- The Standard Rate for meals and incidental expenses in fiscal year 2016 was \$46 per 24 hours. If this was applied to the number of hours Ms. Rieck included on her Travel Authorization form for Hawaii, she should have been reimbursed \$388 for her total meals expenses. Ms. Rieck was reimbursed \$748 for her total meals expenses

Vendors

- Transaction testing identified two identical payments for \$10,000 to Roger Boyd with a posting description of "Consultant service Feb 2016" on April 14, 2016. The general ledger detail provided by NHA was reviewed, and no associated refund or credit could be found for the second payment to Mr. Boyd. Review of the supporting documentation and general ledger detail supports that this was a duplicate payment.
 - No evidence was provided to indicate that the Procurement department was involved in hiring Mr. Boyd as a consultant to assist NHA with Congressional visits associated with planning for affordable modular housing. However, there was a BOC resolution which approved Mr. Boyd's contract and hired him as a consultant in said capacity.
- Six transactions were reviewed relating to payments made to Mellor Chee Willie in accordance with his contract as a professional advocacy services consultant. Mr. Willie's original contract began on January 3, 2013 and was approved in BOC Resolution NHA-4304-2013. His contract was amended and extended three times via BOC Resolutions NHA-4341-2013, NHA-4455-2014, and NHA-4676-2016. The most recent contract revision extends through December 31, 2020, and the total allowable payments under all of his contracts from 2013 – 2020 would be \$2,707,200 plus reasonable reimbursable expenses (which have no limit under the current contract). As of October 2017, the allowable payments under Mr. Willie's contracts were \$1,589,000 and the actual payments made were \$1,212,197. The NHA forensic examination found that payments to Mr. Willie aligned with his contract at the respective time of payment. In addition, the following observations were made:
 - Two of the payment authorizations, for a total of \$152,000 in payments to Mr. Willie, were not signed by Aneva Yazzie, CEO at the time, even though she was listed as the approver. The authorizations for payment were signed on December 30, 2015 and the payments were posted on January 8, 2016. The signature appears similar to that of Marlene Lynch, CFO at the time, but it cannot be confirmed without additional procedures. NHA staff did not provide additional information regarding who had delegation of authority to authorize payments when these payment authorizations were signed on December 30, 2015.

- No evidence was provided to indicate that the Procurement department was involved in hiring Mr. Willie as a consultant. However, all of the transactions tested for Mr. Willie were paid using Non-Program funds, and there were BOC resolutions which approved Mr. Willie's contracts as a professional advocacy services consultant.
- Two transactions were reviewed for Bedo Productions, Inc. One on December 12, 2014, for \$11,250 and one on January 20, 2015, for \$16,150. NHA provided three BOC Resolutions which approved a documentary project on the housing crisis of the Navajo Nation, distribution and marketing support including 100 copies of the DVDs, and extra short and editing fees for the final edit. In total, the resolutions allowed services from April 2014 to December 2014 and allowed total payments of \$166,650. Bedo Productions, Inc. received the allowed payments plus an additional \$33,103 paid in February and March 2014, prior to the execution of the first BOC Resolution, and an additional payment of \$300 for 50 extra DVDs to be produced. Thus, total payments made to Bedo Productions, Inc. were \$200,053.
 - A representative from Bedo Productions, Inc., Yvonne Latty, provided that the company was hired by NHA to film two documentaries, *To Build a Home* and *Home*, and three social media shorts for Twitter about housing. Ms. Latty also confirmed that an initial order of DVDs was placed and then later amended to increase the number of DVDs ordered so that copies could be given to Congress and other leaders. The information provided by Ms. Latty regarding the time period of work and total payments received by Bedo Productions materially reconciles with NHA records.
 - No evidence was provided to indicate that the Procurement department was involved in hiring Bedo Productions, Inc. Payments were made using Non-Program funds, and BOC Resolutions were provided to support certain payments to Bedo Productions, Inc. as explained above.
- Three transactions for sponsorships at fairs or rodeos were reviewed. These consist of one transaction for \$25,000 on August 25, 2015, for gold member sponsorship at the Navajo Nation Fair and two transactions for \$5,000 each on September 22 and 24, 2015, to sponsor the Southwest Fair for Navajo Nation Southwest upon the funding request of Lee Jack. No evidence of an existing contract or Procurement department involvement was provided. All three transactions were supported by BOC resolutions and paid using Non-Program funds.
- Two transactions for catering were reviewed.
 - One transaction was for \$6,237 on December 18, 2015, where the Navajo Nation Gaming Enterprise was paid for catering for the 2015 NHA Winter Staff Meeting at Twin Arrows Navajo Casino Resort. This payment was made using a Non-Program fund, and no associated BOC resolution was provided authorizing the payment.
 - One transaction was for a total of \$5,933 on September 23, 2014, in which PeeWee Ulibarri was paid for catering the NHA Organizational Realignment Meeting. \$5,250 of the total expense was charged to a Program fund because this was the eligible per diem amount established by gsa.gov. The remaining \$683 was charged to a Non-Program fund. No associated BOC resolution was provided authorizing the payment.

- Two casualty loss-property transactions were reviewed for a single insurance claim related to water damage at a housing unit built by NHA.
 - In 2005, an insurance adjuster assessed property loss damage due to flooding for approximately \$7,000. This claim was denied, and the adjuster resubmitted the claim for additional review again in 2007 for a similar damage amount.
 - Nine years after the original incident and seven years after the re-review request, the resident living in the home, Aida Yazzie, raised a legal claim regarding this property damage. During the forensic examination, it was indicated that NHA's Legal department settled the claim by agreeing to fully rebuild the home without consulting the Risk Management department (which is the department designated to handle property loss claims).
 - The home was fully rebuilt in 2014 for roughly \$246,000 by Lam Corporation. Lam Corporation was selected through the Procurement department and appropriate Request for Proposal policies.
- Certain vendors and transactions were identified for a more detailed, targeted review based on preliminarily issues raised by the Nation, raised during interviews of NHA employees, or otherwise uncovered during the course of the forensic examination. See the Targeted Review section below for further information.⁹

Fixed Assets

- One land transaction for an earnest money payment of \$25,000 on December 29, 2014 was reviewed. This money was paid for the option to purchase land referred to as Sacred Wind. \$23,646 of the earnest money was refunded on July 7, 2015, based on NHA cancelling the purchase contract. The remaining \$1,354 was not refunded and was marked as a cancellation fee. No BOC resolution or other supporting documents were provided to support the decision behind paying this earnest money. Due to lack of supporting documentation provided, the forensic review could not determine if there was a clear business reason for this transaction or whether the proper Program or Non-Program fund type was used for this expense.
- Four land purchases near Twin Arrows were reviewed. A summary of the transactions is as follows:¹⁰
 - Cosnino – 363 acres purchased on July 14, 2016, for \$3,301,171 from ANC Irrevocable Trust DTD, SMT Investors LP, and Neal MGMT LLC.
 - It was noted that NHA received a refund check from the title company in the amount of \$104,144 for an amount due from the seller at closing. This refund was recorded as a capital expenditure offset on September 30, 2016. NHA did not reduce the value of the land asset by

⁹ Additional detail regarding the following vendors and transactions can be found in the Targeted Review section: Ervin Keeswood Sr., Peterson Zah, Chinle Nursing Home, Quarles and Brady, Micheal P. Upshaw, Swaback Partners, PLLC, and Navajo FlexCrete Building Systems, Inc..

¹⁰ See Appendix C for listing of land acquisitions identified in this report.

the refunded amount, thus overstating the value of the asset on NHA's balance sheet. NHA intends to correct this error.

- Angell Road – 317.17 acres purchased on July 1, 2016, for \$964,777 from Donald and Bonnie Drye.
- 1 Twin Arrows – 47.77 acres purchased on July 1, 2016, for \$5,006,805 from Sarah Richman.
- 3 Twin Arrows – 110.18 acres purchased on July 1, 2016, for \$206,550 from Michael and Justin Clifton.
- A separate BOC resolution was passed for each property on May 2, 2016, authorizing the use of Program funds to purchase these properties. Shortly thereafter, on June 11, 2016 for 1 Twin Arrows and June 17, 2016 for all other properties, a new BOC resolution was passed for each property authorizing the use of Non-Program funds for the land purchases.
- It was noted that NHA paid the pre-acquisition expenses (i.e. appraisal and survey fees) using Program funds and made the land purchase using Non-Program funds.

Transaction Testing: Program Funds

Payroll

- Payroll includes salaries for NHA employees and stipend payments to members of the BOC.
- NHA accounting staff stated that the determination for using Program or Non-Program funds to pay BOC member stipends depends on the Accounting department's discretionary review of the meeting agenda and other information submitted regarding the reason for the meeting. See the Discretionary Review section above for further information regarding this process.
 - In the general ledger detail provided by NHA, all stipend payments to BOC members (coded as Salaries in the general ledger) for fiscal years 2014 – 2016 were paid using Program funds. Therefore, the determination of the discretionary review and application of the appropriate fund type for BOC member stipends could not be confirmed.
- Four transactions were reviewed for stipends paid to four different BOC members who all attended the same two Medicine Man ceremonies. These stipends were paid at \$250 per meeting per BOC member and totaled \$2,000 on March 1, 2016. The following observations were made:
 - The BOC resolution attached as supporting documentation for the payment states that \$50,000 in Non-Program funds was budgeted for Non-IHBG (Indian Housing Block Grants) meeting and stipends expenses. It was indicated that these Non-Program funds should be used to pay the stipends. However, a Program fund, the 2016 NAHASDA fund was used for payment.
 - According to the BOC By-Laws provided by NHA, the Medicine Man ceremonies appear to meet the qualification of a special assignment. Special assignment stipends are paid at \$125 per meeting

per member (not \$250 as was paid in this instance), which would have totaled \$1,000.

