Office of the Controller successfully manages CARES Act funding, gearing up for second round of funding from the American Rescue Plan

WINDOW ROCK, Ariz. – With minimal guidance and strict compliance monitoring by the U.S. Treasury, the Navajo Nation Office of the Controller reports it has overseen the expenditure of over $714 million of federal funds from the Coronavirus Relief Fund or CARES Act funds since August 2020.

Despite criticism from Navajo Nation leadership and the public, the Controller’s Office believes it has successfully managed several CARES Act-related programs including the Navajo CARES Act Hardship Assistance Program, the Small Business Program, the Chapter Distribution Program, providing a grant to Navajo Nation Gaming Enterprise and monitoring subrecipient grants. Above all, the Controller’s Office is constantly reporting in detail to the U.S. Treasury to ensure consistent transparency and accountability.

The $714 million of federal funds is a 225% increase from what the Navajo Nation normally manages in federal funds over a normal 12-month period. Despite the significant increase, the time-frame in which the Navajo Nation spent these funds spanned only four months, with the first expenditure not occurring until Aug. 28, 2020 with a deadline of Dec. 30, 2020 for which all funds must have been expended.

Thankfully, the U.S. Congress provided an extension but the Navajo Nation did not grant this extension for their expenditure plans as funds had been earmarked for the Hardship Assistance program.

Pearline Kirk, controller of the Navajo Nation, explained the Office of the Controller is currently undergoing their external audit which is normal protocol.

“The external audit is reviewing a portion of the expenditures made under the CARES Act, including grants made as part of the Small Business and Artisan Program, expenditures by the Navajo Nation for pandemic response and the large grant made to the Navajo Nation Gaming Enterprise,” she said.

Kirk also explained there continues to be a steadfast focus on ensuring the transparency and accountability for these federal funds across Indian Country.

“The U.S. Treasury has been conducting ongoing tribal consultation and some tribes shared their experience in working with the U.S. Treasury’s Office of the Inspector General (OIG),” she said. “The OIG is questioning any and every expenditure made, including those that may have been done as a broad distribution to cover such items as utility costs, presumably without an application or eligibility determination, as well as care packages and infrastructure enhancements.”

The OIG is also asking for records beyond those related directly to the CARES Act funding, such as debt agreements for funding used to acquire certain assets or construct of buildings.

“This further demonstrates the need to ensure compliance with the U.S. Treasury guidance and FAQs and to hold the Navajo Nation’s leadership accountable to the expenditures of these federal funds,” Kirk said. “The primary purpose of the Controller’s Office, as enacted in Title 12 under Navajo Nation law, is
to protect the interest of the Navajo Nation by ensuring compliance.”

To help manage all this federal funding, the Office of the Controller and its consultants created first-ever financial systems for the Navajo Nation to use which will certainly help in managing the second large federal funds distribution from the American Rescue Plan (ARP). The ARP is expected to provide more than double the amount of federal funds to the Navajo Nation than what was received in CARES Act funding, but with a longer time frame to expend.

U.S. President Joe Biden signed the American Rescue Plan Act into law March 11. This approval will funnel $1.9 trillion of COVID-19 relief aid to Americans, including $20 billion directly to tribes with $1 billion expected to be equally allocated to the 574 federally-recognized tribes and the remaining distributed according to the U.S. Treasury.

“The financial systems we built will certainly help and will remain available for the American Rescue Plan funding,” said Kirk. “These systems are maintained by the Office of the Controller and their consultants, and they present a significant opportunity for the Navajo Nation to save on the costs of rebuilding and replicating for similar expenditure plans that may be passed under future funding through the ARP.”

Kirk explained the expected increase in direct federal funding from the ARP is due largely to the amount set aside for Indian County. She also said the U.S. Treasury has not yet established the funding formula but it is expected that a significant portion of the funding will be distributed based on self-certified enrollment data.

“The use of self-certified enrollment data is significant, especially in light of the significant effort undertaken by the Office of the Controller to clean up and document enrollment for thousands of Navajo Nation members as part of the Navajo CARES Act Hardship Assistance Program,” said Kirk. “As part of our efforts, we are able to provide a higher enrollment number than was previously provided under the CARES Act with more accuracy and certainly in our enrollment figures. This could mean a significant increase in the amount of funding the Navajo Nation will receive this next round thanks to efforts of the Office of the Controller and its consultants.”

Kirk is thankful for the work of her staff and consultants, and she is confident auditors will find records compliant and in order.

“I commend my staff and our consultants for their diligence and dedication to the Navajo People and in helping to manage their money,” said Kirk. “As we proceed forward with receiving more federal funds from the ARP, we will be here to carefully monitor the funds on behalf of the Navajo People and ensure there is transparency and accountability in all expenditures.”

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