



## Controller's statements following financial management work session misdirect

**FOR IMMEDIATE RELEASE:** April 29, 2021

**WINDOW ROCK, Ariz.** — On Tuesday, the Naabik'iyáti' Committee of the 24th Navajo Nation Council held its tenth work session on potential American Rescue Plan Act (ARPA) funds that will be received by the Navajo Nation. The work session focused on receiving input and proposals regarding improvements to the financial management of the forthcoming funds.

“In addition to the Diné Development Corporation (DDC), the Naabik'iyáti' Committee and the Navajo public heard from the Dineh Chamber of Commerce and the Navajo Community Development Financial Institution on Tuesday. These work sessions are intended to promote open and clear discussion of the best way forward and can be reviewed by anyone right now online,” said Speaker Seth Damon.

At issue is a press release distributed by the Navajo Nation Office of the Controller in which the Controller accused Navajo leadership of attempting to influence her office through political means.

Speaker Damon continued: “At no point did the Naabik'iyáti' Committee put these proposals in a request or demand of any form and give that to the Controller. Navajo leadership's continuous advocacy for all Navajo businesses in the way the Navajo Nation procures goods and services is known at all levels of government. It is even the position of the Navajo Nation itself to give preference to Navajo businesses in these contracts.”

During the work session, which was streamed publicly online, Navajo Nation enterprises and partners presented to the Naabik'iyáti' Committee.

The recommendations included in the presentations dealt with streamlining project management, utilizing modern financial technology systems, establishing technical and development assistance for local communities and Navajo entrepreneurs, and more.

Apart from generally accepted accounting principles (GAAP), the American Rescue Plan Act (ARPA) has a different set of federal statutes from the Coronavirus Aid, Relief, and Economic Security (CARES) Act that allow not just Navajo leadership, but governments across the country, to plan for and utilize the forthcoming funds.

“During the work session, the Controller compared some of the ideas put forward as ‘money laundering’ and implied Navajo leadership was pressuring the Controller into violating procurement laws. It needs to be stated clearly, particularly for any auditing entity or member of the public out there, that they are free to request the Navajo Nation's financial records through the Controller's Office under Navajo law. We, as a Nation, have been and will continue to be as transparent as possible in this process,” said Speaker Damon.

Speaker Damon added: “Navajo leadership has relied on the professionalism and hard work put forward by the Controller’s Office throughout this devastating pandemic. The Navajo public has also relied on the Controller’s press releases to learn more about the Hardship Assistance Program and we appreciate this public service put forward by the Controller’s Office. Yesterday’s press release gives us doubts, however, that the Controller understood the true purpose of the work session.”

The press release from the Controller’s Office dated Apr. 28, 2021, is attached.

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# The Navajo Nation Office of the Controller

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## Office of the Controller must operate objectively, free of political influence

**WINDOW ROCK, Ariz.** — Yesterday, Navajo Nation Controller Pearline Kirk urged the Naabik'íyáti' Committee of the 24<sup>th</sup> Navajo Nation Council to refrain from pressuring and trying to influence the Office of the Controller who is charged with managing all funds of the Navajo Nation.

The Naabik'íyáti' Committee had a public work session to hear financial management presentations from several entities including Diné Development Corporation, an enterprise of the Navajo Nation, about impending federal funds from the American Rescue Plan Act (ARPA).

Kirk explained what seemingly should have been an administrative matter of proper procurement became a public display of political pressure to consider hiring Diné Development Corporation to help manage the federal funds.

“We support our Navajo businesses and enterprises given they have the required documentation, requirements and experience,” Kirk said.

The Navajo Nation is expecting to receive a substantial amount of federal funds from ARPA and Kirk explained the Office of the Controller is set and ready to manage the funds using the intricate financial systems they built to help successfully manage \$714 million of funds from the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Per Title XII of the Navajo Nation Code, the Office of the Controller is tasked with ensuring the Navajo Nation remains in compliance with federal funds, in addition to many other fiduciary responsibilities in a manner that should be objective and free of political influence.

Kirk explained since receiving the CARES Act funds last year, her office has consistently received intense pressure and opposition from Navajo Nation leadership, chapters, programs, and communities to provide preference in certain matters like hiring, procuring and distribution of funds in a manner contradicting Navajo and federal law.

“Then and even now, we are receiving pitches and directives to hire certain contractors or entities with ties to members of leadership,” said Kirk. “Not only does this violate the federal compliance requirements that accompany this federal funding, namely procurement protocols, it also violates Title XII of the Navajo Nation Code and the professional standards that the controller must adhere to.”

Kirk reminded members of the Naabik'íyáti' Committee that it is her office that is ultimately responsible for purchasing, for ensuring financial compliance, for the transparent management of all funds on behalf of the Navajo Nation and to ensure funds are spent according to laws passed by the Navajo Nation Council and approved by the leadership.

Kirk said the position of controller is a job very few want as it frequently involves denying requests and having to say “no,” even to leadership — especially when the nation must remain in compliance at all levels.

“Nonetheless, our office continues to hold this stance of denying when needed despite threats and measures taken to lessen or remove us as an obstacle,” said Kirk.

Kirk also warned members of the Naabik'íyáti' Committee that the U.S. Treasury and their Office of Inspector General (OIG) is monitoring the Navajo Nation and every effort to be cautious and careful is very much needed at this time.

Currently, the Office of the Controller is keenly focused on the detailed reporting of CARES Act information to the U.S. Treasury and the OIG.

“The amount of information requested is substantial,” said Kirk. “We are submitting reports that are nearly 400 pages long, which contains data on payments made to vendors, subrecipients and individuals based on the requirements established by the Treasury.”

Kirk urged the Naabik'íyáti' Committee to tread carefully because dealing with federal funds is highly monitored and regulated. She explained she knows of several tribes who have publicly disclosed they are under active investigation by the OIG and are being questioned about expenditures of their CARES Act funds.

“The Office of the Controller has already received an inquiry by the OIG regarding a transaction with what appeared to be a related entity of the Navajo Nation or what is referred to as a related party transaction,” said Kirk. “I feel confident in our financial management records and we have constantly reported to the U.S. Treasury, and the OIG will find our records are in good order thanks to the intricate financial systems we put in place.”

“My staff have done a great job managing the CARES Act funds and an even better job keeping the Navajo Nation compliant,” added Kirk. “We are here to help protect the financial integrity of the Navajo Nation and why is there a need to change horses in midstream? There’s no need to reinvent the wheel. I am confident in our staff and our current consultants, and we stand ready to receive the incoming ARPA funds and to ensure the funds are spent according to the intent of the U.S. Congress free and clear of political influence.”

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