- One transaction was reviewed for \$750 in stipend payments to Christina Lewis, BOC member, on September 17, 2016. Ms. Lewis attended three different meetings, one each day between September 15 and 17, where she was the only BOC member in attendance. The agendas provided were not detailed but did indicate that she was meeting with outside parties. These meetings (with only one BOC member in attendance) appear to qualify as special meeting per the BOC By-Laws provided by NHA. Special meetings are paid at \$125 per meeting and would total \$375 for three meetings. Ms. Lewis was paid at \$250 per meeting, which totaled \$750 for three meetings.
- One transaction was reviewed for \$750 in stipend payments to Marlieta Begay, BOC member, on August 4, 2016. Ms. Begay submitted a timesheet showing only one meeting, for one hour, and only submitted one agenda. This would qualify for a total stipend payment of \$250. Ms. Begay was paid \$750 for three meetings with no additional support provided.

Targeted Review

The following is a summary of observations related to the specific areas of concern preliminarily raised by the Navajo Nation or NHA BOC, raised during interviews of NHA employees, or otherwise identified during the course of the forensic examination. The observations present a summary of data reviewed.

Ervin Keeswood and Peterson Zah

Ervin Keeswood

- According to the BOC member listing provided by NHA, Ervin Keeswood served on the BOC from 2008-2011. A Professional Services Agreement was executed with Mr. Keeswood, via Keeswood International LLC, for Navajo Nation legislative and executive consulting services to begin on March 1, 2011 (when Mr. Keeswood is still listed as a BOC member). Invoices submitted by Mr. Keeswood often include extensive notes from meetings he attended on behalf of the NHA. They also include the following list of services provided:
 - Act as Navajo Nation legislative and executive consultant, representative, and advocate;
 - Attend Council Sessions, BOC meetings, Nabi meetings, oversight committee meetings, and resources development committee meetings;
 - Work with delegates.
- NHA personnel provided that there was not a BOC Resolution corresponding to Mr. Keeswood's initial Professional Services Agreement; however, multiple BOC Resolutions extend the annual term of his contract through February 20, 2017.¹¹ The total budgeted fees under his contract terms are \$654,440

¹¹ BOC Resolutions NHA-4221-2012, NHA-4309-2013, NHA-4372-2014, NHA-4382-2014, NHA-4454-2014, and NHA-4591-2016.

plus allowable out-of-pocket expenses. Total fees paid to Mr. Keeswood per NHA's records are \$635,437 with an additional \$25,779 in allowable out-of-pocket expenses. The NHA forensic examination found that Mr. Keeswood's payments align with the terms of his contracts.

- The examination also noted that Mr. Keeswood was paid using two different vendor numbers, as follows:
 - V00437 was used for what appear to be BOC member payments, totaling \$3,720 between November 15, 2010 – March 15, 2011,
 - V01871 was used for consulting payments, totaling \$198,000 between April 5, 2011 – March 7, 2013, and
 - V00437 was used again for the remaining consulting payments, totaling \$437,437 in fees and \$25,779 in allowable out-of-pocket expenses between April 2, 2013 – February 14, 2017.
- NHA personnel explained that, at the time his second vendor number was set-up, anyone in the Accounts Payable or Procurement departments could create a vendor number, but vendor set-up is now restricted to two accounting personnel. These individuals create all the new vendor profiles, and there is no review or approval process for creating new vendor profiles in the accounting system.
- Since Mr. Keeswood was paid using Non-Program funds, his invoices were sent to the department that initiated his contract, the executive department (CEO's office). The invoices were to be reviewed and a request for direct payment created by an employee of that department (the executive assistant in this case), and then the department supervisor (the CFO in this case) was to approve the request for direct payment. The request for direct payment would then be sent to an accounts payable employee for processing. If Non-Program funds are used (as in this case), NHA staff indicated that no one in accounting would review the payment processed by the accounts payable employee unless that individual had a specific question regarding the payment.

Peterson Zah

- On July 11, 2013, the BOC approved a professional service agreement between the NHA and Peterson Zah, in which he was retained as the NHA's Navajo legislative and executive representative and advocate. His service period began June 24, 2013 and was extended such that the last end date listed in agreements provided by NHA was November 30, 2016. Mr. Zah's contract payments were initially \$100,000, and his contract was amended on November 18, 2014, to \$125,000 per year plus out-of-pocket expenses to be paid from Non-Program funds. According to the accounts payable history provided by NHA, Mr. Zah received \$366,910 in payments between July 17, 2013, and June 30, 2017, which corresponds to his contracts.

- In addition, one transaction was tested for July 1, 2015, in which Mr. Zah's hotel stay of \$1,311 was paid for on Doreen Yazzie's purchase card. Therefore, it is possible that other travel and out-of-pocket expenses for Mr. Zah were paid directly by NHA purchase cards and not included in the accounts payable history. However, analysis of purchase card transactions was beyond the scope of this examination.
- No evidence was provided to indicate that the Procurement department was involved in hiring Mr. Zah as a consultant. However, Mr. Zah's payments were made using Non-Program funds, and there were BOC resolutions which approved Mr. Zah's contract and hired him as a consultant.

Bonus Payment to Ervin Keeswood and Peterson Zah

- On January 2, 2014, a BOC resolution, NHA-4372-2014, was passed approving a \$5,000 bonus each for Ervin Keeswood and Peterson Zah. The following are excerpts from the resolution:
 - "During the past two years, several proposed Navajo Nation Council and committee resolutions have been initiated that were not favorable to the NHA operations. Some of these resolutions addressed
 - appointment of new board members,
 - attempts to remove current board members,
 - attempts to change who has the authority to appoint and confirm board members,
 - attempts to change how board appointments are made,
 - attempts to alter or remove certain board powers, and
 - attempts to remove the NHA's Tribally Designated Housing Entity designation."
 - "Based on the skilled and exceptional legislative advocacy by Messrs, Keeswood and Zah, all of the unfavorable proposed resolutions were voluntarily withdrawn, voted down, or vetoed by Navajo Nation President Ben Shelly..."

Chinle Nursing Home ("CNH")

- BOC resolution NHA-4530-2015 states that Wayne Claw was appointed BOC Chairman on December 4, 2014 and that he resigned on August 21, 2015. This resolution also states that he disclosed his position as CEO of CNH at the time he was appointed to the BOC in accordance with the conflict of interest policies at NHA. Prior to Mr. Claw's appointment to the BOC, NHA committed \$3,795,583 to construction activities of CNH between September 4, 2002 – June 14, 2014.¹² In August and

¹² BOC Resolutions NHA-3406-2002 (and associated Sub-Recipient Agreement), NHA-3768-2007, and NHA-4406-2014.

September 2015, two months near the end of Mr. Claw's term as BOC Chairman, NHA allocated \$21,646,466 to CNH for safety fine violations and construction of a 120-bed facility.¹³ On June 2, 2016, NHA reallocated an additional \$1,000,000 from five elderly group homes to CNH¹⁴ for a total funding commitment of \$26,442,049 for CNH activities.

- On June 10, 2014, NHA's BOC terminated the NHA sub-recipient program for future IHBG allocations but allowed the program's continuation for the duration of then-current executed agreements. BOC resolution NHA-4526-2015 states that in meetings in August 2015, when Wayne Claw was Chairman of the BOC, the BOC requested NHA staff to prepare and present revised sub-recipient policies.
- On August 6, 2015, CNH reported to the BOC about the deteriorating condition and pending closure of the CNH facility because of numerous safety violations that arose due to aging of the facility. The BOC resolution states that Wayne Claw and his spouse recused themselves from the discussion and did not report on this matter. BOC resolution NHA-4526-2015 authorizing and directing NHA staff to collaborate in obtaining funding for construction of a new facility for CNH was dated August 7, 2015, and signed by Asa Begaye, the Vice Chairperson.
- In accordance with the August 6, 2015 meeting noted above, NHA's BOC verbally committed to pay \$197,950 in fines owed by CNH to CMS for the safety violations. On August 11, 2015, these fines were paid using a Non-Program fund. On August 24, 2015, the BOC approved resolution NHA-4530-2015 that authorized and directed NHA staff to issue the payment that had been made on August 11. The verbal approval and payment of CMS fines were made prior to Mr. Claw's resignation; however, the written approval to pay the CMS fines was made after his resignation and after the payment was already issued by NHA. This payment was recorded in a miscellaneous expense account within the NHA marketing department.
- On September 5, 2015, shortly after Mr. Claw's resignation, the BOC approved a funding commitment of \$21,448,516 in equity reserve funds for CNH to build a new 120-bed facility.¹⁵
- When asked to provide a break-out of payments made with regards to a specific project, NHA personnel provided that the Grants Management department is supposed to track budgets and expenses per project. This independent tracking should then be periodically reconciled with the NHA accounting system to ensure accuracy of project cost recording. However, despite repeated requests to provide project tracking data, Grants Management did not provide any evidence of their independent project management tracking. Therefore, project payment data is based on NHA's accounting system data which records project expenses to a certain cost code.
- NHA accounting staff provided a general ledger report evidencing that \$8,989,291 was paid for expenses incurred and posted to the CNH cost code between June 2011 and January 2018.
- In addition, the \$197,950 paid for safety fine violations identified during the course of this forensic examination was charged to a miscellaneous cost center.

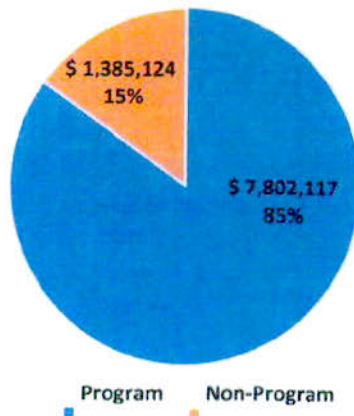
¹³ BOC Resolutions NHA-4530-2015 and NHA-4548-2015.

¹⁴ BOC Resolution NHA-4616-2016.

¹⁵ BOC Resolution NHA-4548-2015.

