

## CHAPTER BUDGET PROCEDURES

### SECTION 1. ANNUAL BUDGET PREPARATION.

- A. At least two (2) months before the beginning of the new Navajo Nation fiscal year, the ASC shall hold work sessions to provide budgetary technical assistance to Chapters. The ASC shall continue to provide one-on-one technical assistance to Chapters throughout the budget process.
- B. Chapter budgets shall be consistent with the Chapter Budget Policies set forth in Appendix K-1.
- C. Chapter approved budgets may include funds other than the amount appropriated annually which may include, but is not limited to, unexpended carryover funds and external funds.
- D. Upon notification of the Chapter's base allocation from the Navajo Nation, the Community Service Coordinator (CSC) or Chapter Manager (CM), in consultation with the Chapter Officials (CO), shall review Appendix L and Appendix L-1 when formulating the Chapter's annual budget.
- E. All Chapters, in consultation with the Division of Community Development (DCD) and Administrative Service Centers (ASC), shall use the online web-based system known as the Woven Integrated Navajo Data (WIND) online web-based budget application system ([www.wind.enavajo.org](http://www.wind.enavajo.org)) to prepare and submit their budgets.
  1. Role of the CO
    - a. The CO shall coordinate with the CM or CSC to finalize the Chapter's budget for approval by the Chapter Membership (Membership).
    - b. The Chapter Secretary/Treasurer (S/T) shall present the budget to the Membership for discussion at the planning meeting and approval at a regular Chapter meeting.
  2. Role of the CM or CSC
    - a. The CO and the CSC or CM will formulate a proposed budget that is consistent with that respective Chapter's goals and objectives using the Navajo Nation budget forms.
    - b. During September of each year, the CSC or CM in consultation with CO shall prepare the proposed carryover, annual, and other budgets for presentation at a Chapter regular meeting, culminating in passage of a valid Chapter resolution approving these budgets.
    - c. During September of each year, the CSC or CM shall conduct the Chapter's end of fiscal year financial close out activities, including reconciliations, and paying out outstanding invoices.
    - d. The CO shall obtain a copy of the valid Chapter resolution approving the budget.
    - e. Within two (2) working days after Chapter approval through a valid Chapter resolution of the carryover, annual, and other budgets, the CSC or CM shall upload these budgets into the WIND system for ASC's review and administrative approval.
    - f. The CM or CSC will maintain proper fund codes and chart of accounts.
    - g. The CM or CSC shall ensure that the Chapter budget data in the WIND system is consistent with that respective Chapter's fund management system and Chapter budget resolution including the posting of the monthly fund balance into the WIND system.
  3. Role of the Administrative Assistant (AA) or Accounts Maintenance Specialist (AMS)
    - a. The AA or AMS will maintain current records of all financial transactions at all times including budget modifications or revisions of funds.
    - b. The AA or AMS must refer to fund codes and chart of accounts during the course of the fiscal year when reviewing expenditures, purchase requests, and transfers.

- c. Other assigned roles and responsibilities include entering and posting the Chapter's financial data into the Chapter's MIP and/or WIND system.
4. Role of the ASC
- a. ASC shall perform an online review of the budget for compliance with all applicable Navajo Nation laws including using the proper funds code and chapter of accounts and ensuring that budget are in accordance with Appendix K-1.
  - b. ASC shall review each Chapter's budget for mathematical accuracy and notify the respective Chapter to make the necessary corrections when mathematical errors or compliance issues are found.
  - c. ASC shall consult with the CM or CSC to make the appropriate corrections. If necessary, the CM or CSC may have to submit an amended budget and valid Chapter resolution.
  - d. Upon ASC's online administrative approval of the Chapter budget, the WIND system should show an "Approved" status.
  - e. Chapters may contact ASC if the WIND system does not show an "Approved" status.
5. Amendments after a duly adopted Chapter Resolution.
- a. When applicable, the CM or CSC shall notify the CO of any required changes in the budget after adoption of the Chapter's budget through a duly adopted Chapter Resolution. The CO shall then discuss any proposed amendments or modifications with the Membership.
  - b. The CM or CSC will present a detailed itemized budget including relevant documents for review by the Membership prior to approval of amendments.
  - c. Upon another duly adopted Chapter resolution, the S/T shall forward a copy of the resolution and the meeting minutes to the CM (or CSC).
- F. Disbursement of Chapter Allocation by DCD
- 1. After the budget is approved in the WIND System, ASC shall prepare the Request for Direct Payment (RDP) and disbursement memorandum.
  - 2. After the comprehensive budget is approved by the Navajo Nation President, the Request for Direct Payment (RDP) and disbursement memorandum shall then be submitted to the Office of the Controller (OOC).
  - 3. OOC will generate the Chapter allocation check.
  - 4. DCD/ASC shall pick up each Chapter allocation check to distribute to the respective Chapters.
  - 5. When applicable, the OOC may process an electronic funds transfer into the Chapter's bank accounts.

