



NAVAJO NATION DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

LOUIS DENETSOSIE
ATTORNEY GENERAL

HARRISON TSOSIE
DEPUTY ATTORNEY GENERAL

MEMORANDUM

TO: Chapter Officials and Administration
All Navajo Nation Chapters

THROUGH:

Luralene D. Tapabe
Luralene D. Tapabe, Asst. Attorney General
Economic/Community Development Unit, Dept. of Justice

FROM:

Greg Kelly
Greg Kelly, Staff Attorney
Economic/Community Development Unit, Dept. of Justice

DATE: January 14, 2010

SUBJECT: Authority to Oversee Budget Preparation and
Finalization

It has been brought to the attention of the Department of Justice (DOJ) that some chapter officials are trying to take over the preparation of the budget from the Chapter Manager (or the Community Service Coordinator in the case of non-certified chapters) and in some cases the officials have even assigned the budget preparation process to chapter members or to chapter committees.¹ Please be advised that pursuant to the Local Governance Act, 26 N.N.C. §§ 1 et seq., only the Chapter Manager (or the Community Services Coordinator, as applicable) has the statutory authority to prepare and finalize the proposed chapter budget for chapter approval. See 26 N.N.C. § 2003 (C).

In preparing and finalizing each fiscal year's budget, the Chapter Manager or Community Service Coordinator (hereinafter "Manager") must consult with the chapter officials, and must present the proposed annual budget at a duly held planning meeting. Id. To the extent allowed under Navajo Nation law, the

¹ In the transition to LGA certification, chapters have a "Community Services Coordinator" who is charged with the duties and authorities of the "Chapter Manager" as described under the LGA. See Local Governance Support Center Plan of Operation IV (B) (6) (j).

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Manager must incorporate the objectives of the chapter membership into the proposed budget. Id. Once finalized by the Manager in consultation with the officials, the proposed budget is then presented to the Chapter membership for approval at a regularly scheduled Chapter meeting with reasonable advance notice to the membership. Id.

In preparing and finalizing the proposed budget, the Manager must ensure compliance with the chapter's Five Management System (FMS) and the annual budget instruction of the Navajo Nation Office of Management and Budget (OMB), as well as other applicable laws, regulations and policies. Id. The Manager is the fiduciary and custodian of chapter funds. Id. at § 1004 (C). Preparation and finalization of the budget is an administrative duty that the Manager carries out as the chapter's fiduciary. It is inappropriate and unlawful for chapter officials to take over or interfere in the Manager's administrative duties, to attempt to control or hinder the Manager's authority to oversee the chapter budget process, or to assign the Manager's budgetary duties to chapter members or chapter committees. See 26 N.N.C. § 1001 (prohibiting direct involvement in administrative functions by chapter officials) and § 1004 (D) (prohibiting direct involvement by chapter members in the management and operations of the chapter).

As the overseers of chapter policy, it is the responsibility of the chapter officials to get input from the chapter committees and chapter members about the yearly objectives of the chapter membership so that those objectives can be incorporated into the proposed chapter budget prepared by the Manager. Those objectives should then be communicated to the Manager through the chapter officials. However, the Manager has the final authority to determine how those objectives can be lawfully met in a proposed budget in accordance with the chapter's FMS, OMB's instructions, and other applicable law and policies.

If you have any questions about this matter, please call the Department of Justice, Economic and Community Development Unit, at 928-871-6933.

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xc: Local Governance Support Centers