- Therefore, a total of \$9,187,241 was identified as payments relating to CNH which break-out as follows:

CNH Funds: Program vs. Non-Program



Vendor	Amount
ARCADIS U S INC	220,536
ARVISO OKLAND	173,192
BLACK ROCK MANAGEMENT LLC	147,303
BUREAU VERITAS NORTH AMERICAN INC	5,448
CHINLE NURSING HOME	3,491,842
CHOLLA MANAGING GROUP LLC	2,604,255
CENTERS FOR MEDICARE & MEDICAID SERVICES	197,950
DYRON MURPHY ARCHITECTS PC	719,077
NAVAJO TIMES PUBLISHING CO INC	189
NAVAJO TRIBAL UTILITY AUTHORITY	75,629
PIMMEX CONTRACTING CORP	841,848
WELLER ARCHITECTS PC	549,764
NO VENDOR NAME	160,208
Grand Total	\$ 9,187,241

Land Acquisitions¹⁶

Porter Ranch

- BOC resolution NHA-3554-2004 authorized the purchase of Porter Ranch from Leon Porter, COO of NHA at that time, for \$2,300,000 on July 1, 2004. The BOC resolution provides that non-Federal/non-NAHASDA funds were to be used to finance the project. The resolution also states that Leon Porter disclosed his interest in the property to the BOC at the time of negotiations and did not participate in the decision making process. In addition, the resolution states that “the NHA will use the property to build a planned community on the Navajo Nation with homes for all income levels of families and enhance economic development.”
 - Exhibit A to the resolution describes the property as five sections. Sections 1 and 13 are state leases containing a combined 1,400 acres. Sections 12, 18, and 16 are private sections containing a combined 1,920 acres.
 - The appraisal report provided was conducted by Gerald Sanchez of Keres Consulting, Inc. and provided to Chester Carl, then CEO of NHA, on April 26, 2004. The appraisal report notes that the property consists of a total of 3,200 acres: 1,920 of which is private land and 1,280 of which is owned by the State of New Mexico. The appraiser’s opinion was that the subject property had a market value of \$2,300,000. It is noted within the report that Chester Carl, Leon Porter, Earl Tulley, Tomasita Shorty, and Dwayne Waseta were onsite during the inspection.
- An Assignment of Agricultural Lease related to the Porter Ranch property was signed on September 9, 2005, assigning all obligations to the State under the lease on record to the NHA. These documents are signed by Leon Porter and Chester Carl.
 - The agricultural lease does not specify a lease term and no other lease documents outlining lease with the State of New Mexico were provided for review. Therefore, the terms and conditions of the lease could not be reviewed.
- On November 22, 2004, BOC resolution NHA-3582-2004 was approved authorizing NHA, via its CEO, to establish an account with Raymond James Financial Services, Inc. for the purpose of borrowing against the unrestricted reserve account in order to purchase the Porter Ranch property for \$2,300,000 and to develop a master plan document for the land.
- No master plan community data was provided for review and no documentation was provided to support that housing development has begun on this property. Therefore, no clear business purpose could be established for purchasing this land, and it should be noted that the land and appraisal documents indicate that 40% - 42% of the land is actually owned by the State of New Mexico.
- During the course of the forensic examination, it was indicated that there is pending litigation regarding the Porter Ranch land acquisition. However, the underlying cause and extent of the litigation was not provided.

¹⁶ See Appendix C for listing of land acquisitions identified in this report.

Merrill Crater

- A purchase of land referred to as Merrill Crater for \$4,359,962 on September 29, 2014 was identified for further review. Per the appraisal conducted by Montandon Farley Valuation Services, the land was valued at \$4,360,000 for 2,179 acres. This land was purchased from Douglas M. Martin via Merrill Crater Ranch, LLC. A summary of observations regarding the Merrill Crater land purchase is as follows:
 - On October 11, 2013, NHA agreed to an option to purchase land referred to as Merrill Crater. Under the original agreement, due diligence and environmental assessments were to be complete in time for a July 1, 2014 closing. A BOC resolution dated July 3, 2014, subsequently approved an extension of the closing date to September 1, 2014 in order to complete due diligence and the environmental study.
 - The review of supporting documents found that HUD would not concur with NHA's determination of no environmental effect or categorical exclusion assessment. Therefore, neither IHBG nor other Program funds could not be used to purchase the land. An additional extension of the closing date was approved to close by September 15, 2014. The BOC subsequently approved the use of Non-Program funds to purchase the land on September 10, 2014, in order to move forward with the September 15 closing date.
 - The BOC resolution approving the use of Non-Program funds to purchase the property states that it is to be used "for NHA housing and/or housing related activities". No evidence was provided to support that housing development is occurring or is intended to occur on this land; therefore, no clear business purpose could be established for purchasing this land.
- Through the course of the forensic examination, NHA staff indicated that the ranch house on the land was to be used to host BOC meetings and that furnishings were purchased for the house in order for this to be possible. However, it was also indicated that the use of this ranch house for that purpose is either rare or may never have occurred.
- Review of supporting documents showed that approximately \$6,500 in furnishings have been purchased for the ranch house existing on the Merrill Crater property. These purchases were made via NHA employee purchase cards, including a card utilized by Roberta Roberts (current interim CEO of NHA).¹⁷ Due to the use of purchase cards, it does not appear that the Procurement department was involved in the purchasing of these furnishings.
- In addition to the initial furnishings purchased for the ranch house, there are ongoing expenses for a caretaker, propane, utilities and other maintenance for the ranch house which are being paid by the NHA. The identity and duties of the caretaker was not included in the supporting documentation provided.

¹⁷ A full review of purchase card activity was outside the scope of this forensic examination.

Engagement of Multiple Firms for Legal Counsel

- NHA held contracts with three different legal firms for general legal counsel services. The following firms were engaged:
 - Quarles & Brady LLP (“Q&B”) was engaged as legal counsel from April 21, 2005 - Present.
 - Patterson V. Joe, P.C. was engaged as legal counsel from May 17, 2012 – Present
 - Michael P. Upshaw, Attorney at Law was engaged as legal counsel from October 5, 2015 – Present.
- The NHA forensic examination included a review of the following transactions related to these vendors:
 - Eight transactions classified as legal fees paid to Q&B for general counsel services in accordance with their contract.
 - Four transactions classified as consultant fees paid to Mr. Upshaw for invoiced legal fees. The Request for Proposal that resulted in hiring Mr. Upshaw detailed a need for “qualified law firms to serve as legal services for Navajo Housing Authority Board of Commissioners Counsel and provide other legal services encompassing the traditional scope of work including legal counsel, opinions, consultation and coordination with other contracted counsel”.
- NHA staff indicated that Mr. Upshaw was hired by the previous BOC as their attorney. Q&B was seen as NHA’s legal counsel, while Mr. Upshaw was the BOC’s legal counsel. Upshaw was considered a legal advisor to the BOC.
- While Patterson Joe was not part of the sample for transaction testing, it was noted that BOC resolution NHA-4452-2014 states that a four year contract with the law firm Patterson V. Joe, P.C. was entered into on May 17, 2012. The resolution amends the contract terms prior to the original contract expiration such that the contract is for a “five-year professional services agreement for legal services” beginning on the signing date of November 18, 2014 (now ending in 2019 instead of the 2016). The 2014 resolution does not state how much Mr. Joe’s law firm was paid under the original contract. However, it does state the NHA will compensate Mr. Joe at an hourly rate of \$300 per hour for November 18, 2014 – December 31, 2016 and \$325 per hour for January 1, 2017 – December 31, 2019.

Swaback Partners, PLLC (“Swaback”)¹⁸

- Swaback was hired by NHA as a consultant on the Sustainable Regional Master Planning Initiative which spans a period of April/May 2012 – present. Swaback’s base contract for community master planning includes three amendments related to two specific master planning community projects: Canyonside at Twin Arrows/Luepp Chapter and Bluestone Project.¹⁹

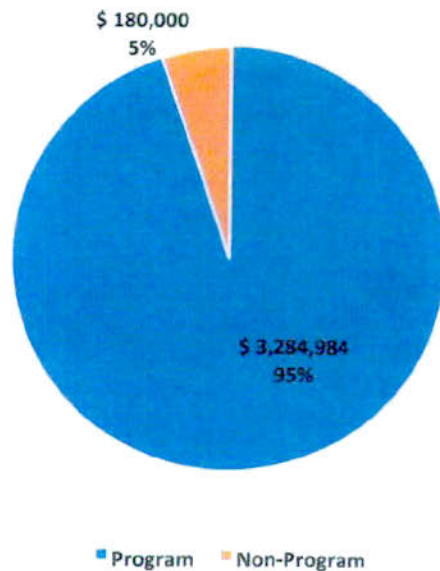
¹⁸ See Appendix D for vendor confirmation information provided by Swaback.

¹⁹ Amendments 3, 4, and 5. Amendment 4 pertains to the Bluestone Project, which project is separately identified in the next section of this report.

- The original contract with Swaback agreed to compensate the company a sum not to exceed \$1,842,320 for the five-month period of May 14, 2012, to October 31, 2012. Swaback was hired as a Professional Planning Consultant to develop and deliver to the NHA Sustainable Master- Planned Community Plans for each of the five Navajo Nation Agencies. Support was provided evidencing the Procurement department's involvement in the Request for Proposal and selection process for this original contract. The vendor confirmation provided by Swaback evidences that \$1,821,791 was paid in relation to this base contract, which amount is within budget per the contract.
- The base contract was amended six times, for additional payments totaling \$1,643,038 according to Swaback's vendor confirmation. The Procurement policy does not include stipulations for amending contracts that are more than \$1,000,000. Therefore, the review could not establish if the appropriate policies were followed for amending the Swaback contract.
- There was no BOC resolution provided to authorize the amendments to the contract or to authorize payment under the amended contract.
- NHA accounting staff provided general ledger details for Swabacks vendor number: V02225. This detail evidences that Swaback was paid \$3,464,984²⁰ between July 2012 and September 2016. The NHA forensic examination found this information to materially reconcile with the vendor confirmation provided by Swaback.
- As shown in the graph below, the general ledger detail provided indicates that Swaback was primarily paid for consulting fees using Program funds (the 2012 and 2013 NAHASDA funds). Three payments for professional services for September – November 2013 were made using a Non-Program fund (fund 500: Navajo Nation, Tribal Funds). No explanation was provided for why these payments were made using Non-Program funds.