**SECTION 2. BUDGET TIMETABLE AND PROCESS.**

	TIMELINES	KEY ACTIVITY	PERFORMED BY
1.	June/July	ASC budget work sessions with Chapters	ASC
2.	August/September	Base allocation of Navajo Nation funds	President
3.	August/September	Itemize annual Chapter budget allocation using Appendix K and Appendix K-1.	CSC/CM/CO
4.	September/October	Itemize Chapter carryover budgets	CSC/CM/CO
5.	September/October	Chapters upload the budget forms into the WIND system	CM/CSC
6.	September/October	ASC reviews the Chapter's budget for mathematical accuracy	ASC
7.	September/October	ASC reviews/administratively approves the Chapter's budget	ASC

8.	September/October	Posted Chapter budget will be presented to Membership	CSC/CM/CO
9.	September/October	Chapter Membership approves the budget	Membership
10.	September/October	Any Chapter budget amendments must be accompanied by Chapter meeting minutes, an amended budget and resolutions	S/T
11.	September/October	The itemized budget presentation must have Membership approval	CSC/CM
12.	September/October	Any Budget modifications must have Membership approval.	S/T, Membership
13.	September/October	Enter accurate budgets into the Chapter's fund management system which should match the budget approved in the WIND System.	CSC/CM & AA/AMS
14.	Fiscal Year	The AA/AMS ensures the Chapter's financial records are properly maintained	AA/AMS

**SECTION 3. ASC STANDARD MONITORING FORMS.**

- A. ASC shall regularly monitor Chapter financial activities. When performing a review of the Chapter finances, the ASC shall use standard forms, templates, and checklists to determine whether each Chapter is fully adhering to the fiscal laws and policies of the Navajo Nation.
- B. The Chapters shall use ASC's standard forms titled, "Monitoring Tool for President, Vice President, and Secretary/Treasurer" and the "Monthly Compliance Review" to promote transparency and accountability in each Chapter's use of all funds.
1. At the end of each month, the CSC or CM, and AA or AMS in consultation with the CO shall review and sign the "Monthly Compliance Review Form," attached as Attachment A of this Appendix M.
  2. During the Chapter's planning meeting, the CO, CSC or CM, and AA or AMS, shall review and fill out the "Monitoring Tool for President, Vice President, and Secretary/Treasurer" attached as Attachment B of this Appendix K.
  3. After all Chapter bank accounts are reconciled, the CSC or CM, and AA or AMS shall review and complete forms as required by ASC.
- C. The ASC shall prepare a written report for any fiscal discrepancies found. The written report, in some cases, may need to be forwarded to the appropriate authorities which may include, but is not limited to, the Office of Auditor General, Office of Controller, Ethics and Rules Office, Department of Justice, Office of the Prosecutor, Navajo Nation Department of Law Enforcement, the White Collar Crime Unit, the Resources and Development Committee (RDC), the Budget and Finance Committee (BFC), and the Division of Community Development (DCD).

**Attachment A**

**MONTHLY COMPLIANCE REVIEW FORM**

CHAPTER NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

FINANCES, REVIEWED FOR THE MONTH OF: \_\_\_\_\_

MONTHLY REPORTS, REVIEWED AS FOLLOWS: COMMENTS/FINDINGS:

1. Planning Meeting, Monthly Financial Review		
2. Monitoring Tool – Chapter Official		
3. Monthly Check Register (for all Accounts)		
4. Monthly Bank Reconciliation (for all Accounts)		
5. Bank Statements (for all Accounts)		
6. Deposit Slips – COPIES		
7. Cash Receipts Journal		
8. Subsidiary Ledgers (for all Funds)		
9. Payroll Journal		
10. Combining Statement of Revenues & Expenditures		
11. Summary Budget to Actual		
12. Combining Balance Sheet		
13. Verify CSC/CM saved the latest accounting system backup to an electronic storage device		

QUARTERLY REPORTS, REVIEWED AS FOLLOWS: COMMENTS/FINDINGS:

