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

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DATE: June 29, 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 TO’HAJIILEE CHAPTER’S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO’HAJIILEE 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 To’haijilee Chapter’s implementation of the Corrective Action Plan approved by the BFC, and to impose sanctions upon the To’haijilee Chapter for its failure to implement the Corrective Action Plan.
PROPOSED STANDING COMMITTEE RESOLUTION

24TH NAVAJO NATION COUNCIL - Third Year, 2021

INTRODUCED BY

(Prime Sponsor)

TRACKING NO. 014-21

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL’S FOLLOW-UP REVIEW OF THE TO’HAJIILEE CHAPTER’S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO’HAJIILEE 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).
E. 12 N.N.C. §1-§10, provides: “12 months after the release of the audit report, the Auditor General will conduct a follow-up to document the status of implementation [of the corrective action plan].” 12 N.N.C. §7(G).

F. Regarding the audited Chapter’s response to the audit report and implementation of the corrective action plan approved by the Budget and Finance Committee, Title 12 continues: “[a]s part of the follow-up report, the Auditor General shall recommend action to be taken by the Budget and Finance Committee and present the report to the standing committee or committees having oversight responsibility for the audited program.” 12 N.N.C. §7(G).

G. “Based on the follow-up review and any recommendations made by the standing committee having oversight responsibility for the audited program, the Budget and Finance Committee will determine what actions should be taken.” 12 N.N.C. § 7(I).

H. If a Chapter fails to comply with the measures set forth in the approved corrective action plan, sanctions may be imposed upon the Chapter pursuant to 12 N.N.C. §9(B)-(C), upon the recommendation of the Auditor General, in accordance with 12 N.N.C. §7(G).

I. Title 12 provides that “[a]ny director or chapter official whose salary or other payments are withheld pursuant to §9(C) shall have the right to have the withholding reviewed by the Navajo Nation Office of Hearing and Appeals.” 12 N.N.C. §9(D).

SECTION TWO. FINDINGS

A. The Auditor General conducted a comprehensive financial audit of the To’hajiilee Chapter and prepared the “Internal Audit of To’hajiilee Navajo Chapter – No. 18-20” dated March 30, 2018, which report is incorporated herein by reference.

B. The Budget and Finance Committee accepted the Auditor General’s March 30, 2018 audit report and also the Corrective Action Plan for To’hajiilee Chapter that was proposed by the Auditor General. BFC-54-18, dated December 27, 2018, attached hereto as Exhibit 1.

C. Over the past 18 months, the Auditor General has engaged in a follow-up review to determine if the approved Corrective Action Plan has been satisfactorily implemented by the To’hajiilee Chapter. The Auditor General has reported on the accomplishments of the To’hajiilee Chapter in “A Follow-up Review of the To’hajiilee Chapter Corrective Action Plan Implementation.” Report No. 21-06, dated March, 2021, attached as Exhibit 2.
D. The approved Corrective Action Plan lists seventeen (17) corrective measures for the To’hajiilee Chapter to implement in order to address the numerous audit problems found by the Auditor General. However, according to Report No. 21-06, the To’hajiilee Chapter has implemented only 34% of the corrective measures, leaving 66% unresolved. Thus, the Chapter has failed to adequately implement the Corrective Action Plan. Exhibit 2.

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

SECTION THREE. ACCEPTANCE OF AUDITOR GENERAL’S REPORT AND IMPOSITION OF SANCTIONS

A. The Navajo Nation hereby accepts the Auditor General’s Report: “A Follow-up Review of the To’hajiilee Chapter Corrective Action Plan Implementation” (Report No. 21-06, dated March 2021), attached as Exhibit 2.

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

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

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

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