²⁰ Swaback's vendor confirmation detail provided total payments of \$3,464,829, while NHA records included total payments of \$3,464,984. The forensic examination found the \$155 difference between the vendor records and NHA records to be an immaterial difference.

Swaback Funds: Program v. Non-Program



Bluestone Project

- As noted in the CNH section, when asked to provide a break-out of payments made with regards to a specific project, NHA personnel provided that the Grants Management department is supposed to track budgets and expenses per project. This independent tracking should then be periodically reconciled with the NHA accounting system to ensure accuracy of project cost recording. However, despite repeated requests to provide project tracking data, Grants Management did not provide any evidence of their independent project management tracking. Therefore, project payment data is based on NHA's accounting system data which records project expenses to a certain cost code.
 - The cost code provided for Bluestone is 7175. NHA Accounting staff provided a general ledger detail which indicates that all payments made for the Bluestone project were paid from a Program fund (fund 214, the 2014 NAHASDA fund). The following table shows a break-out of payments by vendor for this cost code:

Vendor	Amount
ALBUQUERQUE JOURNAL	186
ARMDAN HOTELS	324
BUREAU VERITAS NORTH AMERICAN INC	44,263
DEN POST	861
GAN AZ REP ADV	56
INDIAN COUNTRY TODAY	2,700
KITCHELL CONTRACTORS INC OF AZ	2,644,296
MEDIA ONE OF UTAH	610
MMA FIRE BUILDING LIFE	260
MONTANDON FARLEY VALUATION SERVICES	6,800
NAVAJO TIMES	829
NAVAJO TRIBAL UTILITY AUTHORITY	2,736,563
SPS ARCHITECTS LLP	1,405,010
SWABACK PARTNERS PLLC	-
WOOD PATEL AND ASSOCIATES INC	3,964,389
Total	\$ 10,807,147

- As shown above, the Bluestone cost code does not include any net payments to Swaback. However, the forensic examination noted that the contract between NHA and Swaback includes a specific amendment, Amendment 4, related to the Bluestone project. Payments made pursuant to this amendment total \$185,275 according to Swaback's vendor confirmation. When asked about this discrepancy in project expense reporting, NHA staff stated that Swaback expenses were booked to a separate cost code (cost code 7174) for master planned communities as a whole due to the fact that their contract relates to multiple different projects and communities. Although NHA's accounting system does not currently track Swaback's expenses by specific community project, their invoices break-out expenses per amendment number so it would be possible to allocate these expenses to the appropriate project for Amendment 3 and 5 (the Canyonside project at Twin Arrows/Luepp Chapter) and for Amendment 4 (the Bluestone Project).
- It was also noted that a presentation prepared by Kitchell Contractors Inc. of AZ ("Kitchell"), the main contractor for the Bluestone project, stated that Red Horse Financial Group, Kensington Capital Advisors, and Kutak Rock LLP were engaged to assist with this project. These vendors were not listed in the cost code break-out above for the following reasons:
 - NHA does not have any record of Red Horse Financial Group or Kensington Capital Advisors as vendors in their accounting system. If these entities were engaged on the Bluestone Project, it is possible they were subcontracted and paid by Kitchell thus not vendors in NHA's system. However, further inquiry into this relationship was outside the scope of this forensic examination.
 - One payment was made to Kutak Rock LLP for \$215,327 from a Program fund. According to the supporting documentation reviewed, they were "Bond Counsel to NHA relating to the issuance by NHA of bonds secured by a pledge of NHA's IHBG funds to finance housing projects on or near the reservation of the NN and services related to the HUD Phase". The invoice for this payment did not specify a relationship between this payment and the Bluestone project.

- The Nation also requested additional information regarding the \$2,736,563 paid to Navajo Tribal Utility Authority (“NTUA”) in relation to the Bluestone project. According to documents provided by the NHA, an interview with NTUA’s Deputy General Manager, Rex P. Kontz, and the vendor confirmation provided by NTUA,²¹ NHA paid this amount for a utility substation upgrade. In order to provide the necessary power to the anticipated Bluestone community, NTUA had to upgrade an existing substation. Since the upgrade was required due to the Bluestone community’s need for power, NHA agreed to pay a portion of the cost to upgrade the station. As seen in Appendix E, NTUA’s vendor confirmation, NTUA provided a cost estimate on December 19, 2014, and NHA agreed to a funding commitment in a letter on December 24, 2014 signed by CEO, Aneva Yazzie.
 - The vendor confirmation provided by NTUA reconciles with data provided by NHA. However, the forensic examination noted that NTUA provided in its vendor confirmation that “The Bluestone Project site never advanced to the stage of turning on utilities services.”
- NHA’s financial statements for the fiscal year ending September 30, 2016 state, “The other significant activities which had been planned for FY 2016 comprised of the initiation of the construction of the Bluestone 200-unit Residential Development Project in Houck, Arizona, and two other Sustainable Community Master Planned (SCMP) projects called the SkyTrail 276-Unit Development Project in Sanders, Arizona, and the Canyon Side 368-unit Development Project in Twin Arrows, Arizona, did not materialize. The Authority Board of Commissioners placed a hold on the Bluestone Residential Development project. The construction documents, however, were completed and the upgrade to the electrical substation was completed to assure adequate power source for the new development site. It is expected that the project will be re-activated once the project is approved by the Board. The other two planned SCMP development projects were determined unfeasible due to major archaeological findings which were deemed cost prohibitive to mitigate.”²²

Navajo FlexCrete Building Systems, Inc.

- On February 23, 2003, NHA entered into an Operating Agreement of FlexCrete Building Systems, L.C. with ISG Resources, Inc. (“ISG”). The managers of ISG were identified as R. Steve Creamer and Raul A. Deju in this agreement. Chester Carl was listed as the manager of NHA. Under this agreement, NHA held a 10% share in FlexCrete Building Systems, L.C.
- The audited financial statements for FlexCrete Building Systems, L.C. for the fiscal year ended September 30, 2007, state that both parties mutually agreed to terminate the service agreements in December 2005, and NHA now owns the FlexCrete plant built in Page, Arizona, (Navajo FlexCrete Building Systems, Inc.). From inception through September 30, 2007, FlexCrete Building Systems, L.C. had a net loss of \$2,007,265.

²¹ See Appendix E for vendor confirmation information provided by NTUA.

²² Management’s Discussion and Analysis of the audited financial statements for the fiscal year ended September 30, 2016, p. iv.

- NHA's audited financial statements for fiscal years 2006 and 2007 include Navajo FlexCrete Building Systems, Inc. ("NFBS") and Cabinets Southwest, Inc. ("Cabinets Southwest") as component units and blend these component units into the reporting entity of the NHA. However, from fiscal year 2008 through 2016, the notes to NHA's financial statements identify that NFBS is a component unit of NHA but state that it is not audited and its records are not available for audit. As such NFBS is not included in the NHA's financial statement presentation for fiscal years 2008 - 2016. It was noted that, beginning in fiscal year 2014, Cabinets Southwest was no longer listed in the financial statements.
- A summary of loans to NFBS was provided by NHA which listed \$10,117,823 in loans to NFBS between 2003 and 2008. The audited financial statements for fiscal year 2008 state that NFBS had borrowed \$7,086,884 from NHA since its inception.
- The summary also indicates that a \$2,500,000 loan was then made to NFBS in 2012. The audited financial statements for fiscal year 2012 states that NFBS has borrowed \$9,872,376 since its inception and that an additional \$884,609 was transferred to NFBS for operational or other needs. The total spending to NFBS in the fiscal year 2012 financial statements is \$10,756,985.
- In NHA's audited financial statements for fiscal year 2014, NHA's auditor, Malcom Johnson and Company, P.A, states that an audit of NFBS was conducted but that an audit report had not yet been issued. This report, issued by Henry and Horne, LLP, was reviewed. The auditor's basis for disclaimer of opinion stated that they were unable to obtain sufficient appropriate audit evidence to support inventory quantities as of September 30, 2013, or to support the \$1,624,736 in capital assets of NFBS. Therefore, this firm did not express an opinion on the financial statements of NFBS.
- The related party transactions note to NHA's financial statements for fiscal year 2014, states that the BOC approved writing off the \$10,117,823 in previous loans to NFBS as an expense which reconciles with the amount expensed per the summary provided by NHA. The note also states that, in the same year, NFBS borrowed an additional \$2,500,000 from NHA.
- NHA reclassified this \$2,500,000 loan as bad debt expense as of September 30, 2015. That transaction was selected for testing, thus leading to the additional forensic review. The financial statements for fiscal year 2015 do not mention the write-off to bad debt expense, but it does state that NFBS borrowed an additional \$705,343 in fiscal year 2015. The loan summary from NHA provides that an additional \$979,902 in loans were made to NFBS in 2015.
- On September 30, 2016, Henry and Horne, LLP issued an independent report of agreed-upon procedures documenting their findings based upon a review of NFBS. The findings include, but are not limited to, the fact that: NFBS did not follow its fixed asset capitalization policy in three cases; the inventory balance was not adjusted after the physical inventory count occurred; the equity detail did not agree to the September 30, 2014, audited financial statements; and no depreciation expense for fixed assets had been recorded during the year. This review was conducted as of the fiscal year ended September 30, 2015.

- NHA's audited financial statements for 2016 state that NFBS borrowed an additional \$444,657 in that fiscal year. Per the 2016 audited financial statements, the total receivable from NFBS is \$3,650,000. This includes the current year loan of \$444,657, the loan in 2015 of \$705,343, and the loans in 2014 of \$2,500,000.
- In summary, NHA's audited financial statements provide that NFBS has borrowed \$13,767,823 from NHA since its inception. In addition, the financial statements indicate that \$884,609 in funds were transferred to NFBS for operational or other needs and \$10,117,823 of the total loan amount has been expensed as bad debt. The forensic examination found evidence that an additional \$2,500,000 was written off as bad debt expense as of September 30, 2015, that has not yet been captured in the financial statements. Therefore, the total expenses associated with NFBS would be \$13,502,432.