1. Budget Form 2 (Program Performance Criteria)		
2. Form 941 (Employers Quarterly Federal Tax Return)		
3. Form 600 (Navajo Nation Sales Tax)		
4. State Unemployment Tax Act (SUTA) Report		
5. NN Worker's Compensation – Project and Actual		
6. Underwriter's Exposure Summary Annual Report		
7. Are the resolutions completed?		
8. Monitoring of Community Projects		
9. Ensure CSC/CM sends the quarterly fund management system financial backup to Office of Auditor General (OAG)		
10. CO notifies DCD/ASC when the quarterly fund management system financial backup is sent to OAG		

CSC/CM: \_\_\_\_\_

Date: \_\_\_\_\_

Secretary: \_\_\_\_\_

Date: \_\_\_\_\_

Vice-President: \_\_\_\_\_

Date: \_\_\_\_\_

President: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment B**

**MONITORING TOOL FOR PRESIDENT, VICE PRESIDENT AND SECRETARY/TREASURER**

CHAPTER: \_\_\_\_\_ DATE: \_\_\_\_\_

REVIEWING FINANCES FOR THE MONTH OF: \_\_\_\_\_

MONTHLY REPORTS, REVIEWED AS FOLLOWS:

COMMENTS/FINDINGS:

1. Is the CSC/CM monitoring and reviewing the AMS/AA duties and responsibilities by initialing all documents?	yes / no		
2. Are the monthly expenditure reports submitted to ASC?	yes / no		
3. Is the Check Register updated?	yes / no		
4. What is the last Check Number?	#		
5. Is the Bank Reconciliation completed?	yes / no		
6. Is the Chapter monitoring bank accounts through the Online Commercial Electronic Office (CEO)?	yes/no		
7. Is the Cash Receipts Journal updated?	yes / no		
8. Are the Revenues deposited timely?	yes / no		
9. Are Deposit Slips filed with the Cash Receipts Journal?	yes / no		
10. How much cash is still On-Hand?	\$		
11. Are the three financial statements below being prepared by the AMS/AA and then reviewed by the CSC/CM and S/T?	yes / no		
12. Financial statement 1: Combined Statement of Revenue & Expenditures	yes / no		
13. Financial statement 2: Combining Balance Sheet	yes / no		
14. Financial statement 3: Summary Budget to Actual	yes / no		
15. Are the three financial statements listed above attached to the Chapter meeting minutes?	yes / no		
16. Are the Financial Reports recorded in the Chapter meeting minutes?	yes / no		
17. Are the Navajo Nation Sales Taxes paid quarterly? If so, please state which quarter it was completed.	yes / no		
18. Are the Monthly Social Security, Medicare, Federal, State Taxes deposited? If so, provide the month completed.	yes / no		
19. Is the Form 941 completed and submitted to IRS? If so, please state which quarter is completed.	yes / no		
20. Is the Physical Inventory up to date? If so, state when it was completed.	yes / no		
21. Do we have a perpetual inventory? If so, state when it was completed.	yes / no		
22. Are the Resolutions completed?	yes / no		
23. Are the Chapter meeting minutes electronically recorded?	yes / no		
24. Are Monthly Progress Reports provided verbally and written at Planning meetings?	yes / no		
25. Is the Chapter V/P and CSC/CM monitoring the PEP and Chapter community projects?	yes / no		

CSC/CM: \_\_\_\_\_

Date: \_\_\_\_\_

Secretary/Treasurer: \_\_\_\_\_

Date: \_\_\_\_\_

Vice-President: \_\_\_\_\_

Date: \_\_\_\_\_

President: \_\_\_\_\_

Date: \_\_\_\_\_

## CHAPTER BUDGET POLICIES OF THE NAVAJO NATION

### Section 1. Purpose and Scope.

- A. These Chapter Budget Policies are established to ensure all funds appropriated by the Navajo Nation are managed and spent in accordance with applicable Navajo Nation laws, regulations, policies, fund management plans, and the Chapter's Five Management System ("FMS") where applicable.
- B. These Policies apply to all Chapter administrative staff and Chapter Officials for all Chapters.
- C. These Policies shall be interpreted in a manner consistent with the ASC Plan of Operation, as amended.

