



The Navajo Nation Office of the Controller

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Office of the Controller lacking \$1.8 million for fourth quarter operations, at risk of employee layoffs

WINDOW ROCK, Ariz. — The Office of the Controller is entering the fourth and last quarter of this fiscal year lacking \$1.8 million which is needed to retain current employees. The initial comprehensive budget for Fiscal Year 2021 only funded the office for three quarters.

As such, Pearline Kirk, Controller of the Navajo Nation, urges Navajo Nation President Jonathan Nez to approve the much-needed funds for the Office of the Controller in the amount of \$1,871,934.00 which is contained in Navajo Nation Council Resolution CF-11-21 as an additional supplemental appropriation. The Council Resolution seeks approval for a total amount of \$15,999,112.00 from the general funds of the Navajo Nation to various programs and divisions within all three branches.

“We may be faced with layoffs if President Nez line item vetoes the \$1.8 million budget for the Office of the Controller,” Kirk said.

The Office of the Controller has accomplished so much in the past year.

“The regular duties of the Controller’s Office did not miss a beat throughout the dangers and risks of the COVID-19 pandemic. Our office continued execution of its day-to-day duties including oversight, reporting and compliance of 4,000 federal and state grants, processing accounts payable, processing 1,500 contracts, receiving records and ORs, processing payroll for 5,000 employees and completing Internal Revenue Service reporting requirements,” said Kirk. “In addition, the office completed work on the Navajo Nation Financial and Single Audit for FY 2019 and is currently performing work on the FY 2020 audit.”

Kirk also explained the Controller’s Office oversaw the expenditures of nearly \$714 million in federal funds this past year, mainly Navajo CARES Act funds, from the first expenditure in August to now.

“This is a nearly 225% increase over what the Navajo Nation normally manages in federal funds over a normal 12-month period,” she said.

Over the last year, staff from the Controller’s Office along with contractors built an intricate financial and reporting system that greatly assisted in managing all the federal funds received. Many of these new systems were built for the very first time on behalf of the Navajo Nation.

“Being accountable for funds is extremely important. Ultimately, it is the Controller’s Office that is responsible for accurate reporting of the expenditures of these federal funds,” said Kirk. “We continue to submit the required oversight reporting to the U.S. Treasury. This work includes reporting extensive details on all transactions made over \$50,000, including detailed information on vendors and projects.

The last reporting package was over 300 pages long. The report contained the details of the Navajo Nation's spending through December 31, 2020."

Aside from the day-to-day functions and reporting, the Office of the Controller also helped to manage several federally-funded programs such as the Navajo CARES Act Hardship Assistance Program which was the largest program of its kind ever created.

Kirk explained operationalizing the Hardship Assistance Program in such a short timeframe was significant because it saved the Navajo Nation from what could have resulted in reverting nearly \$350 million back to the federal government if the extension was not finally approved Dec. 27, 2020 by the U.S. Congress.

As a necessity, the Controller's Office also helped to update the Navajo Nation's vital records database which was outdated. This was needed in order to cross-reference data from incoming applications for the Hardship Assistance Program.

"We added nearly 100,000 individuals to the Navajo Nation Vital Records database which can now be used to self-certify a much larger enrolled population," said Kirk. "In addition, future enrollment-based funding sources that the Nation relies upon will also benefit from this effort by being able to have access to a more robust, verifiable and larger population database."

In addition, the Controller's Office helped launch the Small Business Program that helped more than 4,000 applicants and approved \$26.5 million for Navajo artisans and small businesses. The Controller's Office also assisted with overseeing spending appropriated to Navajo Nation Chapters.

"Within a matter of weeks, we created a portal solution, delivered training and secured a national supplier to procure \$30 million of essential supplies during the height of the second wave of the COVID-19 pandemic for Navajo Nation Chapters," said Kirk. "The Controller's Office also assisted with erecting a 120,000-square-foot storage facility to house the essential products that were ordered. This represented over 9,000 pallets that were ordered on November 17, and delivered to Window Rock by December 30."

The Office of the Controller also managed more than \$180 million in pass-through federal grant funding to tribal enterprises and private nonprofits to support COVID-19-related projects, and they also developed a solution to provide a \$24 million Small Business Interruption Grant to the Navajo Nation Gaming Enterprise to help keep their 1,000 employees on payroll during the pandemic.

The Controller's Office also created the \$43 million Payroll Support Program which reimbursed the Navajo Nation's allowable expenditures with CARES Act funding—thus building up the Undesignated, Unreserved Fund Balance (UUFB). The UUFB is currently being used to fund the FY 2021 Budget, summer youth employment, Chinle Nursing Home and other pending requests.

"Our office helped to create this increased balance in the UUFB and we are simply requesting help to fund our office this last quarter in the amount of \$1.8 million, which is a small fraction of the \$15.9 million of the total request in the legislation," Kirk said.

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