RECOMMENDATIONS

While the scope of the forensic examination did not include a detailed review of the NHA's processes, certain areas for improvement and other next steps were identified during the work. These are summarized as follows:

1. Additional test work regarding the accounting system used by the NHA, Navigator, should be considered in order to determine if:
 - a. Navigator is a sufficient system with appropriate capabilities to meet the needs of NHA.
 - b. NHA personnel are adequately and appropriately utilizing the full functionality of the Navigator system.
2. The NHA should consider instituting policies requiring detailed minutes during BOC meetings that document the full discussion that leads to a BOC resolution's approval, including any dissenting opinions, questions, or discussions evidencing disagreements prior to the ultimate approval.
3. The NHA should consider taking steps to create a more open, collaborative working environment such that, at least within a department, staff members understand their roles and open lines of communication exist.
4. NHA should consider conducting an independent review of NHA's policies and procedures to ensure they include all necessary and appropriate requirements, including:
 - a. Adding a procurement policy for amending contracts that are greater than \$1,000,000,
 - b. Requiring the Procurement department's involvement in the use of Non-Program funds,
 - c. Standardizing the procurement and accounting policies, processes, and procedures for both Program and Non-Program funds,
 - d. Implementing a review procedure for the creation of new vendors in the accounting system,
 - e. Instituting a lobbying policy and procedures, and
 - f. Implementing an independent review policy for purchase card expenses.
5. NHA should consider implementing ongoing independent review of the activities of the NHA's BOC and executives. This includes addressing the circular authorization between the BOC's and CEO's compensation and travel.
6. The Nation and NHA's BOC should consider conducting additional investigative steps, including additional interviews and analysis, to more fully understand the underlying culture of the NHA, its use of funds, and the patterns of questionable activity noted in this report.

APPENDIX A

FUND TYPE DESIGNATION PER FUND NUMBER

SOURCE: NHA

DATE: 11/07/2018

Provided by NHA						Assumption regarding Fund Type
Fund No.	Fund Description	Program/Non-Program	Blocked	Fund Class Code	Restriction	Program/Non-Program
101	Program Income	Program	No	1	Restricted	Program
102	PI 1937 PR	Program	No	1	Restricted	Program
103	PI 1937 HO	Program	No	1	Restricted	Program
104	PI NAHASDA PR	Program	No	1	Restricted	Program
105	PI NAHASDA HO	Program	No	1	Restricted	Program
109	Non Program Income	Non-Program	No	4	Unassigned	Non-Program
110	NPI 1937 PR	Non-Program	No	4	Unassigned	Non-Program
111	NPI 1937 HO	Non-Program	No	4	Unassigned	Non-Program
120	Mortgage	Program	No	1	Restricted	Program
121	Lease Purchase	Program	No	1	Restricted	Program
122	FEE Mortgage Karigan	Program	No	1	Restricted	Program
124	FEE Lease to Purchase Karigan	Program	No	1	Restricted	Program
197	1937 Act Grants	Federal Funds	Yes	3	Assigned	Non-Program
198	1998 NAHASDA	Federal Funds	Yes	1	Restricted	Program
199	1999 NAHASDA	Federal Funds	Yes	1	Restricted	Program
200	2000 NAHASDA	Federal Funds	No	1	Restricted	Program
201	2001 NAHASDA	Federal Funds	Yes	1	Restricted	Program
202	2002 NAHASDA	Federal Funds	No	1	Restricted	Program
203	2003 NAHASDA	Federal Funds	No	1	Restricted	Program
204	2004 NAHASDA	Federal Funds	No	1	Restricted	Program
205	2005 NAHASDA	Federal Funds	No	1	Restricted	Program
206	2006 NAHASDA	Federal Funds	No	1	Restricted	Program
207	2007 NAHASDA	Federal Funds	No	1	Restricted	Program
208	2008 NAHASDA	Federal Funds	Yes	1	Restricted	Program
209	2009 NAHASDA	Federal Funds	Yes	1	Restricted	Program
210	2010 NAHASDA	Federal Funds	Yes	1	Restricted	Program
211	2011 NAHASDA	Federal Funds	Yes	1	Restricted	Program
212	2012 NAHASDA	Federal Funds	No	1	Restricted	Program
213	2013 NAHASDA	Federal Funds	No	1	Restricted	Program
214	2014 NAHASDA	Federal Funds	No	1	Restricted	Program
215	2015 NAHASDA	Federal Funds	No	1	Restricted	Program
216	2016 NAHASDA	Federal Funds	No	1	Restricted	Program
217	2017 NAHASDA	Federal Funds	No	1	Restricted	Program
218	2018 NAHASDA	Federal Funds	No	1	Restricted	Program
251	2008 Stimulus	Federal Funds	Yes	1	Restricted	Program
252	VASH Demonstration Program	Federal Funds	No	1	Restricted	Program
301	AZ Dept of Housing	State Funds	No	2	Committed	Non-Program
500	Navajo Nation	Tribal Funds	No	2	Committed	Non-Program
502	NDOT SR	Tribal Funds	No	2	Committed	Non-Program
503	NDOT	Tribal Funds	No	2	Committed	Non-Program
701	SF Risk Management	Self Funded	No	3	Assigned	Non-Program
702	SF Equipment Progrtam	Self Funded	Yes	3	Assigned	Non-Program
703	SF HEALTH INSURNACE	Self Funded	No	3	Assigned	Non-Program
801	C Flintco	Program	Yes	3	Assigned	Non-Program

APPENDIX B

LISTING OF BOC MEMBERS BETWEEN 2007 - 2016

SOURCE: NHA

DATE: 11/7/2018

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2007)**

Leonard Teller, Chairperson
CHINLE AGENCY REPRESENTATIVE
Period of Term:

Martha Garcia, Vice-Chairperson
N.M. TENANT REPRESENTATIVE
Period of Term:

Norman D. Benally, Secretary/Treasurer
SHIPROCK AGENCY REPRESENTATIVE
Period of Term:

Roy Laughter, Member
WESTERN NAVAJO AGENCY REPRESENTATIVE
Period of Term:

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Ben Johnson, Member
ARIZONA TENANT REPRESENTATIVE
Period of Term:

Cordell Shortey, Member
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term:

Edward T. Begay, Member
EASTERN AGENCY REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2008, 2009, 2010)**

Leonard Teller, Chairperson
CHINLE AGENCY REPRESENTATIVE
Period of Term:

Shawnevan Dale, Vice-Chairperson
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term:

Leila Help-Tulley, Secretary/Treasurer
ARIZONA TENANT REPRESENTATIVE
Period of Term:

Ervin Keeswood, Member
NORTHERN AGENCY REPRESENTATIVE
Period of Term:

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Wilson Ray, Sr, Member
NEW MEXICO TENANT REPRESENTATIVE
Period of Term:

Frank M. Donald, Jr., Member
WESTERN AGENCY REPRESENTATIVE
Period of Term:

Edward T. Begay, Member
EASTERN AGENCY REPRESENTATIVE
Period of Term:

NAVAJO HOUSING AUTHORITY
Board of Commissioners
(July 6,2011)

Edward T. Begay, Chairperson
EASTERN AGENCY REPRESENTATIVE
Term to Expire: June 30, 2008

Shawnevan Dale, Vice-Chairperson
FORT DEFIANCE AGENCY REPRESENTATIVE
Term to Expire: December 30, 2011

Leila Help-Tulley, Secretary/Treasurer
ARIZONA TENANT REPRESENTATIVE
Term to Expire: December 30, 2011

Wilson Ray, Sr., Member
NEW MEXICO TENANT REPRESENTATIVE
Term to Expire: December 30, 2011

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Term to Expire: December 30, 2011

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(January 2011)**

Leonard Teller, Chairperson
CHINLE AGENCY REPRESENTATIVE
Period of Term:

Shawnevan Dale, Vice-Chairperson
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term:

Leila Help-Tulley, Secretary/Treasurer
ARIZONA TENANT REPRESENTATIVE
Period of Term:

Ervin Keeswood, Member
NORTHERN AGENCY REPRESENTATIVE
Period of Term:

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Wilson Ray, Sr., Member
NEW MEXICO TENANT REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2012, 2013)**

Edward T. Begay, Chairperson
EASTERN AGENCY REPRESENTATIVE
Period of Term:

Shawnevan Dale, Vice-Chairperson
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term:

Leila Help-Tulley, Secretary/Treasurer
ARIZONA TENANT REPRESENTATIVE
Period of Term:

Wilson Ray, Sr., Member
NEW MEXICO TENANT REPRESENTATIVE
Period of Term:

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2014)**

Wayne Claw, Chairperson
CHINLE AGENCY REPRESENTATIVE
Period of Term:

Shawnevan Dale, Vice-Chairperson
FORT DEFIANCE REPRESENTATIVE
Period of Term:

Leila Help-Tulley, Secretary/Treasurer
ARIZONA TENANT REPRESENTATIVE
Period of Term:

Wilson Ray, Sr., Member
NORTHERN AGENCY REPRESENTATIVE
Period of Term:

Richard Blackhorse, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

Vacant Member
AGENCY REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2015)**

Ervin Chavez, Chairperson
EASTERN AGENCY REPRESENTATIVE
Period of Term:

Asa Begaye, Vice-Chairperson
WESTERN AGENCY REPRESENTATIVE
Period of Term:

Christina Lewis, Secretary/Treasurer
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term:

Kenneth Peterson, Member
NEW MEXICO TENANT/HOMEBUYERS REPRESENTATIVE
Period of Term:

Kenneth Chester, Member
UTAH HOMEOWNERSHIP/TENANT REPRESENTATIVE
Period of Term:

Ben Johnson, Member
ARIZONA TENANT/HOMEBUYERS REPRESENTATIVE
Period of Term:

Lula Jackson, Member
NORTHERN AGENCY REPRESENTATIVE
Period of Term:

Marvin Murphy, Member
NEW MEXICO TENANTS/HOMEBUYERS REPRESENTATIVE
Period of Term:

**NAVAJO HOUSING AUTHORITY
Board of Commissioners
(2016)**

Ervin Chavez, Chairperson
EASTERN AGENCY REPRESENTATIVE
Period of Term: December 8, 2014 to December 8, 2016