### Section 2. Budget Policies for all Chapter funds.

- A. Chapters shall adopt fund management plans for all Chapter fund accounts except as provided in Section 4 of these Policies.
- B. All Chapters shall maintain a file containing all laws, regulations, policies, fund management plans, and plans of operations as required by these Policies.
- C. Chapter Budget Changes.
  - 1. As a general rule, all Chapter fund accounts are considered "restricted funds" for use strictly on the designated projects or purposes. As such, funds approved by the Council must be maintained in separate budgets or accounts and funds cannot be comingled. For example, if the Council approves funds for "stipends" those funds can only be used for that purpose. This includes Chapter funds that carry over into the subsequent Fiscal Year unless the Council, or applicable Navajo Nation law or policy, provides otherwise.
  - 2. Unless authorized, Chapters are prohibited from reallocating funds. A budget reallocation means redesignating funds from one fund account into another fund account (or placing into a newly-created account).
  - 3. Chapters may transfer funds within the same fund account after:
    - a. the Chapter's authorized employee presents a budget transfer request to the Chapter membership for approval; and
    - b. the budget transfer is approved by a duly-approved Chapter resolution at a Chapter meeting.
- D. Chapters are responsible for implementing Conditions of Appropriations approved by the Council and signed into law by the President.
- E. Investments of Chapter funds are prohibited.
  - 1. The Navajo Nation's Master Investment Policy (See Resolution No. BFJN-17-15, as amended) governs the investment of all Navajo Nation Funds and gives the Navajo Nation Investment Committee certain delegated authorities. Chapters have not been delegated any authority to invest funds.
  - 2. Any Chapter proposal to invest funds must be approved by the Navajo Nation Investment Committee and BFC (see 2 N.N.C. §300(C)).
- F. Pursuant to 26 N.N.C. §103(G) Chapter funds cannot be used for monetary loans or per capita distributions to the Chapter membership or others.
- G. LGA-Certified Chapters may receive funds directly from OOC without going through the ASC or DCD by submitting their own request for funds, except for Fiscal Year budgets, and when expressly provided in a Council or Standing Committee resolution.

### Section 3. Administrative Expenses.

- A. All Non-LGA Chapters and those LGA-Certified Chapters that have not adopted their own policies shall abide by the following Navajo Nation Policies:
1. the rates, schedules, and other policies for personnel, salary, fringe, and payroll taxes as provided on DPM's website: <http://www.dpm.navajo-nsn.gov/home.html>
  2. Travel Policies and Procedures, see <http://www.nnooc.org/TravelInfo.html>
  3. Insurance Services policies, see <http://www.isd.navajo-nsn.gov/index.html>
  4. Workers' Compensation policies, see <http://www.isd.wcp.navajo-nsn.gov/>
  5. Motor Vehicle Operator's Handbook, see [https://www.fleet.navajo-nsn.gov/pdfs/MVOH%2006 1720\\_opt.pdf](https://www.fleet.navajo-nsn.gov/pdfs/MVOH%2006%201720_opt.pdf)
- B. Pursuant to 26 N.N.C. §2004(D), all Chapters shall participate in the Navajo Nation's Insurance and Employee Benefit programs. If a Chapter elects not to participate, the Chapter shall obtain equivalent coverage from a separate carrier.

#### **Section 4. Expenditure by Fund Types.**

##### **A. Chapter Activities General Fund (Fund 01).**

Chapters shall have in place an approved fund management plan for General Fund account expenditures, and all such expenditures must be for a governmental purpose.

##### **B. Chapter Personnel Fund (Fund 02).**

Only LGA-Certified Chapters receive the full allocation of personnel funds. Personnel funds for Non-LGA Chapters are administered by DCD because the ASC consists of Executive Branch employees.

