

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0109-21_

SPONSOR: Jimmy Yellowhair

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

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

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0109-21

DATE: June 30, 2021

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

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

5-DAY BILL HOLD PERIOD

VBREDAVISE

Resources & Development Committee

Website Posting Time/Date

Thence

Posting End Date:

July 12, 2021

Budget & Finance Committee

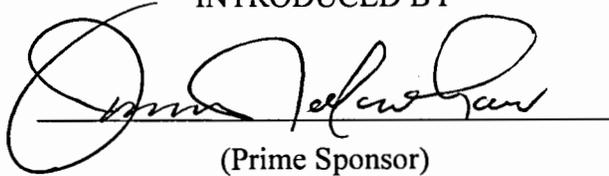
Eligible for Action:

July 13, 2021

PROPOSED STANDING COMMITTEE RESOLUTION

24TH NAVAJO NATION COUNCIL - Third Year, 2021

INTRODUCED BY



(Prime Sponsor)

TRACKING NO. 0109-21

AN ACTION

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

BE IT ENACTED:

SECTION ONE. AUTHORITY

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

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

18
19 **SECTION TWO. FINDINGS**

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

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

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

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

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

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

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

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

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

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SECTION FOUR. SAVINGS CLAUSE

If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation, or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme Court, the remainder of this Act shall remain as the law of the Navajo Nation.