Asa Begaye, Vice-Chairperson
WESTERN AGENCY REPRESENTATIVE
Period of Term: January 14, 2016 to January 14, 2020

Christina Lewis, Secretary/Treasurer
FORT DEFIANCE AGENCY REPRESENTATIVE
Period of Term: December 8, 2014 to December 4, 2018

Kenneth Chester, Member
UTAH TENANT/HOMEBUYER REPRESENTATIVE
Period of Term: December 8, 2014 to December 8, 2016

Lula Jackson, Member
NORTHERN AGENCY REPRESENTATIVE
Period of Term: December 8, 2014 to December 8, 2018

Ben Johnson, Member
ARIZONA TENANT/HOMEBUYER REPRESENTATIVE
Period of Term: December 8, 2014 to December 8, 2017

Kenneth Peterson, Member
NEW MEXICO TENANT/HOMEBUYER REPRESENTATIVE
Period of Term: July 12, 2016 to July 12, 2020

Marleita Begay, Member
CHINLE AGENCY REPRESENTATIVE
Period of Term: July 12, 2016 to July 12, 2010

APPENDIX C

LAND ACQUISITIONS

SOURCE: NHA

DATE: 11/7/2018

NHA Land Acquisitions

Land	Acreage	Appraisal Value	Purchase Price	Amount Paid at Closing	Seller(s)
Cosnino Ranch	363.00	\$ 3,260,000	\$ 3,200,000	\$ 3,301,171	ANC Irrevocable Trust DTD, SMT Investors LP, and Neal MGMT LLC
Angell Road	317.70	\$ 1,000,000	\$ 1,000,000	\$ 964,777	Donald and Bonnie Drye
1 Twin Arrows	47.70	\$ 5,000,000	\$ 5,000,000	\$ 5,006,805	Sarah Richman
3 Twin Arrows	110.18	\$ 220,000	\$ 220,000	\$ 206,550	Michael and Justin Clifton
Porter Ranch	3,200.00	\$ 2,300,000	\$ 2,300,000	\$ 2,300,543	Leon Porter
Merrill Crater	2,178.80	\$ 4,360,000	\$ 4,360,000	\$ 4,359,962	Douglas M. Martin (Merrill Crater Ranch, LLC)

APPENDIX D

SWABACK VENDOR CONFIRMATION

SOURCE: SWABACK

DATE: 11/07/2018

NHA (payments highlighted in yellow- including consultants and reimbursable exp.)

Swaback- Sustainable Regional Master Planning Initiative

UPDATED February 28th, 2018

(Note: Most components were delivered both hard copy and in electronic format)

Work effort started in April/ May of 2012 and no additional work requests since end of 2016

Summary of Services

Base Contract: (submittal dates in parentheses) \$1,821,791

a. Community Master Planning:

- Site Analysis.....(June 2012)
- Programming and Concepts.....(August 2012)
- Prototype Design Plans and Final Master Plans.....(November 2012)
- Final Report.....(January 2013)

Amendment #1: (Completed and delivered) \$368,433

a. Additional Planning and Design Initiatives:

- ASU Navajo Student Charette.....(December 2012)
- Regional Chapter Work Sessions.....(March 2013)
- Housing Prototypes.....(March 2013)
- Demonstration Projects
 - + Bluestone.....(March 2013)
 - + SkyTrail.....(October 2015)
 - + CanyonSide.....(May 2015)
 - + Dilkon Site.....(September 2013)
 - + Sanders Site.....(July 2014)

Amendment #2: \$584,499

a. Home Designs and Outreach:

- Key Follow Up Chapter Meetings.....(March 2013)
- Community/ Education and Promotion Support.....(on-going)
- Product Design (SFD/ SFA/ Apartments).....(August 2013)

Amendment #3: \$258,973

a. Twin Arrows/ Luepp Chapter Master Plan:

- Research.....(November 2013)
- Programming and Concepts.....(January 2014)
- Master Plan.....(April 2014)

Amendment #4: \$185,275

a. Bluestone Execution/ Management/ Implementation Assistance:

- Consultant selections.....(April 2014)
- Schedules/ Community Support/ Preliminary Design Review.....(June 2014)
- Input/ review on SD/ DD/ CD/ CA.....(November 2016)

Amendment #5: \$132,006

a. Preliminary Design Package for CanyonSide at Twin Arrows.....(in progress)

Amendment #6: \$113,852

- a. Completion of Design Guidelines/ Manual.....(September 2016)
- b. Bluestone Construction Doc. Phase Assistance.....(November 2016)
- c. Preliminary Design for Two Future Sites.....(in progress)
- d. CanyonSide Implementation.....(in progress)

APPENDIX E

NTUA VENDOR CONFIRMATION

SOURCE: NTUA

DATE: 11/07/2018



NAVAJO TRIBAL UTILITY AUTHORITY

AN ENTERPRISE OF THE NAVAJO NATION

March 6, 2018

Elizabeth Begay, CIA, CFE
Auditor General
PO Box 807
Window Rock, Arizona 86515

Re: NHA Bluestone Project Audit Request

Dear Ms. Begay,

This serves as a response to the Navajo Nation Auditor General's request for information related to the NHA Bluestone Housing Project letter dated February 27, 2018. NTUA's responses to the requested information are provided below.

Analysis regarding the substation upgrade required for the Bluestone project

Documented communications are attached to this letter.

Documented communications between NTUA and NHA regarding negotiating payment terms for the substation upgrade for the Bluestone Project

Documented communications are attached to this letter.

Documented communication with NHA regarding setting up/turning on utilities services at the Bluestone Project site

The Bluestone Project site never advanced to the stage of turning on utilities services. As such, NTUA does not have documentation related to turning on utilities services at the Bluestone Project Site.

Analysis or communications regarding the placement of optimum water well and waste water sites versus actual placement of these sites

NTUA does not have the information requested. NTUA did not receive a copy of the NHA consultant's work product.

If you have any questions or concerns, feel free to call me at (928) 729-6126 or email me at arashm@ntua.com.

Sincerely,

Arash N. Moalemi, General Counsel
Office of the General Manager

Home Office:
P.O. BOX 170

KAYENTA
P.O. BOX 37

TUBA CITY
P.O. BOX 398

SHIPROCK
P.O. BOX 1749

CHINLE
P.O. BOX 549

FORT DEFIANCE
P.O. BOX 587

DILCON
HC63 BOX D

CROWNPOINT
P.O. BOX 1825



Hooghan-Center of Family Growth, Strength and Beauty
NAVAJO HOUSING AUTHORITY

Via Electronic and U.S. Mail

December 24, 2014

Mr. Walter W. Haase, General Manager
Navajo Tribal Utilities Authority
P.O. Box 170
Ft. Defiance, AZ 86504 - 0170

SUBJECT: Funding Commitment-Electrical Substation Upgrade System (7.5 MVA)

Dear Mr. Haase,

We are grateful for your detailed involvement, knowledge, and information provided in our meeting on Friday, December 19th, to review the utility upgrade requirements for the Bluestone project for Navajo Housing Authority.

Please accept this letter, in conjunction with the previous commitment letter for ROW acquisition and project design start, as authorization for NHA's funding commitment to begin the design, and equipment procurement for the 7.5 MVA electrical power upgrade to the existing station from the Pine Spring Road Substation to the Bluestone Development at Houck, AZ based on the cost estimate NTUA provided in letter dated December 19, 2014 (copy enclosed). We will confirm our power requirements with the project design team in conjunction with your NTUA teams as you direct.

We appreciate your expedited assistance to this important project for our Navajo families. We have been fortunate to see this move along rapidly and look forward to NTUA's participation contributing to the success of this project. We remain available to coordinate this with you and to answer your questions.

Thank you and please direct any funding questions to Ms. Marlene Lynch, CFO at 928-871-2740 or technical questions to Mr. Chris Kartchner, Senior Project Manager, Kitchell Inc., at (602) 266-1970.

Sincerely,

NAVAJO HOUSING AUTHORITY



Aneva J. Mazzie
Chief Executive Officer

Enclosure

XC: Marlene Lynch, NHA CFO
Chris Kartchner, Senior Project Manager

• ,

NAVAJO TRIBAL UTILITY AUTHORITY

AN ENTERPRISE OF THE NAVAJO NATION

December 19, 2014

MEMORANDUM

TO Rex P. Kantz, Deputy General Manager

FROM Cheyenne Hollow Horn, P.E., Electric System Engineering Manager

SUBJECT Houck Substation Cost Estimate for Bluestone Development- 7.5 MVA

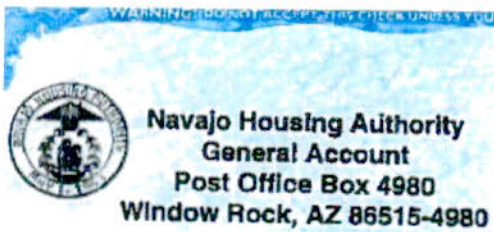
The preliminary cost estimate below is for the Houck substation upgrade that is necessary to serve the new proposed Bluestone Development. The cost includes a 7.5 MVA transformer. The transformer and associated equipment will be added to the existing substation. This a preliminary cost and could change due to actual construction.

Engineering and design	\$ 160,000.00
Power transformer	\$ 600,000.00
115 kV breaker	\$ 175,000.00
Substation steel, switches, and foundation	\$ 200,000.00
SCADA relays and controls	\$ 125,000.00
New control house	\$75,000.00
Construction	\$ 650,000.00
Miscellaneous	\$ 100,000.00
Sub-total	\$ 2,085,000.00
Contingency	\$ 521,250.00
NNTax	\$ 130,312.50
TOTAL	\$ 2,736,562.50

Please contact Cheyenne Hollow Horn, 928-729-4695 or cheyenneh@ntua.com if you have any questions or concerns. Thank you.

