

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0114-21_

SPONSOR: Jamie Henio

TITLE: 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

Date posted: July 13, 2021 at 5:00 PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0114-21

DATE: June 29, 2021

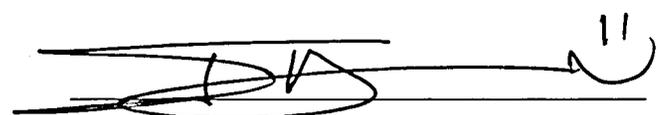
TITLE OF RESOLUTION: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW OF THE TO'HAJIILEE CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO'HAJIILEE CHAPTER FOR FAILURE TO IMPLEMENT THE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

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

5-DAY BILL HOLD PERIOD: NA Rice
Website Posting Time/Date: _____
Posting End Date: 07.18.2021
Eligible for Action: 07.19.2021

1 PROPOSED STANDING COMMITTEE RESOLUTION
2 24TH NAVAJO NATION COUNCIL - Third Year, 2021

3 INTRODUCED BY

4 
5

6 (Prime Sponsor)

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8 TRACKING NO. 0114-21

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10 AN ACTION
11 RELATING TO RESOURCES AND DEVELOPMENT AND BUDGET AND FINANCE
12 COMMITTEES; ACCEPTING THE AUDITOR GENERAL'S FOLLOW-UP REVIEW
13 OF THE TO'HAJILEE CHAPTER'S CORRECTIVE ACTION PLAN
14 IMPLEMENTATION, AND IMPOSING SANCTIONS UPON THE TO'HAJILEE
15 CHAPTER FOR FAILURE TO IMPLEMENT THE CORRECTIVE ACTION PLAN
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17 BE IT ENACTED:

18
19 SECTION ONE. AUTHORITY

- 20 A. The Resources and Development Committee of the Navajo Nation Council serves as the
21 oversight committee for all Chapters of the Navajo Nation. 2 N.N.C §501(C)(1).
22 B. The Budget and Finance Committee of the Navajo Nation Council gives final approval of
23 the Auditor General's audit reports and corrective action plans for audited Chapters. 12
24 N.N.C §7(D). The Budget and Finance Committee also receives post-audit follow-up
25 reports from the Auditor General. 12 N.N.C §6(B) and §7(H).
26 C. The Budget and Finance Committee is authorized to make a final determination on what
27 sanctions, if any, should be imposed upon a Chapter for the failure to implement an
28 approved corrective action plan. 12 N.N.C. §9(B)-(C).
29 D. The Navajo Nation Auditor General is charged with the responsibility to conduct financial
30 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).

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19 **SECTION TWO. FINDINGS**

- 20 A. The Auditor General conducted a comprehensive financial audit of the To’hajiilee Chapter
21 and prepared the “Internal Audit of To’hajiilee Navajo Chapter – No. 18-20” dated March
22 30, 2018, which report is incorporated herein by reference.
- 23 B. The Budget and Finance Committee accepted the Auditor General’s March 30, 2018 audit
24 report and also the Corrective Action Plan for To’hajiilee Chapter that was proposed by
25 the Auditor General. BFC-54-18, dated December 27, 2018, attached hereto as **Exhibit 1**.
- 26 C. Over the past 18 months, the Auditor General has engaged in a follow-up review to
27 determine if the approved Corrective Action Plan has been satisfactorily implemented by
28 the To’hajiilee Chapter. The Auditor General has reported on the accomplishments of the
29 To’hajiilee Chapter in “A Follow-up Review of the To’hajiilee Chapter Corrective Action
30 Plan Implementation.” Report No. 21-06, dated March, 2021, attached as **Exhibit 2**.

- 1 D. The approved Corrective Action Plan lists seventeen (17) corrective measures for the
2 To'hajiilee Chapter to implement in order to address the numerous audit problems found
3 by the Auditor General. However, according to Report No. 21-06, the To'hajiilee Chapter
4 has implemented only 34% of the corrective measures, leaving 66% unresolved. Thus, the
5 Chapter has failed to adequately implement the Corrective Action Plan. **Exhibit 2.**
- 6 E. As a result, the Auditor General recommends that sanctions be imposed upon To'hajiilee
7 Chapter in accordance with 12 N.N.C. §9(B)-(C). **Exhibit 2.** Also as provided for in 12
8 N.N.C. §9(B)-(C), the Budget and Finance Committee is the final authority that makes a
9 determination regarding the sanctions to be imposed upon the Chapter.

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

- 13 A. The Navajo Nation hereby accepts the Auditor General's Report: "A Follow-up Review
14 of the To'hajiilee Chapter Corrective Action Plan Implementation" (Report No. 21-06,
15 dated March 2021), attached as **Exhibit 2.**
- 16 B. As authorized by 12 N.N.C. §9(B), the Controller shall immediately withhold ten percent
17 (10%) of all monies payable to the To'hajiilee Chapter from any governmental fund of the
18 Navajo Nation, as defined at 12 N.N.C. §810(S). As provided for in 12 N.N.C. §9(B), this
19 withholding of funds shall continue unless and until the To'hajiilee Chapter demonstrates
20 to the Auditor General that all corrective measures included in the approved Corrective
21 Action Plan for the To'hajiilee Chapter have been satisfactorily implemented.
- 22 C. In addition, as authorized by 12 N.N.C. §9(C), the Controller shall immediately withhold
23 twenty percent (20%) of all stipend payments for Chapter Officials.
- 24 D. Chapter Officials may appeal this withholding of their stipend payments, in accordance
25 with the procedures detailed in 12 N.N.C. §9(D).
- 26 E. When the To'hajiilee Chapter demonstrates proof of adequate compliance with the
27 provisions of the Corrective Action Plan, the Auditor General shall immediately report
28 such compliance to the Controller who shall then release all withheld funds back to the
29 Chapter and to Chapter Officials, in accordance with 12 N.N.C. §9(B)-(C).

1 **SECTION FOUR. SAVINGS CLAUSE**

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

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