##### **C. 1982 Chapter Claims Trust Fund (Fund 03).**

1. Pursuant to 12 N.N.C. §1143, the accrued interest from this Trust Fund is distributed to Chapters annually.
2. Pursuant to 12 N.N.C. §1144, each Chapter may determine how to use of its Trust Fund allocation, but such uses must be for the common benefit of the Chapter membership and local community, and for Chapter economic development.
3. Allowable expenditures are as follows:
  - a. supplies such as office/operating supplies, office equipment, and office furniture;
  - b. utility expenses such as electricity, water, sewage, solid waste, natural gas or propane, and telecommunication (telephone, cellular, internet) for established Chapter accounts;
  - c. construction, repair, and maintenance of Chapter and community facilities;
  - d. capital outlay projects and matching funds, such as community roads, electrification, water development, dam/reservoir projects, land development, conservation, landscaping, solar, and other related infrastructure projects;
  - e. heavy equipment such as industrial machines, tractors, graders, backhoes, vehicles, large/small machinery, tools, and operator training; Chapters shall develop policies and maintenance plans for such equipment;
  - f. livestock-related expenses such as vaccinations, veterinary supplies, branding, livestock equipment, animal care activities, training, and husbandry, and agricultural and irrigation restoration;
  - g. community events such as community dinners, catering services, entertainment, health and wellness events, recreation-related activities and projects, and arts and crafts projects;
  - h. fees and expenses for Professional Service Contracts justifiable under 12 N.N.C. §1144; the Department of Justice has prepared such contracts for use by LGA-Certified Chapters and Non-LGA Chapters; Non-LGA Chapters cannot execute a contract on their own and must work with the ASC to process a contract through the Section 164 Executive Review Process, or similar review process approved by the President, which contract is executed on behalf of the Chapter by the President; see <http://www.nndoj.org/FRS.aspx> or contact the Department of Justice for assistance at (928)871-6347.
4. Prohibited expenditures are as follows:
  - a. personal expenses such as personal purchases, personal loans, individual community member projects, individual assistance, welfare, travel, gifts, gratuity, and individual promotional expenses;
  - b. Chapter committee expenses such as trainings, stipends, travel, and consultant expenses;
  - c. tribal vehicle rentals;
  - d. political expenses such as political contributions and campaign-related events and expenses;
  - e. payments for penalties such as fees and fines;

f. Chapter personnel expenses such as wages, fringe benefits, and taxes.

**D. Summer Youth Employment Fund (Fund 08).**

1. In Resolution No. TCDCMY-43-01, the former Transportation and Community Development Committee created a standard policy for Chapters to administer summer youth employment programs. TCDCMY-43-01 is used if a Chapter lacks its own policies and procedures. Chapters shall consult with the Department of Justice when developing their own policy if the Chapter policy will deviate in any way from the standard policy approved in TCDCMY-43-01.
2. This Chapter fund may also be used for internships and educational enrichment activities for students in middle school or junior high school, high school, college or university, vocational school, technical programs, or training/certification programs.
3. Generally, this Chapter fund is replenished by an approved Supplemental Appropriation.

**E. Housing Discretionary Grant Fund (Fund 09).**

1. Historically, these funds were administered by DCD but as recognized in Resolution No. TCDCMA-20-01, Chapters began administering this fund in 1998. A copy of TCDCMA-20-01 can be obtained from the ASC or the Department of Justice.
2. The TCDCMA-20-01 approved a template Housing Discretionary Fund Policy and also allowed Chapters to adopt their own policy.
3. Chapters lacking their own policy shall follow TCDCMA-20-01. Chapters shall consult with the Department of Justice when developing their own policy if the Chapter policy will deviate in any way from the policy approved in TCDCMA-20-01.

**F. Local Governance Grant Fund (Fund 10).**

1. This Chapter fund is for implementation of policies and procedures for a Chapter's Five Management System, and development of community-based land use plans.
2. Allowable Expenditures are as follows:
  - a. payments for specialized consultant services such as accountants and land use planners;
  - b. expenditures for training, travel, equipment, supplies and purchase of governmental accounting software;
  - c. stipends for Community Land Use Planning Committee members, not to exceed \$125.00 per meeting; Federal tax withholdings will be deducted using Internal Revenue Service Form W-4;
  - d. audit services;
  - e. pre-LGA certification and post-LGA certification activities.

**G. Chapter Official's Stipend Fund (Fund 12).**

1. Upon receiving notification of the annual base allocation for this Chapter fund, the Chapter shall allocate sufficient funding to pay stipends for the Chapter President, Chapter Vice-President, and Chapter Secretary/Treasurer for 12 regular Chapter meetings and 12 Chapter planning meetings during the Fiscal Year. Such stipends are budgeted as Fixed Costs.
2. If sufficient funds are available, Chapters may allocate stipends (budgeting them as Fixed Costs) for other meetings, in the following order of priority:
  - a. Emergency Chapter Meetings;
  - b. Special Chapter Meetings;
  - c. Agency Council Meetings;
  - d. Regional Council Meetings;
  - e. Grazing Committee Meetings;
  - f. Farm Board Meetings;
  - g. Land Board Meetings;
3. Chapters may also allocate stipends, subject to funds availability, for Chapter committee members in accordance with the Chapter committee's plans of operation.
4. The Chapter is required to plan for applicable insurance premiums including workers' compensation.
5. Chapter Officials shall be compensated in strict compliance with 26 N.N.C. §1002.