Document	Date	Description	Amount	Check No.	Discount	Net Amount
V01040	NAVAJO TRIBAL UTILITY AUTHORITY	August 3, 2016		72938		
90027501	4/13/2016	60371323 HOUCK BLUEST PROJ	2,736,562.50			2,736,562.50

Total: 2,736,562.50



WELLS FARGO BANK, ARIZONA

91-527
1221

72938

Void after 90 days
Amount
\$*-2,736,562.50

PAY *****TWO MILLION SEVEN HUNDRED THIRTY SIX THOUSAND FIVE HUNDRED SIXTY TWO AND 50/100

TO THE ORDER OF: NAVAJO TRIBAL UTILITY
PO BOX 587
FORT DEFIANCE, AZ 86504

11072 31811 1: J12 J1D0D 2'181:1q 50 D:11' • 2'111'

SECURITY FEATURES DO NOT ACCEPT



NAVAJO TRIBAL UTILITY AUTHORITY
AN ENTERPRISE OF THE NAVAJO NATION

NAVAJO HOUSING AUTHORITY - FDHQ SD
P.O. Box 1579
FORT DEFIANCE AZ 86504-1579

Invoice

Repeat printout

Number/Data

90027501 / 04/13/2016

Reference noJData

Order numberfDate

20153 / 04/13/2016

Customer number

50396115

NTUA Project No. 111500002 - Invoice to the Navajo Housing Authority - Development & Construction Services Division, Attention: Aneva J. Yazzie, Chief Executive Officer, for the procurement of materials, labor and equipment for the Houck Substation upgrade to serve the new proposed Bluestone Development that includes a 7.5 MVA transformer and associated equipment to be added to the existing substation from the Pine Spring Road Substation.

Payment is due upon receipt. Please reference Invoice No. 90027501 and Contract Account No. 60371323.

Please include the Navajo Nation Sales Tax with your payment. Thank you for your business.

Contact: Renee F. Sands, CCS Accountant I, (928) 729-5721 Ext. 6302

Material	Value
ENGINEERING AND DESIGN	144,075.00
POWER TRANSFORMER	686,042.00
115kV BREAKER	53,045.00
SUBSTATION STEEL, SWITCHES, AND FOUNDATION	256,282.86
SCADA RELAY AND CONTROLS	138,974.90
NEW CONTROL HOUSE	145,726.00
CONSTRUCTION (CONTRACTOR)	969,264.00
CONSTRUCTION CHANGE ORDERS (\$55,395.70)	
MISC (ANYTHING NOT INCL ABOVE)**	212,840.24
GEO TECH (\$3,612.00)	
COMMUNICATION LINK (\$37,041.85)	
BATTERIES AND RECLOSERS (\$109,726.41)	
NTUA LABOR AND MATERIAL COSTS (\$203,413.08)	

SUBTOTAL	2,606.250.00
CONTINGENCY	0.00
Navajo Nation Sales Tax 5.0%	130,312.50
Total Amount	2,736,562.50

Please mail your payment to one of our local offices below:

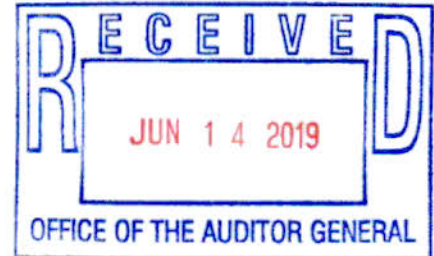
Headquarters	Kaenta	Tuba City	Shiprock	Chinle	Fort Defiance	Oilcan	Crownpoint
P.O. Box 170	P.O. Box 37	P.O. Box 398	P.O. Box 1749	P.O. Box 549	P.O. Box 587	HC 63 Box 0	P.O. Box 1825
FT Defiance	J.2. Ka yenta J.2.	Tuba City J.2.	Shiprock NM	Chinle PZ.	FT Defiance PZ.	Winslow J.2.	Crownpoint NM
86504	86033	86045	87420	86503	86504	86047	87313
928-729-5721	928-729-4768	928-729-474a	928-729-4728	928-729-4738	928-729-5727	928-729-4788	928-729-4758



NHA Hooghan – Center of Family Growth, Strength NAVAJO HOUSING AUTHORITY

June 14, 2019

Helen Brown, Delegated Auditor General
Office OF THE AUDITOR GENERAL
POST BOX 708
Window Rock, Arizona 86515



SUBJECT: Response to KPMG Forensic Examination Report

Dear Ms. Brown,

Please find attached the Navajo Housing Authority "NHA" corrective action plan for the KPMG Forensic examination report. The following document address the areas of recommendations from examining firm KPMG.

If you have any questions, please contact me at (928) 871-2602 or email at dwaseta@hooghan.org

Sincerely

Dwayne Waseta, ICEO

Xc: NHA Chairman Kris Beecher
Cathy Long CFO-NHA
Terri Lynn Cook, CAO-NHA
Ernest Franklin, ICOO-NHA
File/Desk – KPMG Final

CORRECTIVE ACTION PLAN

Navajo Housing Authority

Attachment

Recommendation	Corrective Measure(s)	Responsible Party	Timeline
1 Additional test work regarding the accounting system used by the NHA, Navigator, should be considered in order to determine if: a. Navigator is a sufficient system with appropriate capabilities to meet the needs of NHA. b. NHA personnel are adequately and appropriately utilizing the full functionality of the Navigator system.	1. Procure an independent consultant to evaluate NHA's current Navigator system. 2. NHA will exercise due diligence to ensure the firm has familiarity with similar systems of Native American Housing Authorities. 3. Execute professional service agreement with independent consultant in accordance with procurement policies and procedures. 4. The Firm shall evaluate the entire Navigator system to identify: <ul style="list-style-type: none"> • System strengths • System weaknesses • System capability, compatibility, & scalability in accordance with applicable policies and procedures including but not limited to non-program funds, program funds, etc. • Degree of system functionality in current state • Compare system with existing policies and procedures • Costs vs. benefits • Comparison with similar systems on the market 	1. Procurement Manager & IT Manager 2. Procurement Manager & IT Manager 3. Procurement Manager, ICEO, Legal Manager, & Contract Analyst 4. Interim Chief Executive Officer (ICEO), Chief Financial Officer (CFO), & IT Project Manager	June 28, 2019 July 3, 2019 July 10, 2019 August 2, 2019

	5. The firm will provide a formal report of the system evaluation with findings and recommendations to NHA Management.	5. ICEO, IT Project Manager, & IT Manager	August 15, 2019
	6. Based on the report, NHA Management will make a determination if Navigator is a sufficient system to meet NHA's needs. If deemed inadequate, NHA will evaluate the other recommended systems.	6. ICEO, CFO, Chief Administrative Officer (CAO), & Chief Operating Officer (COO)	August 19, 2019
	7. NHA Management shall present the firm's evaluation with Management's determination to the NHA Board of Commissioners (BOC) and obtain NHA BOC approval.	7. ICEO & NHA BOC	August 24, 2019
	8. NHA will implement the approved system training program for management and personnel; including a training schedule that mandates periodic training.	8. ICEO & IT Department	August 30, 2019
	9. NHA will develop subject matter experts on the system based on cross-training and skills development to help with on-going training and to ensure full system functionality.	9. ICEO & IT Department	August 30, 2019
2	10. NHA will develop a system manual that incorporates fiscal policies and procedures to serve as a training tool and as a resource.	10. ICEO, IT Project Manager, & IT Manager	September 30, 2019
	The NHA should consider instituting policies regarding detailed minutes during BOC meetings that document the full discussion that leads to a BOC resolution's approval, including any	1. Legal Manager	June 21, 2019

dissenting opinions, questions, or discussions evidencing disagreements prior to the ultimate approval.	2.NHA will amend the NHA BOC By-laws to reflect recommendations presented in the forensic examination report and ensure the NHA BOC By-laws comply with applicable Navajo Nation (NN) laws.	2. Legal Manager & ICEO	July 8, 2019
	3. The amendments to the NHA BOC By-laws will be formally approved by NHA BOC	3. ICEO, Legal Manager, & NHA BOC	July 27, 2019
	4. NHA shall inform the NN Resources and Development Committee of the amendments of the NHA BOC By-laws once adopted by the NHA BOC.	4. ICEO & NHA BOC	July 29, 2019
	5. NHA will develop a BOC meeting policy to ensure meetings are recorded, transcribed, tracked, and adequately stored in accordance with the amended NHA BOC By-laws. The policy will require detailed minutes, identifying actions taken, and generation of BOC resolution(s).	5. ICEO & Legal Manager	July 12, 2019
	6. The BOC meeting policy will be formally approved by the NHA BOC.	6. ICEO & Legal Manager	July 27, 2019
	7. NHA shall inform the NN Resources and Development Committee of the NHA BOC meeting policy.	7. ICEO & NHA BOC	July 29, 2019
	8. The implementation of the NHA BOC meeting policy will be subject to periodic review by an Independent Auditor.	8. Legal Advisor & ICEO	(On-going)
	9. NHA BOC will be provided training on the BOC meeting policy, the amended NHA BOC By-laws, NHA's Code of Ethics and Conduct, and Roberts Rules of Order to	9. Legal Manager & ICEO	August 24, 2019

	<p>ensure all meetings are properly conducted and documented.</p> <p>10. A Legal Advisor will be present at all meetings during regular, special, and executive session to ensure NHA BOC and NHA Management abide by NHA BOC By-laws and applicable policies.</p> <p>11. NHA will utilize social media and a document management software titled "on board" to ensure all meetings are properly recorded, stored, and tracked.</p>	<p>10. ICEO, Legal Manager, & Legal Advisor</p> <p>11. IT Manager, Government and Public Relations Division Director, NHA BOC, & Executive Administrator</p>	<p>June 22, 2019 (continuous)</p> <p>July 31, 2019</p>	
3	<p>The NHA should consider taking steps to create a more open, collaborative working environment such that, at least within a department, staff members understand their roles and open lines of communication exist.</p>	<p>1. NHA Management will hold meetings with the NHA BOC regarding the forensic examination and recommendations.</p> <p>2. NHA will establish a policy committee to:</p> <ul style="list-style-type: none"> • Evaluate the NHA Procurement, Program and Non-Program, P-card, and Reserve Account policies and identify policy changes needed based on the forensic audit report. • Develop a Whistleblower policy to facilitate a mechanism for staff, board members and the public to report questionable activities without fear of retaliation. <p>3. NHA will obtain NHA BOC approval of amended policies and the Whistleblower policy.</p> <p>4. NHA will place all NHA policies on NHA's internal website.</p>	<p>1.ICEO & NHA BOC</p> <p>2.CAO & Legal Manager</p> <p>3.ICEO & Legal Manager</p> <p>4.CAO & IT Manager</p>	<p>June 22, 2019</p> <p>June 30, 2019</p> <p>July 27, 2019</p> <p>July 31, 2019</p>

