

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0161-21_

SPONSOR: Herman M. Daniels

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

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LEGISLATION SUMMARY SHEET

TRACKING NO. 0161-21

DATE: July 27, 2021

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

PURPOSE OF THIS LEGISLATION: to accept the Auditor General's follow-up review of the Oljato Chapter's implementation of its Corrective Action Plan, and to impose sanctions upon the Oljato Chapter for failure to implement its CAP.

OLC No. 21-324-1

5-DAY BILL HOLD PERIOD: J. Johnson
Website Posting Time/Date: _____
Posting End Date: 08/16/21
Eligible for Action: 08/17/21

Resources & Development Committee
Thence
Budget & Finance Committee

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

3 INTRODUCED BY

4 

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6 (Prime Sponsor)

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8 TRACKING NO. 0161-21

9
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 OLJATO CHAPTER'S CORRECTIVE ACTION PLAN IMPLEMENTATION,
14 AND IMPOSING SANCTIONS UPON THE OLJATO CHAPTER FOR FAILURE TO
15 IMPLEMENT THE CORRECTIVE ACTION PLAN

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17 BE IT ENACTED:

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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 Hearings and Appeals.” 12 N.N.C. §9(D).

18
19 **SECTION TWO. FINDINGS**

- 20 A. In July of 2019, the Auditor General conducted a comprehensive financial audit of the
21 Oljato Chapter and prepared “A Special Review of Oljato Chapter - Report No. 19-23”
22 which report is incorporated herein by reference.
- 23 B. The Budget and Finance Committee accepted the Auditor General’s July 2019 audit report,
24 along with the Corrective Action Plan proposed by the Chapter and accepted by the Auditor
25 General. BFD-56-19, dated December 3, 2019, 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 Oljato Chapter. The
28 Auditor General has reported on the accomplishments of the Oljato Chapter in “A Follow-
29 up Review of the Oljato Chapter Corrective Action Plan Implementation.” Report No. 21-
30 14, dated June 2021, attached hereto as **Exhibit 2**.

1 D. The Auditor General has found that, of the sixteen (16) corrective measures to be
2 undertaken by the Chapter, only two (2) of the concerns were implemented. Thus, the
3 Chapter has failed to adequately implement the Corrective Action Plan. **Exhibit 2.**

4 E. As a result, the Auditor General recommends that sanctions be imposed upon the Oljato
5 Chapter in accordance with 12 N.N.C. §9(B)-(C). **Exhibit 2.**

6 F. As provided for in 12 N.N.C. §9(B)-(C), the Budget and Finance Committee is the final
7 authority that makes the determination regarding sanctions to be imposed upon the Chapter.
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9 **SECTION THREE. ACCEPTANCE OF AUDITOR GENERAL'S REPORT AND**
10 **IMPOSITION OF SANCTIONS**

11 A. The Navajo Nation hereby accepts the Auditor General's Report: "A Follow-up Review of
12 the Oljato Chapter Corrective Action Plan Implementation" (Report No. 21-14, dated June
13 2021), attached as **Exhibit 2.**

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

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

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

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

30 If any provision of this Act is determined invalid by the Supreme Court of the Navajo Nation,

1 or by any District Court of the Navajo Nation without appeal to the Navajo Nation Supreme
2 Court, the remainder of this Act shall remain as the law of the Navajo Nation.

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4 **SECTION FIVE. EFFECTIVE DATE**

5 This legislation and the sanctions provided for herein shall become effective pursuant to 12
6 N.N.C. §9(B).

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