**H. Student Scholarship Fund (Funds 13 and 14).**

The Comprehensive Budget Resolution No. CS-79-98 for Fiscal Year 1999 provided an independent grant of authority to allow all Chapters to administer certain Navajo Nation Funds provided to them. Subsequently, BFC approved Resolution No. BFO-140-98 that, among other things, allowed all Chapters to administer Chapter Scholarships. Under Section 5(C) of Exhibit A attached to CS-79-98, Chapters are obligated to manage and expend such funds in accordance with the applicable policies and procedures of the Office of Navajo Nation Scholarship and Financial Assistance Program. Notwithstanding, Chapters may develop their own scholarship policies but such Chapter policies must be approved by the Department of Justice.

**I. Public Employment Project ("PEP") Fund (Fund 15).**

After Chapters began administering Navajo Nation Public Employment Project Funds, the former Transportation and Community Development Committee approved Resolution No. TCDCD-111-00 that approved a standard policy for use by all Chapters. A copy of Resolution No. TCDCD-111-00 can be obtained from the ASC or the Department of Justice. Section 1 of the standard policy in TCDCD-111-00 provides that any Chapter may develop their own PEP Policies, but such Chapter policies must be approved by the Department of Justice.

**J. Emergency Fund (Fund 17).**

1. This Chapter fund may be used for:
  - a. expenses in preparing an Emergency Management Plan; or
  - b. expenses resulting from an emergency declaration issued by the Navajo Nation Department of Emergency Management and the Navajo Nation President, which declaration directly affects the Chapter community.
2. Emergency Planning:
  - a. In 2017, the Resources and Development Committee approved Resolution RDCMY-47-17 that requested and directed all Chapters to prepare an Emergency Management Plan.
  - b. This Chapter fund may be used to prepare a comprehensive Emergency Management Plan that includes mitigation activities, spending priorities, emergency response actions including steps to immediately address high-risk medical situations, road closures, food and water supplies, livestock feed, fuel for heating and cooking, and the establishment of emergency shelters.
  - c. An emergency declaration is not required for a Chapter to complete its emergency planning.
3. Declarations of the State of Emergency:
  - a. Pursuant to 2 N.N.C. §884(B)(1), the Navajo Nation Commission on Emergency Management, with the President's concurrence, has exclusive authority to declare all states of emergency affecting the Navajo Nation *or any section thereof*. Any Chapter requesting such declarations shall work with DCD and the Commission on Emergency Management.
  - b. Once an emergency declaration has been issued for the affected Chapter, the Chapter does not need to issue a separate emergency declaration as the Chapter is not legally authorized to do so.
  - c. Once an emergency declaration has been issued for the affected Chapter, the Chapter may use the emergency procurement procedures to purchase goods and/or services necessary to address the emergency situation.

**K. Sales Tax Revenue Fund (Fund 23).**

1. In 2002, BFC approved Resolution No. BFD-191-02 that created the "Navajo Nation Sales Tax Trust Fund Plan of Operation for Distributing Funds." This Fund was subsequently amended in 2017 Resolution No. BFMY-19-17.
2. This Fund is for infrastructure, economic development, and other governmental purposes, as described in this subsection K.
  - a. Infrastructure means facilities, structures, and equipment needed for the geographic region served by each Chapter, including interconnected systems needed to support the local economy such as roads, bridges, tunnels, water supply, sewers, electrical systems, telecommunications systems, and fixed structures such as buildings.
  - b. Economic development means activities that lead to increased well-being and an improved quality of life for Chapter and community members through job creation and job retention as well as expanding the local tax base to generate revenue.
  - c. Government purposes means projects, services, or activities that address the needs of the Chapter and local community. Generally, projects, services, or activities that benefit individual community members do not meet the definition of a governmental purpose, except for payments of approved stipends for Chapter officials. Purchases of agricultural products, as well as motor vehicles and heavy equipment, are considered

purchases for governmental purposes if such products, vehicles, and equipment are used for the benefit of community members and families on an equal basis, for the feeding of livestock in emergency or drought conditions, plowing for agricultural purposes, road grading, burials, and the like.

3. Allowable uses of this Chapter fund also include:
  - a. strategic planning for infrastructure, economic development, or other governmental purposes;
  - b. infrastructure planning and development, such as soil testing, land clearances, and land surveys;
  - c. community cleanup and beautification;
  - d. CIP planning, development and administration;
  - e. Community Land Use Plan development such as open space plan development; community facilities plan development; and thoroughfare plan development;
  - f. payment of stipends for the Community Land Use Planning Committee ("CLUPC") members;
  - g. costs associated with administering and managing land use, including ordinance preparation, zoning, administering home and business site leasing authority, land withdrawals, eminent domain, taxing, bonding, and regulating;
  - h. purchases of agricultural products;
  - i. purchases of motor vehicles and heavy equipment; and
  - j. travel expenses associated with allowable expenditures.
4. Prohibited uses of this Chapter fund:
  - a. training and instruction-related expenses;
  - b. stipends other than those allowed for CLUPC members;
  - c. gifts, gratuities, and promotional items;
  - d. payment of any penalty including late fees arising from bills or taxes.

**L. Capital Outlay (Funds 24, 25, 27, 28).**

Allocations from the Capital Outlay Match Special Revenue Fund are restricted for use on Chapter CIPs. Examples of allowable expenditures include materials, construction costs, fees, clearances, design, workforce expenses, and related costs.

**M. Local Governance Trust Fund (Fund 29).**

1. Pursuant to 12 N.N.C. §1161 *et. seq.*, this Fund provides a one-time allocation of one-hundred sixty-thousand dollars (\$160,000.00) to a Chapter when it becomes an LGA-Certified Chapter.
2. 12 N.N.C. §1166(A) allows LGA-Certified Chapters to determine its use of these funds except that this money cannot be used for:
  - a. per-capita distributions;
  - b. purchases of agricultural products if such products will be used for distribution or resale to Chapter members;
  - c. training or instruction-related expenses or any related travel;
  - d. stipends;
  - e. travel expenses; and
  - f. purchases of any motor vehicles.

**N. Unhealthy Food and Beverage Tax Fund ("UFBT") (Fund 40), as above.**

1. The Healthy Diné Nation Act was approved in November 2014 and in December 2020 it was subsequently reauthorized and renamed as the "Unhealthy Food and Beverage Tax." Net revenue from this Tax, after certain other allocations, is deposited into the "Community Wellness Development Project Fund" that is disbursed pursuant to a fund management plan approved by BFC and administered by DCD.
2. Unless otherwise amended, the Community Wellness Development Project Guideline and Distribution Policy as approved by BFC in Resolution No. BFJN-14-16 shall continue in effect. This Distribution Policy gives Chapters money to match funding, and/or implement projects, activities, and purposes related to community wellness. Funds must be used to improve the physical and social environment of the community, and to improve health and prevent and reduce the incidence of obesity, diabetes, and other health conditions. Projects may include:
  - a. Instruction:
    - i. fitness classes (i.e. Zumba, aerobic, core training, indoor cycling);
    - ii. traditional, intergenerational, and contemporary wellness workshops (i.e. Navajo philosophical and education teachings, Tai-Chi, Yoga);

- iii. health coaching (i.e. healthy eating education, goal-setting, self-care management);
- iv. Navajo traditional craft classes (i.e. jewelry making, beading, weaving);
- v. traditional and non-traditional healthy food preparation workshops (i.e. making chítchin, making blue corn mush, cleaning and prepping corn, pinon preparation, prepping Navajo tea, butchering, cleaning, and preparation of animals for human consumption, safe food handling and safe food storage training);
- vi. healthy food processing workshops (i.e. canning, food safety).
- b. Equipment purchases:
  - i. wellness and exercise equipment;
  - i. supplies;
  - ii. storage facilities;
  - iii. maintenance, conservation, or improvement of any of these projects;
  - iv. farm equipment.
- c. Recreational-related Facilities:
  - i. walking trails, running trails, biking trails;
  - ii. skate parks, community parks;
  - iii. picnic grounds;
  - iv. playgrounds;
  - v. basketball and volleyball courts;
  - vi. baseball and softball fields;
  - vii. swimming pools;
  - viii. maintenance, conservation, or improvement of any of these projects.
- d. Social Activities:
  - i. recreational, health, youth clubs (i.e. Senior Citizen events, walking club);
  - ii. equine therapy (i.e. activities and interaction with horses, trail rides, introduction to horses, saddling, training);
  - iii. maintenance, conservation, or improvement of any of these activities.
- e. Education:
  - i. health education materials;
  - ii. presentations;
  - iii. establishment of libraries.
- f. Community Food and Water Initiatives:
  - i. healthy food initiatives;
  - ii. community food cooperatives;
  - iii. farming and vegetable gardens;
  - iv. greenhouses;
  - v. farmers' markets;
  - vi. clean water initiatives;
  - vii. clean community initiatives (i.e. community trash pick-up day);
  - viii. recycling initiatives;
  - ix. healthy store improvements (i.e. posting signs for taxable unhealthy foods and tax-exempt healthy foods);
  - x. agricultural projects (i.e. 4-H activities)
  - xi. maintenance, conservation, or improvements of any of these projects.
- g. Health Emergency Preparedness: training in first-aid, cardiopulmonary resuscitation ("CPR"), use of Automated External Defibrillator ("AED"), certifications related to such training, etc.
- h. Providing matching funds for a project by federal, state, or county, or public entities, for community needs or problems that have not been addressed by the Navajo Nation or other budgeting.

**O. Gaming Revenue.**

The Navajo Nation Gaming Distribution Plan is codified at 12 N.N.C. §§2201 *et. seq.* BFC approved the Navajo Nation Gaming Revenues Management Plan (see BFF-03-10, as amended by BFF-05-13 and BFAP-05-16). All revenue allocations and expenditures must comply with the federal Indian Gaming Regulatory Act. Any Chapter receiving gaming revenue shall prepare quarterly reports and submit them to OMB, OOC, and the Office of the Auditor General.

**P. External Funds.**

1. Under 26 N.N.C. §103(D)(6), only LGA-Certified Chapters and certain Non-LGA Chapters are eligible to receive External Funds.
2. External Funds requiring a funding agreement shall be pre-approved by the Naa'bik'iyáti Committee.
3. The Chapter receiving External Funds shall strictly follow all requirements and conditions in the authorized funding agreement.

### **Section 5. Performance Budgeting.**

- A. Chapters shall utilize performance budgeting as a factor when making budget decisions, as mandated by the Appropriations Act. Measurable Chapter performance criteria are required for each Chapter budget using BUDGET FORM 2. Performance results shall be reported by the ASC on a quarterly basis to the Chapter Officials and to DCD.
- B. Chapter performance assessments shall be conducted by the ASC on a quarterly basis utilizing information reported on BUDGET FORM 2 that compares the planned program performance criteria and the actual quarterly results. Chapter performance will be based on the performance criteria scores ranging from 0 to 3 using the following scale:
  - 1. Score 3 - Exceeded goal. Indicates the Chapter exceeding their overall goals.
  - 2. Score 2 - Goal Met. Indicates the Chapter meeting their overall goals.
  - 3. Score 1 - Goal Not Met. Indicates the Chapter not meeting their overall goals.
  - 4. Score 0 - Not-Reporting. Indicates the Chapter did not report actual results.

### **Section 6. Chapter Reporting.**

- A. All monthly financial reports shall be approved by a Chapter resolution.
- B. The Chapter Manager ("CM") or Community Service Coordinator ("CSC") shall reconcile the Chapter fund balance for each type of Chapter fund, shall update the online web-based system, and shall perform month-end closing activities in the Chapter fund accounting system.
- C. At the monthly Chapter planning meeting, the CM or CSC shall present the Chapter's monthly financial reports, including but not limited to, the balance sheet, revenue and expenditures, and the budget-to-actual expenditure report, for review by Chapter officials, ASC review, and community approval. Chapter officials shall prepare the monthly compliance review form during the planning meeting.
- D. The CM or CSC shall submit monthly and quarterly financial reports and reconciled accounting reports to the respective ASC and shall provide fund accounting back-up records to the Office of the Auditor General.
- E. All financial and accounting reports are mandatory and must be submitted on a monthly basis to ensure the Chapter's fiscal compliance and performance.

### **Section 7. Monitoring, Audits, and Corrective Action Plans.**

- A. Monitoring by the ASC is authorized under the ASC's Plan of Operation and is provided for under Section 4 of these Chapter Policies.
- B. Any person, including Chapter Members, Officials, Employees, or ASC Personnel, shall report any fiscal or fund-related violations to the appropriate authorities. Appropriate authorities may include: ASC, the Department of Justice, the Office of the Prosecutor, the White-Collar Crime Unit, Navajo Nation Department of Law Enforcement, Ethics and Rules Office, and the Office of the Auditor General.
- C. The Office of the Auditor General is authorized under Title 12 of the Navajo Nation Code to audit any Chapter of the Navajo Nation.
  - 1. Chapters shall respond in writing to an Audit Report within the specified time, which deadline may be extended upon the Chapter's request and approval by the Office of the Auditor General.
  - 2. For any audit finding the Chapter accepts or acknowledges, the Chapter shall develop a Corrective Action Plan.
  - 3. The Auditor General has the authority to issue sanctions for a Chapter's failure to timely implement an approved Corrective Action Plan.
- D. The ASC shall assist an audited Chapter in preparing audit responses and drafting a Corrective Action Plan to address the audit findings.