	5. NHA will re-evaluate its strategic plan to identify a new vision, goals, objectives, and a total quality management model. 6. NHA will obtain formal approval of its strategic plan by the NHA BOC.	5. ICEO, CAO, CFO, & COO	August 23, 2019
	7. NHA will provide an orientation to NHA Staff and NHA BOC at the NHA Company-wide Meeting in order to enforce and continue transparency: <ul style="list-style-type: none"> • Adhere to all established NHA policies and procedures. • Adhere the NHA's Code of Ethics and Conduct Policy. • Ramification for noncompliance, the NHA Human Resources Personnel Policies and Procedures Manual Tables of Penalties will be applied. 	7. ICEO	July 25, 2019
	8. NHA BOC, NHA Management, and NHA Staff will certify and acknowledge an affidavit regarding the policy requirements and penalties.	8. CAO & HR Director	July 25, 2019
	9. NHA will provide a training on the revised and new policies to NHA BOC, NHA Management, and NHA Staff; including a training schedule that mandates periodic training.	9. HR Director	August 30, 2019
	10. NHA will develop a platform i.e. survey for NHA staff to provide constructive feedback and recommendations bi-annually on ways to improve NHA processes and services.	10. ICEO & GPRD Director	July 31, 2019
	11. NHA will utilize electronic and face-to-face communication methods to foster open and transparent	11. ICEO, CFO, CAO, COO	Ongoing since January 2019

	<p>communication between NHA staff, Management, BOC, and NHA Oversight such as:</p> <ul style="list-style-type: none"> • Electronic: emails, optimize Microsoft outlook, GotoMeetings, Skype for business, Sharepoint, NHA monthly internal newsletter, social media i.e. NHA Workplace Facebook/Youtube. • Face-to-face: Bi-annual NHA organizational wide meetings, monthly Supervisor Meetings, weekly core manager meetings (CEO, CFO, CAO, COO and Division Directors), and monthly staff meetings. • Website Links and social media will be provided to NN Resources and Development Committee 		
<p>4 NHA should consider conducting an independent review of NHA's policies and procedures to ensure they include all necessary and appropriate requirements, including:</p> <ul style="list-style-type: none"> • Adding a procurement policy for amending contracts that are greater than \$1,000,000 • Requiring the Procurement department's involvement in the use of Non-Program funds • Standardizing the procurement and accounting policies, processes, and procedures for both Program and Non-Program funds • Implementing a review procedure for the creation of new vendors in the accounting system, 	<p>1. NHA will establish a policy committee comprising of NHA and Navajo Nation staff to evaluate the NHA policies such as the Procurement, Program and Non-Program Income, Purchase card, and Reserve Account policies and identify policy changes needed based on the forensic audit report.</p> <p>2. NHA will revise the policies to include recommendations from the forensic examination for the following:</p> <ul style="list-style-type: none"> • Procurement. The policy will be amended to address contracts that have been originally awarded over the \$1,000,000 threshold and if a contract modification is received that exceeds 15% of the original contract award, it will require review and approval by the NHA BOC through a BOC resolution. • Program and Non-Program Income. 	<p>1. CAO & Legal Manager</p> <p>2. CAO, Procurement Manager, CFO, Fiscal Manager</p>	<p>June 22, 2019</p> <p>July 31, 2019</p>

<ul style="list-style-type: none"> • Instituting a lobbying policy and procedures, and • Implementing an independent review policy for purchase card expense. 	<ul style="list-style-type: none"> ➤ Amend the policy to identify that the Program funds are restricted funds and thereby subject to federal regulations for review and approval. ➤ Amend the policy to identify that the Non-Program funds will be treated as if they were restricted funds and approval of all expenditures will comply with NHA Policies and Procedures. • Purchase Card (P-card). Revise the P-card review and authorization provision in which P-card holder expenditures are evaluated by a 3rd party to ensure expenses are properly supported and approved. 3.NHA will standardize the policies to be applicable for all funding sources i.e. Indian Housing Block Grant funds, Program Income, Non-Program Income, Navajo Nation, etc. 4.NHA will develop a Whistleblower policy to facilitate a mechanism for staff, board members and the public to report questionable activities without fear of retaliation. 5.NHA will develop a Lobby Policy and procedures. 6.NHA will obtain NHA BOC approval of amended policies, the Whistleblower policy, and Lobby Policy. 7.NHA will generate a standard operating procedure (SOP) for creating new vendors which will include adding, deleting, or updating vendor information. The process will include a review and approval of new vendors to avoid duplicated vendors. 	<ul style="list-style-type: none"> 3.CAO, Procurement Manager, CFO, Fiscal Manager 4.CAO, HR Director, & Legal Manager 5.ICEO, GPRD, & Legal Manager 6.ICEO & NHA BOC 7.CFO & Fiscal Manager 	<ul style="list-style-type: none"> July 31, 2019 July 31, 2019 July 31, 2019 July 31, 2019 July 31, 2019
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	<p>8. NHA will provide training on the revised and new policies as well, the new vendor SOP. NHA BOC, NHA Management, and NHA staff will be informed of the ramification for noncompliance in which the NHA Human Resources (HR) Personnel Policies and Procedures Manual Tables of Penalties will be applied.</p> <p>9. NHA Staff, NHA BOC, and NHA Management will certify and acknowledge in an affidavit regarding the Procurement, Program and Non-Program Income, Purchase, and Reserve Account policy requirements and related penalties for non-compliance as described in the HR Personnel Policy.</p>	<p>8. HR Department</p> <p>9. HR Department</p>	<p>August 30, 2019</p> <p>August 30, 2019</p>
5	<p>NHA should consider implementing ongoing independent review of the actions of the NHA's BOC and executives. This includes addressing the circular authorization between the BOC's and CEO's compensation and travel.</p> <p>1. NHA Compliance Department shall, in conjunction with applicable Navajo Nation government offices, perform quarterly monitoring reviews of the NHA BOC and NHA CEO transactions.</p> <p>2. For findings identified in the monitoring reports, NHA will generate a corrective action plan to ensure the deficiencies are addressed.</p> <p>3. If violations are identified, NHA will apply the Tables of Penalties noted in NHA's HR Personnel Policies and Procedures.</p>	<p>1. ICEO & Compliance Manager</p> <p>2. ICEO & NHA BOC</p> <p>3. HR Director, NHA Supervisors, & Legal Manager</p>	<p>October 1, 2019</p> <p>TBD</p> <p>TBD</p>

	<p>4. To ensure that adequate segregation of duties is achieved regarding CEO and BOC financial transactions, the following will be performed:</p> <p>a. NHA will revise the NHA Travel policy to identify that the CFO will review and approve the BOC travel and travel expenses. The CEO travel authorization will continue to be reviewed and approved by the NHA BOC.</p> <p>b. NHA will revise the NHA Payroll Policy to include that the NHA CFO shall review and approve the NHA BOC timesheets.</p> <p>c. NHA Accounting Dept. will reconcile the CEO and BOC travel and payroll activities on a monthly basis to ensure compliance with applicable policies.</p>	4.CFO & Legal Manager	July 31, 2019
	<p>5.NHA will provide training to the NHA BOC and NHA Staff regarding the amended NHA Travel and NHA Payroll Policies and amended processes in approving NHA BOC timesheets and travel related expenses.</p>	5.CFO & Legal Manager	August 30, 2019
6	<p>The Nation and NHA's BOC should consider conducting additional investigative steps, including additional interviews and analysis, to more fully understand the underlying culture of the NHA, its use of funds, and the patterns of questionable activity noted in this report.</p>	<p>1.NHA BOC</p> <p>2.NHA BOC</p>	<p>June 10, 2019</p> <p>June 10, 2019</p>

	<p>3. Based on the outcome of these additional forensic reviews/investigations, NHA will establish a corrective action plan to address the findings/recommendations or refer applicable matters to other agencies for further action.</p> <p>4. NHA shall present these reports and corresponding corrective action plan to the BOC and NN Resources and Development Committee.</p> <p>5. NHA shall require a follow-up review to ensure the corrective action plans have been implemented and concerns addressed by NHA.</p> <p>6. If violations are identified, NHA will apply the Tables of Penalties noted in NHA's HR Personnel Policies and Procedures.</p>	<p>3. NHA BOC & Legal Counsel</p> <p>4. ICEO & NHA Board</p> <p>5. ICEO & NHA BOC</p> <p>6. HR Director, NHA Supervisors, & Legal Manager</p>	<p>July 31, 2019</p> <p>August 7, 2019</p> <p>September 30, 2019</p> <p>October 31, 2019</p>

BUDGET AND FINANCE COMMITTEE

26 June 2019

Special Meeting

VOTE TALLY SHEET:

Legislation No. 0148-19:

An Action Relating to the Resources and Development Committee and the Budget and Finance Committee; Accepting the Navajo Housing Authority Forensic Examination November 2018 Submitted by the Office of the Auditor General and Approving the Corrective Action Plan Submitted by the Navajo Housing Authority *Sponsored by Seth A. Damon and Rickie Nez, Council Delegates*

Motion: Jimmy Yellowhair


Second: Nathaniel Brown

Vote: 3-0, Pro Tem Chairman not voting

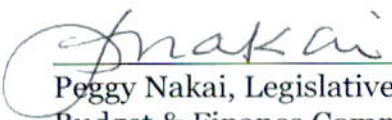
Vote Tally:

Jamie Henio		
Jimmy Yellowhair	yay	
Raymond Smith Jr.		
Elmer P. Begay		
Amber K. Crotty	yay	
Nathaniel Brown	yay	

Absent: Jamie Henio, Raymond Smith, Jr.



Elmer P. Begay, Pro Tem Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee