

RESOLUTION OF THE
NAVAJO NATION COUNCIL

21st NAVAJO NATION COUNCIL - First Year, 2007

AN ACT

RELATING TO BUDGET AND FINANCE, COMMUNITY DEVELOPMENT;
APPROVING THE NAVAJO NATION CHAPTER FIVE MANAGEMENT ACT OF
2007; AMENDING 26 N.N.C. §101

BE IT ENACTED:

Section 1. Approve the Navajo Nation Chapter Five
Management System Manuals Act of 2007.

The Navajo Nation Council hereby approves the Navajo
Nation Chapter Five Management System Manuals Act of 2007,
to create accountable local governments and to create a
standardized management system in accordance with generally
accepted accounting principles.

Section 2. Amendments to Title 26 of the Navajo Nation
Code

The Navajo Nation Council hereby approves the
following amendments to Title 26 of the Navajo Nation Code:

Title 26. Navajo Nation Code

Chapter 1. Navajo Nation Chapters

Subchapter 3. Navajo Nation Chapter Governance

§ 101. Chapter government requirements

A. To ensure accountability, all chapters are required
to adopt and operate under a Five Management System.
Chapters shall develop policies and procedures for the Five
Management System consistent with applicable Navajo Nation
law, or Chapters may adopt a standardized Five Management
System as approved by the Navajo Nation Council.

B. Chapters wanting to administer land, pursuant to this Act, are required to develop a community based land use plan based upon results of a community assessment.

Section 3. Approving the Standardized Five Management System Manuals

The Navajo Nation Council hereby approves the following standardized Five Management System Manuals, and Chapter Amendment Policies & Procedures:

- A. Fiscal Policies & Procedures Manual - Exhibit A.
- B. Personnel Policies & Procedures Manual - Exhibit B.
- C. Procurement Policies & Procedures Manual - Exhibit C.
- D. Property Management Policies & Procedures Manual - Exhibit D.
- E. Records Management Policies & Procedures Manual - Exhibit E.
- F. Chapter Amendment Policies & Procedures - Exhibit F.

Section 4. Effective Date

This Act is effective upon the approval of a majority of all chapters of the Navajo Nation, pursuant to 26 N.N.C. §1(E).

Section 5. Codification

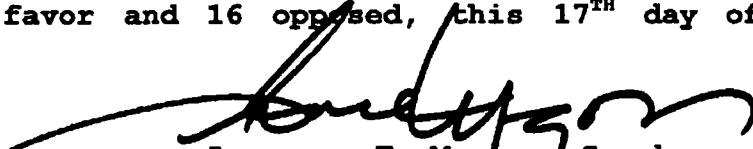
The provisions of this Act which amend or adopt new sections of the Navajo Nation Code shall be codified by the Office of Legislative Counsel. The Office of Legislative Counsel shall incorporate such amended provisions in the next codification of the Navajo Nation Code.

Section 6. Savings Clause

Should any provisions of this Act be determined invalid by the Navajo Nation Supreme Court, or the District Courts of the Navajo Nation, without appeal to the Navajo Nation Supreme Court, those portions of this Act, which are not determined invalid shall remain the law of the Navajo Nation.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 58 in favor and 16 opposed, this 17TH day of October 2007.


Lawrence T. Morgan, Speaker
Navajo Nation Council
18 Oct 07
Date

Motion: Jonathan Nez
Second: Leslie Dele

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (10), on this _____ day of OCT 29 2007 2007.



Dr. Joe Shirley, Jr., President
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this _____ day of _____ 2007 for the reason(s) expressed in the attached letter to the Speaker.

Dr. Joe Shirley, Jr., President
Navajo Nation

**CHAPTER
FISCAL MANAGEMENT POLICIES AND PROCEDURES**

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**CHAPTER
FISCAL POLICIES AND PROCEDURES MANUAL**

I. AUTHORIZATION

- A. Pursuant to 26 N.N.C., Section 101 (A), the Chapter is required to formulate, implement, and operate in accordance with the Five Management System to ensure accountability. The Chapter has developed the Five Management System Policies and Procedures consistent with applicable Navajo Nation Laws.
- B. Pursuant to Chapter Resolution _____, this Fiscal Policies and Procedures Manual is hereby approved and adopted.

II. PURPOSE

- A. This manual is a statement of policies and procedures designed to ensure a financial management system which provides for planning, organizing, directing, and controlling the limited resources of the Chapter, in order to achieve its mission, goals, and objectives, and to meet various governmental compliance requirements.
- B. These policies and procedures shall apply to all employees of the Chapter, permanent or temporary and to the Chapter Officials, where specifically noted.
- C. The Chapter Officials, Chapter Manager, and Office Specialist will monitor and enforce the financial management system to ensure that proper fiscal records are maintained and that these policies and procedures are fulfilled.

III. APPLICABLE LAWS

The Chapter shall comply with all applicable State, Federal, and Navajo Nation laws such as Navajo Nation Business Opportunity Act and Navajo Nation Sales Tax Act.

IV. ROLE OF THE CHAPTER OFFICIALS

- A. The Chapter President shall work closely with the Vice-President and Secretary/Treasurer, to ensure that the Chapter administration is adequately complying with the Chapter's directives and expending funds according to the conditions of the Navajo Nation Council and/or the Chapter's annual budgetary objectives.
- B. The Chapter President shall report to the Chapter membership, pursuant to 26 N.N.C, Section 1001 (B) (1) (j). This report shall also include regulations, terms and conditions, assurances and certification requirements for all funding agencies other than the Navajo Nation.
- C. In the event that the Chapter President is not available, the Chapter Vice-President shall assume the role of the Chapter President and perform in that capacity.

- D. The Secretary/Treasurer shall monitor the accounting system to ensure accountability for all funds and expenditures and report to the Chapter membership during monthly Chapter meetings, pursuant to 26 N.N.C., Section 1001 (B) (3) (h).
- E. The Secretary/Treasurer and Chapter Manager shall be the co-signers on all checks. In the event the Secretary/Treasurer is unavailable, the Chapter President or Vice-President may be the co-signer of checks along with the Chapter Manager, pursuant to 26 N.N.C., Section 1001 (B) (3) (i).
- F. The Secretary/Treasurer, in consultation with the other Chapter Officials, shall ensure that the administrative staff prepares monthly financial reports covering all transactions and expenditures of the Chapter by categories. The Secretary/Treasurer is responsible for providing all financial reports to the Chapter membership at a duly called Chapter meeting, pursuant to 26 N.N.C., Section 1001 (B) (3) (i).
- ✓ G. Chapter Officials are prohibited from direct involvement in the management and operation of the Chapter Administration, pursuant to 26 N.N.C., Section 1001 (E). However, the Chapter Officials may provide recommendations or directives to the Chapter Manager for assignments that benefit the Chapter.
- H. Upon taking the oath of office, the Chapter Officials shall attend a training session on ethics in government sponsored by the Ethics and Rules Office of the Navajo Nation and on the Five Management System by the Chapter staff.
- I. The Chapter Officials shall maintain a high code of conduct in all Chapter business consistent with Navajo laws, including the Local Governance Act and Navajo Nation Ethics and Government Law.
- ✓ J. Chapter Officials are prohibited from rendering opinions, directions, or decisions contrary to the sound practice of leadership or contrary to the best interest of the Chapter, pursuant to 26 N.N.C., Section 1001 (H).
- K. Chapter funds shall not be disbursed for personal or private business use, or for loans of any type. Per capita distribution of funds by the Chapter is prohibited.

V. ACCOUNTING SYSTEM REQUIREMENTS

A. Policies:

The Chapter adopts the following standards for an accurate and efficient accounting system:

1. The accounting system shall be on a cash-basis method of accounting; therefore, the Chapter shall be deviating from the Generally Accepted Accounting Principles (GAAP) with respect to the basis of accounting and type of financial statements. Under the cash-basis method of accounting, revenues are recorded or recognized when received in cash and expenditures are recorded or recognized when paid.

2. The Chapter shall comply with the conditions of appropriation for restricted funds.
3. The Chapter shall maintain an accounting system that is capable of maintaining accurate records by identifying the source and applicable funds.
4. The Chapter shall maintain a system of internal controls to ensure that all funds are used and accounted for appropriately.
5. The Chapter shall maintain a system for monthly, quarterly and annual disclosure and reporting of its financial position and operations.
6. The Chapter shall have audits to evaluate the Chapter's financial activities and operations.

B. Fund Accounting:

1. The Chapter accounts are organized by fund types and account groups:
 - a. There are three main categories of funds for governmental operations: (1) Governmental Funds, (2) Proprietary Funds and (3) Fiduciary Funds. Most Chapter funds are governmental funds and within this category, each fund is grouped as either General Fund or Special Revenue Fund.
 - 1) The General Fund is the general operating fund of the Chapter. It is used to account for all financial resources, except those required to be accounted for in a Special Revenue Fund.
 - 2) The Special Revenue Fund is used to account for specific revenue sources that legally restrict expenditure of funds for specified purposes.
 - b. Each fund shall maintain a separate set of accounts for recording assets, liabilities, obligations, reserves and fund equity.
 - c. Each account is considered a separate accounting group for financial reporting purposes.
2. The Chapter will maintain the following funds, but not limited to:

General Activities Fund	Planning Grant Fund
Local Governance Act Fund	Housing Discretionary Fund
Stipend Fund	Maintenance/Utilities Fund
Public Employment Project Fund	Emergency Fund
Summer Youth Employment Fund	Veterans Fund
Navajo Nation Sales Tax	Personnel Funds
Scholarship Fund	Land Claims Trust Fund

Federal, State & County Funds

C. Financial Accounting Records:

1. The accounting system consists of accounting records and procedures which allow the Chapter to identify, assemble, analyze, classify, record, and summarize its financial transactions and report on its financial position and results of operations.
2. The accounting system's primary objectives are to provide reliable, accurate, and consistent financial information on a timely basis, to safeguard the Chapter's assets, and to provide reasonable assurance that the Chapter complies with all applicable laws and regulations.
3. The accounting system is to provide accounting records that support all account balances, and must be properly maintained to provide financial accountability for the Chapter. Accounting records include source documents, journals, registers, ledgers, financial statements and other supplementary records.
4. The Chapter shall maintain all aspects of its accounting records in accordance with its Records Management Policies and Procedures Manual.

VI. CHAPTER OPERATING BUDGET

- A. Chapter funds shall not be expended without an approved annual budget and expenditures shall not exceed the budgeted amounts without prior approval by the Chapter membership.
- B. Any person, agent, staff or Chapter Official misappropriating or misusing Chapter funds or property shall be subject to prosecution under the applicable laws of the Navajo Nation and if appropriate, under the laws of the Federal government.
- C. The Chapter fiscal period shall be October 01 – September 30.
- D. Budget Preparation and Procedures:
 1. Upon notification of the Chapter's base-planning funds from the Navajo Nation, the Chapter Manager, in consultation with the Chapter Officials, will review the Budget Instructions Manual (BIM) of the Navajo Nation Office of Management and Budget (OMB) which will be used to prepare the Chapter's annual budget.
 2. At least four (4) months before the end of the fiscal year, the Chapter Manager, in consultation with the Chapter Officials, will prepare a proposed budget (using the OMB budget forms) and schedule hearing(s) to obtain input on the proposed budget from the Chapter membership at a duly called Chapter meeting.
 3. The proposed budget will be formulated based upon the Chapter goals and objectives established through these budget hearing(s).

4. The proposed budget will be in compliance with all budget guidelines and time lines.
5. The proposed budget will address the needs of the Chapter.
6. The proposed budget will be prepared based on the Navajo Nation Appropriations, Chapter revenue projections, and performance measures.
7. The approved Chapter operating budget will also include unexpended funds from the previous fiscal year approved as carryover funds by the funding agency(s); however, some fund agency(s) may not permit the carryover of funds.
8. At least two (2) months before the end of the fiscal year, the Chapter Manager and Chapter Officials will present, and explain the Chapter's proposed annual budget to the Chapter membership for discussion and vote on the budget at a duly called Chapter meeting.
9. The approved budget will be submitted to the Navajo Nation OMB.
10. The Chapter Manager will notify the Chapter Officials if any changes in the budget occur after it is approved by the Chapter membership. At the next duly called planning meeting, the Chapter Officials will discuss any such proposed amendments or modifications and how they are reflected in the budget changes.
11. The proposed budget amendment(s) will be forwarded to the next duly called Chapter meeting for discussion and approval by the Chapter membership. The Chapter Manager will present, in detail, all budget-related documents for review by the Chapter membership prior to approval of amendments.
12. All modifications or revisions to the approved operating budget during the fiscal year will be documented on appropriate budget modification/transfer forms, reviewed by the Chapter Officials and if necessary, approved by the Chapter membership. The Chapter resolution approving the budget modification/transfer will remain effective for the fiscal year.
13. The Chapter Manager/Office Specialist will establish fund ledgers based on the approved budget; a ledger will be established for each Chapter fund. The Chapter Manager shall refer to these ledgers during the course of the fiscal year when reviewing purchase requests, approving expenditures and processing transfers.
14. The Office Specialist will maintain current records of all financial transactions including budget modifications or transfers at all times.
15. The Chapter Manager will monitor the budget, and report on the budget activities and performance to the Chapter membership on a quarterly basis.

VII. INTERNAL CONTROL POLICIES AND PROCEDURES

The following internal controls are to ensure that the Chapter's assets and resources are protected against waste, fraud and inefficiency, and to ensure that the accounting data received are accurate and dependable, as well as to comply with the regulations, terms and conditions, assurances, and certification requirements of all funding agencies.

A. Cash Receipts:

1. Policies:

- a. The Office Specialist shall be the designated custodian.
- b. The Office Specialist shall use a two-copy pre-numbered receipt form to record all cash received, whether by check, money order, or currency. For cash receipts of nominal amounts, the Office Specialist may maintain a cash log to record the receipts rather than issuing pre-numbered receipt forms for each transaction.
- c. Immediately upon receipt, all checks and money orders received shall be endorsed "For deposit only" or stamped with the Chapter's account and mailing information.
- d. All such receipts shall be promptly recorded and accurately classified in the cash receipts journal on a weekly basis. The Chapter Manager shall verify the cash receipts journal is complete.
- e. All cash receipts shall be deposited intact in the Chapter's bank accounts on a bi-weekly basis or when receipts reach a total of \$200.00 or more.
- f. Cash receipts (cash on hand) shall be secured in a locked cash box and further safeguarded in a safe or locked file cabinet at all times.
- g. The handling of all cash receipts shall be properly segregated to ensure that no single employee is in a position to collect, deposit, safeguard, and reconcile all of the cash receipts.
- h. Cash receipts shall not be used as cash disbursements for any expenditure, such as travel, salary advances, or personal loans.

2. Procedures:

- a. The Office Specialist will receive and record all cash received, whether by check in the mail or currency, on a two-copy pre-numbered receipt form or the cash log. On each receipt form, the Office Specialist will record the payer's name, purpose of the cash receipts, revenue source, amount received, date received, and initials of custodian.

- b. The Office Specialist will stamp all checks and money orders with a restrictive endorsement immediately upon receipt.
- c. All cash receipts shall be recorded weekly onto the Cash Receipt Journal.
- d. The Office Specialist will mail or give the original copy of receipt form to the person or organization from which the money is received.
- e. The Office Specialist will secure all undeposited cash, money orders and checks in a locked cash box and safe at all times.
- f. At time of deposit, the Office Specialist will prepare the bank deposit slip and forward the deposit slip along with the checks, money orders, currency, receipt book, cash logs, and cash receipts journal to the Chapter Manager for verification.
- g. The Chapter Manager will reconcile the deposit amount to the actual cash (i.e. checks, money orders, currency), the cash receipt tickets, cash logs, and cash receipts journal. The Chapter Manager will initial the cash receipts journal to indicate the reconciliation was completed and any variances were appropriately addressed
- h. The Chapter Manager will deposit the monies into the Chapter's bank account.
- i. The Chapter Manager will obtain a receipt for the bank deposit and return the receipt to the Office Specialist, who will verify the deposit to the cash receipts journal. Thereafter, the Office Specialist will record the deposit in the appropriate checking/savings account registers and fund ledgers.
- j. The Chapter Manager/Office Specialist will report any discrepancies or variances immediately to the Chapter Officials. If the Chapter Manager/Officials determine negligence on the part of the Chapter staff, immediate action will be taken pursuant to the Chapter Personnel Policies and Procedures Manual.
- k. Once the discrepancies are resolved, the Chapter Manager/Office Specialist will adjust the cash receipts journal accordingly.
- l. The Secretary/Treasurer will report the cash receipts as part of the monthly financial reporting to the Chapter membership at duly called Chapter meetings.

B. Petty Cash

1. Policies:

- a. A petty cash fund of \$100.00 shall be established by a Chapter resolution.
- b. The Office Specialist shall be designated as the custodian of the petty cash fund and be the only person authorized to administer the petty cash fund.
- c. The petty cash fund shall be maintained on an imprest system which means the cash in the petty cash box plus the petty cash vouchers and receipts shall equal the authorized petty cash fund amount of \$100 at all times.
- d. The petty cash fund shall be used to make small purchases (postage stamps, Xerox/copying fees, coffee, gasoline, and any other miscellaneous expense) that are impractical to make with a check.
- e. Each petty cash disbursement shall not exceed \$25.00. For any expenditure over \$25, the Chapter will issue a check.
- f. Each petty cash fund disbursement shall be documented on a petty cash voucher form. The pre-numbered vouchers shall record the amount, date, purpose and approval of the custodian.
- g. Each petty cash fund disbursement shall be supported with adequate documentation (i.e. invoices, cash register tapes, receipts, etc.) at all times. All supporting documentation shall be defaced after payment to avoid any duplicate payment.
- h. The petty cash fund shall be replenished when it depletes to \$10.00 or less.
- i. The petty cash fund shall be established and replenished from the Chapter's General Activities Fund.
- j. At all times, the petty cash fund shall be accounted for and maintained separately from all other cash receipts.
- k. The petty cash fund shall not be used for travel/salary advances, or any other forms of monetary assistance or loans.
- l. Only permanent Chapter employees and Chapter officials shall be authorized to request the use of the petty cash fund.

2. Procedures:

- a. The Chapter Manager will issue a check made payable to the petty cash custodian for "petty cash."

- b. The Office Specialist as the designated petty cash custodian will establish a Petty Cash Ledger to record all expenditures and replenishments as they occur.
- c. The Office Specialist will cash the check and maintain the funds separately from the cash receipts in a locked cash box during business hours. At the end of each business day, the cash box will be secured in a locked safe.
- d. When an authorized individual requests for petty cash funds to make a small purchase, the Office Specialist will verify the request meets the fund requirements (allowable expense, amount is less than \$25 and funds availability).
- e. If the request meets the fund requirements, the Office Specialist will prepare a petty cash voucher and disburse the requested amount of funds to the requestor. The Office Specialist will record the transaction in the Petty Cash Ledger.
- f. The requestor will return the receipt and any change to the Office Specialist. The Office Specialist will attach the receipt to the voucher, stamp "PAID" on the receipts, and adjust the Petty Cash Ledger for any change returned by the requestor.
- g. When the petty cash fund reaches \$10 or less, the Office Specialist will request to replenish the fund. The Office Specialist will submit the Petty Cash Ledger, vouchers, receipts and any cash on hand to the Chapter Manager for review
- h. When replenishing the petty cash fund, the Chapter Manager will review all vouchers to make sure the petty cash expenditures complied with the policies, and transactions were properly approved and supported with adequate documentation.
- i. The Chapter Manager will also reconcile the total cash on hand and vouchers to the original authorized petty cash amount of \$100. If there are no discrepancies, the Chapter Manager will authorize another check payable to the custodian to replenish the petty cash fund.
- j. The Chapter Manager will immediately report any discrepancies or variances to the Chapter Officials. Any variances will be investigated and resolved in a timely manner.
- k. If the Chapter Manager/Officials determine negligence on the part of the Chapter staff, Immediate action will be taken pursuant to the Chapter Personnel Policies and Procedures.

C. Certificate of Deposits and Other Investments:

1. Policies:

- a. Investments shall be limited to readily marketable and negotiable instruments that are low in risk.
- b. The investment shall be established by a Chapter resolution.
- c. All initial investment(s) and subsequent changes shall be approved by the Chapter membership with a Chapter resolution. Specifically, withdrawals from the investment account(s) must be properly documented and approved by the Chapter Manager and Chapter Officials as the authorized signatories to the bank accounts.
- d. Investment documentation shall include the investment accounts, maturity dates, custodian, location, account numbers, and changes in value. This documentation shall be sent directly to the Chapter's mailing address.
- e. Any changes to the investment(s) (i.e. withdrawals, sales, rollovers, etc.) shall be reported to the Chapter membership at a duly called Chapter meeting.
- f. All interest earned from interest bearing accounts shall be added to the principal amount of the investment and recorded as interest income.
- g. All original documents pertaining to investment accounts shall be properly secured in a locked safe at the Chapter administration office.

2. Procedures:

- a. The Chapter Manager will ensure that proper documentation is maintained and each investment is recorded in the proper journals, ledgers, and financial statements.
- b. The Chapter Manager will record all interest income on a quarterly basis to appropriate bank account registers and fund ledgers.
- c. Upon request for investment of Chapter funds, the Chapter Manager will provide pertinent information to the Chapter Officials and community members.
- d. The Chapter Manager will consult with the Chapter Officials on a monthly basis concerning any changes, or activities of the Chapter investment(s).
- e. The Chapter Secretary/Treasurer will monitor all investments and keep the community members informed of investment results at duly called Chapter meetings.

D. Cash Disbursements:

1. Policies:

- a. The handling of all cash disbursements shall be properly segregated to ensure that no single employee is in a position to authorize, execute, and approve all aspects of cash disbursements.
- b. All disbursements (payments) shall be made by check only from the Chapter general checking account, unless specified that the vendor does not accept checks then the Chapter Manager shall obtain a cashier check or money order in the vendor's name.
- c. Withdrawals shall be made from the savings accounts and funds transferred to the checking account for disbursement as needed.
- d. The Chapter shall use only pre-numbered checks.
- e. The Chapter Manager and Secretary/Treasurer shall co-sign all checks for disbursement. Two signatures shall be required for all checks; the Chapter Manager as the primary signatory and Secretary/Treasurer as the secondary signatory.
- f. In the event the Secretary/Treasurer is unavailable, the Chapter President or Vice-President shall be authorized to co-sign checks with the Chapter Manager.
- g. If the check is payable to an authorized signatory, the check can be signed by the authorized signatory so long as the check has all essential documents attached.
- h. All checks shall be pre-numbered and the Office Specialist shall maintain a log (based on check no.) of the checks held by the Chapter.
- i. The checks shall contain the name and address of the Chapter, bank name, and bank account number.
- j. The Chapter's chart of accounts shall be used to determine the appropriate accounts to which the disbursement is charged.
- k. No checks shall be written out to "cash" and no blank check shall be signed before it is filled out.
- l. The Chapter shall be prohibited from making monetary loans to individuals using Chapter funds.

- m. All disbursement transactions shall be reconciled on a monthly basis to ensure funds are disbursed with proper approval, based on adequate documentation, and in compliance with fund guidelines and budget stipulations.
- n. All paid invoices and supporting documentation shall be properly marked (defaced) by indicating "Paid", amount paid, and date to avoid duplicate payments.
- o. Disbursements which were not budgeted are prohibited. Any disbursement of Chapter funds requires Chapter membership approval at a duly called Chapter meeting and the approval recorded in the Chapter meeting minutes.
- p. All restricted funds shall be properly budgeted before funds are expended and all funds shall comply with the operating budget.
- q. The Chapter Secretary/Treasurer and Chapter Manager shall ensure compliance with all fund disbursements and monitor payables.
- r. The Chapter shall submit timely payments to take advantage of any purchase discounts or payment-term discounts.

2. Procedures:

- a. The Office Specialist will prepare a Fund Approval Form indicating the date, amount, check number, account number and fund availability.
- b. The Office Specialist will attach the Fund Approval Form to invoices, quotes, claim forms, timesheets, etc., to support all disbursements before submitting to Chapter Manager.
- c. The Office Specialist will review all invoices to ensure completeness and that goods or services have been received. He/she will then submit the Fund Approval Form and supporting documents to the Chapter Manager for payment approval.
- d. The Chapter Manager will review the supporting documentation for necessity, reasonableness and allowability. The Chapter Manager will review the completed check to ensure the check is payable to the vendor and all supporting documentation is complete. The Chapter Manager will sign the check and submit to the Chapter Secretary/Treasurer, who will also review the check and supporting documentation for necessity, reasonableness and allowability before co-signing.
- e. The original check will be mailed or distributed to the payee(s).

- f. The Office Specialist will record all disbursements immediately in the monthly check register and applicable fund ledgers.

E. Bank Reconciliation:

1. Policies:

- a. The Office Specialist who is not a check signer shall be designated to prepare the bank reconciliation.
- b. Upon receipt of all bank statements from all bank accounts, reconciliations shall be prepared within one day.
- c. Any unexplained discrepancies must be reported immediately to the Chapter Manager for corrective action.
- d. All outstanding check(s) that exceed sixty (60) calendar days from issue date shall be automatically voided and a "stop payment" placed with the bank.

2. Procedures:

- a. Upon receiving the bank statement and cancelled checks, the Office Specialist will compare the cancelled checks to the checkbook register to ensure that the numbers, dates, payees, and amounts are in agreement. Cancelled checks will be examined for alterations, authorized signatures and irregular endorsements.
- b. The Office Specialist will review the list of outstanding checks on the bank reconciliation form. If the list of outstanding checks discloses any checks that have been outstanding for sixty (60) calendar days, the Office Specialist will contact the bank and request for a stop payment on these checks.
- c. Once the bank has confirmed the stop payment, the Office Specialist will delete those checks from the list of outstanding checks and credit the checkbook register and the appropriate fund ledger by the amount of the voided checks.
- d. Before the voided check can be re-issued, a proper justification from the payee will be required and approval from the Chapter Manager. Any bank service fee incurred to re-issue the check will be assessed to the payee.
- e. The Office Specialist will compare the date and amount shown on the bank statement to the bank deposit slips and monthly check register maintained on file, and prepare a list of deposits which have not yet posted.

- f. Any variance noted will be investigated and resolved, and the monthly check register balance adjusted if necessary. The bank charges indicated on the bank statement will be recorded in the monthly check register.
- g. The Office Specialist will begin with the bank statement ending balance and make adjustments as follows using the Monthly Bank Reconciliation form:
 - (+) Deposits not yet posted
 - (-) Outstanding checks
 - (=) Month-end reconciled balance, which should be the same as the balance in the monthly check register
- h. If there are differences, then an investigation to resolve the matter is necessary.
- i. Once completed, the Office Specialist will sign and date the reconciliation form. The reconciliation form, monthly check register, bank deposit slips, and bank statements will be forwarded to the Chapter Manager for review.
- j. The Office Specialist will reconcile the monthly check register balance against the fund ledger balances.
- k. If there are discrepancies, the Chapter Manager will consult with the Office Specialist and/or Chapter Officials for appropriate action.
- l. The Chapter Manager will review the reconciliation form for accuracy, completeness, and sign the form and return the documents to the Office Specialist for filing.
- m. The reconciliation form, bank statement and cancelled checks will be filed by account and by month.
- n. The Chapter Manager and Secretary/Treasurer will monitor the bank account balances to avoid overdraft charges.

F. Bank Accounts:

- 1. The Chapter shall maintain only one checking account and one savings account at a federally insured depository institution.
- 2. All bank records shall be sent directly to the Chapter's mailing address.
- 3. A signature authorization card for each bank account shall be maintained and kept on file at the bank and at the Chapter Administration office.
- 4. Prior to any bank account changes such as fund transfers, financial institution, type of accounts, or authorized signatories (Chapter Manager or Chapter Officials), the

Chapter shall immediately approve the changes at a duly called chapter meeting and notify the bank with a Chapter resolution.

5. All bank accounts shall be held in the name of the Chapter.
6. Each check issued shall have two required signatures.
7. The Chapter shall have its own employer identification number for its bank accounts, including the investment and savings accounts.
8. The Chapter prohibits direct cash withdrawals and ATM/debit/check cards.
9. All unused checks, checkbooks, and bank records shall be safeguarded in a locked safe at the Chapter.

G. General Fixed Assets:

1. Policies:

- a. Fixed assets shall be any property owned by the Chapter such as office equipment, office furniture, heavy equipment, vehicles, land, and buildings.
- b. The fixed assets capitalization threshold shall be any property owned by the Chapter which values \$500.00 or more.
- c. Accurate and reliable records shall be maintained on all fixed assets found, donated, and acquired by lease or purchase.
- d. These records shall include a description of each asset and their respective identification number, cost and location. Expected lifetime and depreciation records shall also be maintained.

2. Procedures:

- a. The Office Specialist will maintain the fixed asset records using the Fixed Asset Inventory Form. The Office Specialist will tag all fixed assets with identification tags bearing description, date acquired, and identification number.
- b. The Chapter Manager and Office Specialist will maintain and update accounting records for any fixed asset changes (i.e., acquisitions, transfer, sale, loss due to damages or theft, or disposal) in a quarterly inventory of all Chapter fixed assets.
- c. The Chapter Manager and Office Specialist will reconcile the accounting records to the fixed asset.

- d. The Office Specialist will record and report in the Chapter's accounting financial records the total dollar value of inventory items and the changes thereto, including acquisition and disposition of each fixed asset and its funding source.
- e. The Office Specialist will verify the inventory on an annual basis through a physical count.
- f. Any differences from the financial records will be investigated for cause and the records adjusted accordingly.
- g. If cost documentation is lacking to establish the value of any Chapter fixed asset, the value will be estimated by the Chapter Manager using the fair market value.
- h. The Chapter Manager will be responsible for the disposition and safekeeping of the assets and in the event of loss or theft, the Chapter Manager will refer to the Chapter Property Management Policies and Procedures Manual.
- i. The accountability of the Chapter's general fixed assets in the accounting records and financial statements will be the responsibility of the Chapter Manager, pursuant to the Chapter Property Management Policies and Procedures Manual.
- j. The total of the fixed asset inventory will be entered into the Balance Sheet under Fixed Assets and an equal amount under Investments in Fixed Assets.

H. Chart of Accounts:

- 1. When formulating its annual Chapter budget, the Chapter shall follow the Navajo Nation Budget Instructions Manual, pursuant to the Navajo Nation Local Governance Act (LGA) 26 N.N.C., Section 2003 (B) (1).
- 2. The Chapter shall use the Navajo Nation chart of accounts when Navajo Nation General and Fiduciary funds are involved.
- 3. The Chapter shall use the Navajo Nation chart of accounts found in the Budget Instructions Manual and in addition, use Object Code 6999 for miscellaneous expenditures. The Chapter will use fund codes 01 - 90.
- 4. The Chapter Manager, in consultation with the Chapter Officials, shall be authorized to make changes to the Chapter chart of accounts.

I. Payroll:

1. Policies:

- a. The Chapter shall establish and maintain a salary and wage schedule. The Chapter shall abide by the Federal minimum wage law in effect.
- b. Appropriate segregation of duties shall be maintained to ensure that no single Chapter employee is in a position to authorize, execute, and approve all aspects of payroll processing and disbursements.
- c. The Chapter shall operate under a cash basis of accounting; therefore all payroll expenses shall be recorded on the date the check is issued.
- d. The Chapter shall establish and maintain a system to account for the accrual and use of leave (annual, sick, compensatory or overtime).
- e. The Chapter shall comply with all applicable Navajo Nation, State and Federal laws and regulations relating to payroll.
- f. The Chapter shall have its own employer identification number for tax purposes when reporting and remitting applicable payroll taxes to the Internal Revenue Service (IRS).
- g. Personnel records on each employee shall be maintained at the Chapter Administration office. These records shall include, but not be limited to:
 - 1) Employment application
 - 2) Personnel action form (PAF)
 - 3) Employee's federal withholding allowance certificate (W-4)
 - 4) Copy of social security card
 - 5) Copy of photo identification
 - 6) Copy of voter registration
 - 7) Voluntary deductions authorization
 - 8) Employee performance evaluation form
 - 9) New Mexico new hire form
 - 10) Wage garnishments
 - 11) Parental consent form

2. Procedures:

- a. The Office Specialist will prepare the Employee Earnings Ledger from the personnel action form.
- b. The employee earnings ledger will contain the employee's name, social security number, mailing address, authorized pay rate, date of employment, payment due, hours earned, gross pay, withholdings for FICA and Federal taxes, any other deductions and net pay.

- c. The Office Specialist will maintain time cards and/or sign in sheets on all Chapter employees. The sign in sheet will be signed by the Chapter employees each day to record their time of arrival and departure, particularly for Public Employment Program projects and student employment personnel.
- d. These records will be transmitted each week to the Office Specialist who will forward these documents to the Chapter Manager for review.
- e. The Office Specialist will retain these records and file them chronologically in accordance with the Records Management Policies and Procedures manual.
- f. The Office Specialist will calculate the time and hours worked for each employee and entering the total hours on the timesheet.
- g. The timesheet will also document regular and overtime hours worked, annual and sick leave, and leave without pay taken during each pay period.
- h. The Office Specialist will prepare the payroll checks based on the timesheets and summarize the payroll expenditures on the Payroll Journal. The payroll checks and all supporting documents are submitted to the Chapter Manager for review and approval.
- i. The Chapter Manager will review the timesheets and sign the payroll checks. The Chapter Manager will then forward the payroll checks with applicable documentation for the Secretary/Treasurer to review and co-sign the checks.
- j. After the payroll checks are signed, the checks will be given to the Office Specialist for distribution to the employees.
- k. The Office Specialist will record and post the payroll transactions to the appropriate accounting records.
- l. Each employee will personally obtain his/her check. In the event the employee is unable to pick up his/her check, the employee will provide a written authorization to release his/her payroll check to the authorized individual. The written documentation will clearly state the employee's social security number, address, signature, and the person designated to pick up the payroll check.
- m. The Chapter Manager's timecard (or sign in sheet), timesheet and payroll check will be reviewed and signed by his/her designated immediate supervisor.

- n. The Chapter President will be the designated supervisor of the Chapter Manager.
- o. The Chapter Manager will ensure that Workers Compensation is paid for all Chapter employees. The Chapter will provide for compensation by ensuring the payment of such insurance premiums with the Navajo Nation Workers Compensation Program and Risk Management Department.
- p. The Chapter, not the employee, will pay the insurance premium for the Workers Compensation coverage for its employees.
- q. The Chapter will participate in the State Unemployment Compensation Act Fund. The Chapter will be responsible for submitting the contribution to the New Mexico Department of Labor on a quarterly basis.
- r. Each month, the Office Specialist will prepare Form 8109 to report and remit the Social Security, Medicare (both employer and employee), and Employee Federal Taxes withholdings; remittance is made at the Chapter's designated banking institution.
- s. To avoid penalties, the Office Specialist will ensure that timely deposits are made on the monthly payroll tax deposit using appropriate IRS forms.
- t. Form 941 will be filed with IRS on a quarterly basis according to the designated due dates set by the IRS.
- u. The Chapter Manager will verify the accuracy of the calculations on form 941 to the payroll journal before submitting the form and payment.
- v. The Office Specialist will prepare and submit a US Department of Treasury Form 1099-MISC to each vendor to whom \$600 or more in fees, commissions, or other forms of compensation are paid.
- w. Such vendors will include independent contractors, attorneys, accountants, and other professionals contracted for services. These forms will be submitted to the vendor by January 31st and to IRS by February 28th of the following year.
- x. The Chapter Manager will prepare the W-2s for all employees employed by the Chapter during the calendar year. The W-2s should be mailed out no later than January 31st of the upcoming year.
- y. The Chapter Manager and Secretary/Treasurer will monitor pay advances and back pays to ensure accountability and proper management.
- z. The Chapter Manager and Secretary/Treasurer will monitor all payroll deductions to avoid any over/under payment of applicable deductions.

J. Travel:

1. Policies:

- a. Only reasonable and necessary travel expenses shall be reimbursed. The traveler will submit a report for each trip describing what was accomplished and how the Chapter and community benefited from the travel.
- b. The designated duty station for Chapter officials shall be the Chapter house. This designated duty station shall be used to calculate all travel mileage claims for meetings outside the designated duty station. For Chapter employees, travel between an employee's home and office or workstation is not considered official travel.
- c. The traveler will utilize the Navajo Nation per diem rates for lodging, meals, and mileage to calculate the travel expenses. If necessary, the Chapter shall develop its own calculations based on inflation and other associated travel costs.
- d. Travel Authorization (TA): Authorized travel expenses shall include transportation, lodging, meals, and other costs directly related to Chapter business while on travel conducted by a Chapter employee or elected official. Travel funds must be available in the Chapter's approved budget and all travel requests will be documented on a Travel Authorization form. To reduce costs, travel shall be limited to the most cost efficient method available.
- e. Travel Advances: The Chapter shall allow travel advances up to eighty percent (80%) of the total estimated travel expense. An employee or Chapter Official can only receive one outstanding travel advance at any one time. Any outstanding travel advances delinquent over ten (10) calendar days after completion of travel shall be deducted from the employee's salary or the Chapter Official's meeting stipend.
- f. Travel Expenses: Chapter Officials and employees shall be reimbursed for reasonable expenses while on travel for Chapter business, including lodging, meals, transportation, telephone, faxes and telegrams (only for Chapter business-related calls), and other incidental expenses. Any such expense shall require receipts to support the expenses. The Chapter shall pay in advance for the traveler any special fees such as registration fees for seminars, symposium, conferences, etc.
- g. Transportation: The Chapter shall reimburse all necessary transportation expenses on private vehicles, commercial airfare, rental vehicles, and other modes of transportation. Receipts shall be required for airfare, taxis and buses. Reimbursements shall be made at a rate equal to the least

expensive mode of transportation reasonably available. If a personal vehicle is used on Chapter business, employees and Officials shall be reimbursed for actual mileage at the Navajo Nation established mileage rate. If the traveler does not provide start and end odometer readings, the Office Specialist shall use a mileage chart.

- h. Meals and Incidental Expenses: The Chapter may establish a maximum amount allowable for reimbursement for meals and incidental expenses. In any circumstances, the Chapter reimbursement rate for meals shall not exceed the Navajo Nation established rates. Meals provided at no additional cost to the employee (such as meals included in travel, conference, etc.) shall not be reimbursed. The Chapter shall prohibit employees and Chapter Officials from obtaining government credit cards for travel.
- i. Travel Report: Each traveler shall submit a completed TA (expense portion), Trip Report and/or Mileage Log and applicable lodging, meals and gasoline, etc. receipts within ten (10) calendar days of his or her return. The trip report shall state the purpose of the trip, and accomplishments and benefits to the Chapter. In case of failure to submit these travel documents within ten (10) calendar days, the traveler shall forfeit any reimbursement, unless approved by the Chapter Manager or designated Chapter Official. Nevertheless, the traveler is still required to submit a trip report.

2. Procedures:

- a. The traveler will make a verbal or written travel request indicating the estimated travel costs and purpose to the Chapter Manager.
- b. Upon approval, the Office Specialist will type and complete a TA based on the travel request.
- c. The Office Specialist will be required to obtain from each traveler proof of current insurance and a valid driver's license when the traveler is using his/her personal vehicle. Photocopies will be obtained and filed.
- d. After reviewing the TA, the Office Specialist will forward the TA for approval and signature of the Chapter Manager.
- e. If the traveler requests a travel advance, the Chapter Manager will approve or deny the advance. If the traveler is a Chapter Manager, the Chapter Official will approve or deny the advance.
- f. Once the check for the travel advance is signed by the authorized signatories, the Chapter Manager will return the travel documents to the Office Specialist.

- g. The Office Specialist will disburse the check to the traveler, and will file copies of the travel request documents appropriately.
- h. The Office Specialist will record and post all travel transactions or expenditures to the appropriate fund ledgers and accounting records.
- i. Upon completion of travel, the employee or Chapter Official will complete the trip expense report portion of the TA and submit the completed TA to the Office Specialist.
- j. The Chapter Manager will review the trip expense report (per TA) and all supporting documents and calculate any over or underpayment from the total estimated travel costs. The traveler will remit any overpayment to the Chapter within ten (10) working days.
- k. After approval of the trip expense report, the Chapter Manager will return the travel documents to the Office Specialist to prepare a reimbursement check, if applicable, and file copies of the travel documents appropriately.
- l. The reimbursement will be based on actual costs and the check will be signed with the required two signatures. The check will be made out to the traveler and disbursed by the Office Specialist.
- m. The Chapter Manager will monitor the travel advance repayments with monthly reports.

K. Resale Inventory:

1. Policies:

- a. The Chapter shall maintain detailed records of inventory by establishing a perpetual (resale) inventory system and by utilizing a Perpetual (Resale) Inventory Form detailing the resale product, date, purchases, sales, and on-hand quantity. A form will be prepared and maintained for each resale item.
- b. The total dollar value of inventory items and any changes thereto shall be recorded in the Chapter's financial records by the Office Specialist.
- c. The Office Specialist shall maintain the incoming, on-hand, and outgoing resale items and update the perpetual inventory on a daily basis.
- d. The Office Specialist shall maintain proper documentation such as cash receipts for resale items sold, and invoices for items purchased for resale.
- e. The Chapter Manager shall verify the inventory on a monthly basis by reconciling the physical count to the inventory records.

- f. All resale items shall be safeguarded in a secured location.
- g. Any differences in the financial records shall be investigated for cause and the records adjusted accordingly.
- h. The inventory shall consist of goods purchased and/or produced for resale. Examples of such inventory are hay, grain, craft items, and wood/coal fuel for households.
- i. The Chapter shall use an inventory method to account for resale items purchased/produced and sold. The following is example of this inventory method:

Date	Purchase(s)	Sale(s)	On-hand
03/02/99	100 @ 1.50		100
03/10/99	50 @ 1.60		150
03/15/99		100 @ 1.50	50
		25 @ 1.60	25
03/20/99	25 @ 1.55		50

- j. The Chapter shall determine the cost and value of the resale items based on the following factors:
 - 1) Cost to produce the item
 - 2) Economic demand for the item
 - 3) Comparable price on the market
 - 4) Chapter-approved amount (for hay, grain, etc.)
 - 5) Non-Chapter voters shall be charged market price
- k. The Chapter shall maintain supporting documentation on all inventory transactions on an ongoing basis. These inventory records shall reflect the inventory receipts, issuances, and balances. The inventory record keeping and custodial functions shall be segregated for internal control measures.
 - 1) Inventory Sales Receipt (cash receipt): A pre-numbered and numerically controlled cash receipt form shall be prepared in duplicate for each sale.
 - 2) Each form shall be properly prepared and have the following information: number and quantities issued; unit sale price; customer, date; total amount of sales, and the signature of the employee who sold the inventory.
 - 3) The inventory sale receipts shall be recorded daily and reconciled with the inventory records on a monthly basis, or whenever necessary.

2. Procedures:

- a. The Office Specialist will immediately report any discrepancies in the inventory to the Chapter Manager.
- b. The Chapter Manager will review the inventory count listing and any findings by the Office Specialist.
- c. In such case where a major deficiency or change in the inventory is not properly recorded, the Office Specialist will consult with the Chapter Manager as soon as possible.
- d. The Office Specialist will monitor the resale activities to prevent overstocking, shortages, and loss as a result of theft, spoilage, or damage.

L. Financial Assistance:

1. All financial assistance shall be verified with other entities to ensure duplicate services are not being rendered.
2. The Chapter financial assistance shall be based on availability of funds.
3. All financial assistance shall be based on major emergency and severe hardship needs and required documents shall be provided.
4. All financial assistance shall be processed within five (5) business days. If approved, the Chapter Manager shall notify the requestor by telephone and if denied, the Chapter Manager shall notify the requestor in writing with explanation of denial.
5. The requestor shall completely and accurately complete the Assistance Application Form.
6. Forms shall only be available and given out during regular business hours, unless there is a priority one declaration of emergency by the Chapter President.
7. All donation requests shall be approved or denied based on the same criteria for financial assistance.
8. The Chapter Manager shall approve/disapprove requests based on the respective budgets approved by the Chapter membership. All financial assistance shall comply with applicable policies and procedures.
9. Specifically, the Chapter shall comply with the following criteria regardless of the type of assistance:

- a. All recipients must be registered members of the Chapter and listed in the Chapter's voter registry for six (6) months or more.
- b. All requests for assistance shall be documented on an Assistance Application Form and supported with other documents as required by the type of assistance requested (e.g., a scholarship award will need transcripts, etc.).
- c. All assistance shall be awarded based on availability of funds and in accordance with the ceiling limits set forth in the policies approved by the Chapter membership.
- d. All checks shall be made payable directly to the vendor(s) and/or educational institution(s). When applicable, check(s) shall be made payable to the requestor with the exception of scholarship and enrichment recipients; refer to the scholarship and enrichment policies and procedures.
- e. The Office Specialist shall record and post all transactions or expenditures to the appropriate accounting records.

10. The Chapter shall provide the following financial assistance:

- a. Student Scholarship and Financial Assistance
- b. Financial Assistance for Severe Hardship and Burial
- c. Housing materials
- d. Emergency (burnout)

M. Financial Statements and Supporting Financial Records:

1. Policies:

The Chapter shall generate the following basic financial statements and accounting records on the Chapter's financial position and results of operations on a periodic (monthly, quarterly, annually) basis in the following areas:

a. Financial statements:

- 1) Statement of Revenues, Expenditures and Changes in Fund Balances
- 2) Balance Sheet
- 3) Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

b. Accounting records:

- 1) Monthly Bank Reconciliation Form
- 2) Monthly Check Register with all checks
- 3) Bank Statements
- 4) Cash Receipt Journal
- 5) Savings or Investment Accounts Reconciliation Sheet
- 6) Savings or Investment Accounts Monthly Register
- 7) Fund Balance Sheet
- 8) Payroll Liabilities Summary

2. Procedures:

- a. The Chapter Manager and Office Specialist will prepare monthly financial statements and the Secretary/Treasurer or Chapter Manager will present the financial reports to the Chapter membership at duly called Chapter meetings following the end of each month.
- b. Copies of the financial reports will be maintained and securely stored in a Chapter administration office.
- c. The financial reports are public Chapter records but duplication will require proper authorization and a nominal fee.
- d. The financial reports can be reviewed by a Chapter member with proper authorization.
- e. The financial statements will be posted in a conspicuous place for public view.

3. Reports that will be submitted to applicable agencies including the Local Governance Support Center:

- a. Financial statements (monthly and quarterly)
- b. IRS 941, SUTA, Navajo Nation Sales Tax Payment, Workers Compensation, etc. (quarterly)
- c. Cash receipts journal (quarterly)

- d. Chapter Performance and Evaluation-Form 2 of OMB budget forms (quarterly)

N. Audit Requirements:

1. The Chapter shall require an audit of its financial operations including funds received from the Navajo Nation, State, County and Federal sources.
2. The Chapter may obtain the services of the Auditor General of the Navajo Nation, or at its discretion, contract with an independent licensed Certified Public Accountant to conduct the audit.
3. The Chapter Manager, in consultation with the Auditor General, Navajo Nation, shall ensure that the independent Certified Public Accountant, meets all requirements of the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.
4. In the process of selecting an auditor, the Chapter shall meet the policies and procedures established for procurement. The Chapter shall also contact potential audit firms through request for proposal and request that the audit firms submit proposals for evaluation.
5. Upon completion of the audit, the auditors shall be required to furnish a statement of findings on the results of the examination.
6. The Chapter shall require that an exit conference be held between the auditor(s) and Chapter officials to review the procedures taken by the auditor(s) and the findings identified.
7. The Chapter Manager and Officials shall have the opportunity to furnish written comments concerning the report. These comments shall then be incorporated into the overall report and submitted to the funding agency and to the Chapter membership.

O. Misuse of Chapter Funds or Assets:

1. Any individual, Chapter employee or Chapter Official who witnesses or has knowledge of misuse of funds or financial improprieties shall immediately report the violation to the Office of Ethics and Rules of the Navajo Nation.
2. Each Chapter Official and employee shall understand that it is part of his or her fiduciary duty to report any and all violations.

VIII. DEFINITIONS

The language and definitions contained in this section apply generally to the Fiscal Policies and Procedures manual, except as otherwise provided elsewhere in the Five Management System.

- A. **Accounting System:** the method and records established and maintained to identify, assemble, analyze, classify, record, and report the Chapter's financial transactions and to maintain accountability of such transactions and related assets and liabilities, in accordance with generally accepted accounting principles.
- B. **Assets:** tangible and intangible object of value such as petty cash, revenue, cash in checking, savings and investments, resale inventory, and property and equipment.
- C. **Bank Account:** money held in a bank.
- D. **Bank Reconciliation:** the verification of bank balances to the Chapter book balance.
- E. **Bank Transfer:** funds transferred between Chapter bank accounts without withdrawing cash.
- F. **Budget:** a plan of financial operations embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. A budget usually indicates a financial plan for a single fiscal year.
- G. **Carry-Over Funds:** unexpended funds from the previous fiscal year that are authorized to be carried into the next fiscal year.
- H. **Cash:** currency, coin, checks, money orders, and banker's drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.
- I. **Cash Basis Method of Accounting:** the basis of accounting under which revenues are recorded when received in cash and expenditures are recorded when cash is disbursed.
- J. **Cash Disbursements:** payments for goods and services.
- K. **Cash Receipts:** cash, coins, and checks received in a sales transaction.
- L. **Chapter Manager:** the individual who is responsible for administering the Five Management System and the administration of the Chapter.
- M. **Chapter Membership –**
 - 1. For purposes of services and benefits, all tribal members, young and old, who either reside within or are registered Chapter members. An individual may not be a member of more than one Chapter.
 - 2. For voting purposes and participation in the Chapter government, all registered voters of the Chapter.
- N. **Chapter Officials:** public officials elected by the Chapter membership: Chapter President, Chapter Vice-President, and Chapter Secretary/Treasurer.

- O. Custodian: an individual having day-to-day charge of official books, records, documents, equipment, property, and funds of the Chapter government.
- P. Five Management System: a management system that includes fiscal, procurement, records, personnel, and property management.
- Q. Form W-2: an earnings statement for an employee's salary/wages.
- R. Form 941: an employer's quarterly Federal tax return.
- S. Form 1099 misc.: a non-employee earnings statement to report income that is not salary or wage (self employment income).
- T. Fund Accounting: provides the means to segregate financial resources into funds or account groups in order to determine compliance with finance-related legal, contractual, or other restrictive requirements, to aid Chapter management by transactions related to certain restrictions and specific Chapter functions and activities.
- U. Fund Balance: the difference between all asset and liability balances. This represents the net worth of a particular fund and is increased by revenues and decreased by expenditures.
- V. General Fixed Assets: items of tangible property having a value of \$500.00 or more and an estimated useful life of one year or more, as distinguished from intangible property and consumable tangible property. These include building, infrastructure, improvements, property, and equipment.
- W. General Fixed Assets Account: a self-balancing group of accounts, set up to account for the general fixed assets of the Chapter.
- X. General Ledger: the summary of financial transactions and the basis for preparing trial balances and financial reports.
- Y. Financial Statements: describes the financial activities of the Chapter that include Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Statement of Revenues, Expenditures and Changes in Fund Balance – Budget vs. Actual.
- Z. Generally Accepted Accounting Principles (GAAP): the financial accounting and reporting assumptions, standards, and practices that a business or governmental entity relies upon in preparing fair and consistent financial statements.
- AA. Investments: securities and real estate held for the production of income in the form of interest, dividends, and rental or lease payments. The term does not include capital assets included in governmental operations.
- BB. Journal: a book of original entry. Journals provide a detailed chronological record of daily financial transactions and support balances in the general ledger accounts. Journals may be posted manually or generated by computer.

- CC. Liabilities: amounts owed for goods and services (labor, materials, or services), which are recognized each month and recorded in the financial records of the Chapter so as to properly reflect the Chapter's financial condition. Debts maturing more than a year later should be shown as non-current liabilities.
- DD. Payroll Taxes: Federal withholding, Social Security, Medicare, FUTA and SUTA taxes.
- EE. Petty Cash: cash set aside to purchase items of small dollar amounts (under \$25.00).
- FF. Source Documents: documents used to initiate accounting transactions, which should be retained to support each entry recorded in the accounting records. Examples of source documents include pre-numbered cash receipt tickets, cash register tapes, and validated bank deposit receipts. Examples of cash disbursement source documents include requisitions, purchase orders, receiving reports, and vendor invoices.
- GG. Subsidiary Ledgers: a book of accounts that provides supporting details in individual balances, the total of which appears in a general ledger.
- HH. Imprest basis fund: Generally used for petty cash. The fund should be at one amount at all times which requires periodic replenishment based on receipts and cash on hand.
- II. Severe Hardship: when an individual/family is experiencing financial disadvantage or difficulties. (Example: disconnection of utilities or communication).
- JJ. Major Emergency: death in family, major medical need for an immediate family member

IX. APPENDIX

[Exhibits for standard forms]

**CHAPTER
PERSONNEL POLICIES AND PROCEDURES MANUAL**

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**CHAPTER
PERSONNEL MANAGEMENT POLICIES AND PROCEDURES MANUAL**

I. AUTHORIZATION

- A. Pursuant to 26 N.N.C., Section 101 (A), the Chapter is mandated to formulate, implement, and operate Personnel Management Policies and Procedures in accordance with the Five Management System, to ensure accountability. The Chapter has developed policies and procedures for the Five Management System consistent with applicable Navajo Nation Laws.
- B. Pursuant to Chapter Resolution _____, this Personnel Management Policies and Procedures Manual is hereby approved and adopted.

II. PURPOSE

- A. This manual is a statement of policies and procedures designed to help and support Chapter Officials, Manager and supervisors implement and cope with human resource issues and to ensure that any personnel decisions will be in line with the Chapter government and community members overall plans and goals, and to ensure proper operation of the Chapter government.
- B. These policies and procedures shall apply to all employees of the local Chapter government, permanent or temporary and to the Chapter Officials, where specifically noted. These policies do not create an employment contract by implication, and the rights and privileges granted employees are only those specifically stated.

III. APPLICABLE LAWS

The Chapter shall comply with all applicable State, Federal, and Navajo Nation Laws, such as the Navajo Preference in Employment Act and Veteran's Preference.

IV. ROLE OF CHAPTER OFFICIALS

- A. The Chapter President shall work closely with the Vice President and the Secretary/Treasurer to ensure that the Chapter administration is adequately complying with the Chapter's established Personnel Management Policies and Procedures, as well as applicable Navajo Nation laws.
- B. If the Chapter Manager's position is vacant, the Chapter President shall be responsible for the recruitment of personnel and vested with the authority to make the final selection and offer of employment.
- C. In consultation with the Vice President and Secretary/Treasurer, the Chapter President shall prepare the job vacancy announcement for the Chapter Manager's position, pursuant to Section VI (B) (4).

- D. The Chapter Manager shall be hired and supervised by the Chapter President, in accordance with Chapter's Personnel Management Policies and Procedures Manual.
- E. The Chapter shall provide a safe and friendly work environment for the employees.

V. EMPLOYMENT PRACTICES

A. Policies:

1. The Chapter shall comply with all applicable Navajo Nation laws when recruiting for positions within the Chapter.
2. Where any provision of the employment policies conflict with the Navajo Preference in Employment Act (NPEA), NPEA shall prevail. The Chapter shall not discriminate against any applicant or employee.
3. The Chapter Manager shall have supervisory role over the Chapter Staff and the Chapter President shall have supervisory role over the Chapter Manager unless otherwise delegated. When the Chapter Manager's position becomes vacant, the Chapter President shall have supervisory role over the Chapter staff.
4. Independent contractors shall be selected based on the Internal Revenue Service guidelines and will be hired pursuant to the Chapter Procurement Policies and Procedures.

B. Navajo Preference:

The Chapter shall give preference in employment to enrolled members of the Navajo Nation, in accordance with the provisions of the Navajo Preference in Employment Act (15 N.N.C. Sections 601-619).

C. Navajo Veteran's Preference:

When a Navajo Veteran applicant meets or exceeds the minimum qualification requirements for a classified position, the Chapter Manager shall give preference to such qualified veterans, based upon the established recruitment and hiring policies and procedures.

D. Hiring of Relatives:

1. The Chapter shall promote consistency and equal opportunities for all applicants.

2. To prevent breaches of confidentiality, improper influences in employment, and the perception of favoritism, the Chapter shall not employ, in any position, the immediate relatives of current employees, if:
 - a. The employee will be directly supervised by another relative, which creates grounds for unfair treatment; or opportunity or potential for creating an adverse effect on supervision, security, and morale; or involves possible conflict of interest.
 - b. For the purposes of these policies, the term "relative" means an individual who is related by blood or marriage. (Refer to Definition Section XVIII (T))
 - c. If the relative relationship is established after employment and a conflict arises due to the above paragraph or if reorganization creates such a conflict, fifteen (15) working days shall be provided to resolve the matter voluntarily or by transfer of one of the employees. If that is not possible, the Chapter Manager shall decide who is to be transferred, reassigned, or laid-off from employment.
3. All elected officials of the Chapter, related to and capable of influencing the hiring of immediate relatives, shall be prohibited from participating in any and all decisions pertaining to the recruitment and selection process.

E. Secondary Employment:

1. Policies:
 - a. Full-time employment with the Chapter shall generally be the sole employment of any employee. However, it is recognized that personal situations do occur which might make it necessary for employees to seek secondary employment.
 - b. A Chapter employee shall not engage in secondary employment without prior written approval from the Chapter Manager, or the Chapter President in the event that the Chapter Manager is the one seeking second employment.
 - c. Any Chapter employee who secures secondary employment without written approval may be subject to dismissal.
 - d. An employee may not concurrently hold two full time positions in the Chapter Administration.
 - e. Additional employment should not impair job performance with the Chapter. This includes conflict of interest, neglect of duty, absence or tardiness to the workstation, and performing duties

associated with the secondary employment during normal working hours.

- f. If any employee, during his or her official tour of duty, is absent from the job due to secondary employment, the employee shall be required to take leave of absence for the time missed.
- g. The Chapter Manager shall be responsible for determining whether the secondary employment adversely affects job performance with the Chapter. In the event that the Chapter Manager is the person at issue, the Chapter President shall make that determination.

2. Procedures for requesting secondary employment:

- a. The Chapter employee shall write a letter to his or her immediate supervisor requesting approval for secondary employment.
- b. Upon receiving the request for secondary employment, the Chapter Manager or Chapter President shall discuss the proposed request with the employee to ensure no conflict of interest or impairment of job performance exists.
- c. The Chapter Manager or Chapter President shall be responsible for approving/disapproving the request for secondary employment.
- d. If approved, the Chapter Manager or Chapter President shall notify the employee in writing, within five (5) working days.
- e. If denied, the Chapter Manager or Chapter President shall notify the employee, in writing within five (5) working days and shall state in writing the reasons for the denial.

F. Re-employment Preference:

- 1. A regular status Chapter employee separated from employment due to a reduction-in-force shall be eligible for re-employment preference.
- 2. Re-employment preference shall not be granted to employees who have not attained regular status at the time of lay-off.
- 3. Re-employment preference shall continue for a period of six months from the date of lay-off, provided the employee does not decline Chapter employment when offered.

VI. RECRUITMENT AND SELECTION

A. Policies:

1. The Chapter shall employ the current Community Services Coordinator as the Chapter Manager and the Office Specialist as the Administrative Assistant upon obtaining (the day of) Local Governance Chapter Certification to avoid any lapse or delay in continuing Chapter operations.
2. The Chapter shall recruit qualified applicants for all vacant positions from within and surrounding the Chapter community work force in accordance with all applicable preference laws of the Navajo Nation.
3. The Chapter Manager shall ensure competitive practices in recruitment, selection, and placement of qualified applicants, based on the applicant's education, knowledge, skills, abilities, background, experiences, and overall qualifications for employment.
4. The Chapter Manager shall be responsible for establishing, implementing, and monitoring an effective recruitment and selection process.

B. Recruitment:

1. The Chapter Manager shall be responsible for recruitment of qualified applicants, utilizing job vacancy announcements posted on Chapter bulletin boards or local newspapers.
2. All advertisements of position(s) shall include position title, minimum qualifications for the position, work location, salary or compensation range, and closing date.
3. All advertisements must run for a period of two weeks and must contain the statements "Navajo Preference Employer" and "Veteran's Preference Employer."
4. If the Chapter Manager position is vacant, the Chapter Officials shall do the following to fill the position:
 - a. Post the announcement for position open for 15 working days.
 - b. Conduct formal interviews with an unbiased interview panel.
 - c. Guarantee that each applicant has a Bachelor of Science Degree in Business Administration, an equivalent or advance degree from an accredited college or university, or the applicant must have four (4) years equivalent experience in the business field.
 - d. Make a selection.

- e. Notify the selected applicant immediately by phone and mail.
- f. Orient the selected applicant on the Five Management System.

C. Employment Application:

The Chapter shall use the Job Vacancy Announcement form to announce the opening of position(s). Individuals applying for Chapter positions shall submit an official Chapter Application for Employment form. The Chapter government relies upon the accuracy of this and all other data presented throughout the hiring process and employment.

Reference, resume, credits, referral and background checks shall be completed on each applicant. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the exclusion of the individual from further consideration for employment, or if the person has been hired, shall be sufficient just cause for termination of employment.

1. Procedures for accepting employment application:
 - a. Prior to the closing date, the Office Specialist shall receive the employment application with a letter of interest, resume, copy of identification, social security card, and voter registration. NO FAX for submission of application.
 - b. Upon receipt of an employment application, the Office Specialist shall stamp the received date on the application to ensure that it has met the closing date.
 - c. The Office Specialist shall not accept any employment application submitted after the closing date.
 - d. Upon completion of the recruitment process, the Chapter Manager shall conduct qualification assessments on the applications received. The applicants who meet the minimum educational and work experience qualifications shall be referred to the Chapter Officials for consultation and interview. The Chapter Manager shall schedule the interview dates, times, and locations for each applicant.
 - e. The Office Specialist shall notify all qualified applicants in writing and by telephone of their scheduled interview date, time, and location.
 - f. The Office Specialist shall notify in writing all non-qualified applicants within five (5) working days.

D. Selection and Offer of Employment:

1. The Chapter shall select only applicants who possess the qualifications to fulfill and perform the duties of a vacant position. This determination shall be in accordance with applicable Navajo Nation laws.
2. Procedures for selection and offer of employment:
 - a. The Chapter Manager and Chapter Officials shall conduct job interviews in person at the Chapter house, using a set of standard questions which are job related, and which do not violate the provisions of the Equal Employment Opportunity guidelines.
 - b. The Chapter Manager, in consultation with the Chapter Officials, shall discuss the interview, and based on the input from all the interview panel members, shall recommend a selection for employment.
 - c. The Chapter Manager shall have the authority to make the final selection and offer of employment, except where this decision is specifically re-delegated.
 - d. The Chapter Manager shall be responsible to make reference, referral, and background checks on all applicants.
 - e. The Chapter Manager shall notify the selected and non-selected applicants in writing within five (5) working days.
 - f. The Office Specialist shall complete the Personnel Action Form (Exhibit C) with W-4 form, New Mexico new hire form, exemption form, insurance form(s) and other necessary forms and obtain original valid driver's license and social security card for validation, and make copies of all of the above on all new hires.
3. The Public Employment Program (PEP) and Summer Youth Training & Employment Program (SYTEP) employee recruitment, selection, hiring, and termination shall be pursuant to established policies and procedures.
4. Community Service Workers:
 - a. The Community Service Worker (CSW) shall be referred to the Chapter house by the court(s) in order to perform temporary jobs on the Chapter premises.
 - b. The CSW shall not leave the Chapter premises during the tour of duty (8:00 AM to 12:00 PM and 1:00 PM to 5:00 PM).

- c. The CSW shall complete the hours specified by the courts consecutively, without missing or skipping days.
- d. The CSW shall utilize the assigned timecard or sign in sheet to keep track of time worked.
- e. The CSW shall obtain permission from his or her probation officer to be absent. The probation officer must give a written authorization.
- f. The Chapter shall not be responsible for any injuries to the CSW while performing temporary jobs on the Chapter premises.
- g. The Chapter shall reserve the right to refuse any CSW if he or she is charged with felony crime, drug-related, assault-related, or theft-related charges.
- h. The Chapter shall release the CSW if and when necessary with reasonable cause.

5. Volunteer Workers:

- a. The Volunteer worker shall be authorized by the Chapter Manager and perform temporary jobs on the Chapter premises.
- b. The Volunteer worker shall not leave the Chapter premises during the tour of duty (8:00 AM to 12:00 PM and 1:00 PM to 5:00 PM).
- c. The Volunteer worker shall not be compensated for the work performed for the chapter.
- d. The Volunteer worker shall utilize the assigned timecard or sign in sheet to keep track of time volunteered.
- e. The Volunteer shall inform the Chapter Staff if he or she is going to be absent or has completed the volunteer time.
- f. The Chapter shall not be responsible for any injuries to the Volunteer worker while performing temporary jobs on the Chapter premises; however, the Volunteer worker(s) shall be added to the Navajo Nation Workers Compensation.
- g. The Chapter shall reserve the right to refuse any Volunteer worker if he or she is convicted with felony crime, drug-related, assault-related, or theft-related charges.
- h. The Chapter shall release the Volunteer worker if and when necessary with reasonable cause.

VII. EMPLOYMENT STATUS

A. Five Categories of Employment Status:

1. Regular full-time – Employees who are hired to work the regularly established 40-hour work week and who remain employed full-time upon completion of the introductory period.
2. Part-time – Employees who work less than the regularly scheduled 40-hour work week, but no less than 20 hours per week.
3. Temporary – Employees who work for a temporary and specifically limited time period. Temporary employees shall not be employed for more than ninety (90) calendar days.
4. Seasonal – Employees whose position description and/or funding level requires them to work less than a full year on a full- or-part-time basis. Seasonal employment is usually applicable to jobs that occur on an intermittent or seasonal basis.
5. Volunteer or Community Service Worker – Employees whose position requires them to perform work from a direct court order or in a program such as the Temporary Assistance for Needy Families. Such workers must have liability insurance from the ordering program, and must not leave the Chapter premises during working hours; refer to Section VI (D) (4) & (5).

B. Introductory Period:

1. The introductory period is to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations.
2. All new regular status employees shall work on an introductory status for the first ninety (90) calendar days after their date of hire. Any significant absence, if approved, shall automatically extend the introductory period by the length of the absence or dismissal.
3. If the Chapter Manager or Chapter President determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for an additional thirty (30) calendar days.
4. If during the introductory period the employee's performance or conduct is found to be unsatisfactory, the Chapter Manager or Chapter President may terminate the employee, provided that the employee is given written

notification with just cause. Employees terminated within the introductory period have no rights to grievance.

5. An employee shall be converted to regular status if at the conclusion of the employee's introductory period, the employee's performance and employment conditions are satisfactory in all aspects.

C. Procedures for Introductory Period Extension and Conversion to Regular Status:

1. Fifteen (15) working days prior to the end of the introductory period, the Chapter Manager or Chapter President shall provide written notification to the employee that he or she will conduct an employee performance evaluation of the employee.
2. Five (5) working days prior to the end of the introductory period, the Chapter Manager or Chapter President shall conduct an employee performance evaluation.
3. Based on the employee performance evaluation and the Chapter Manager's or Chapter President's determination that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, he or she may extend the introductory period for an additional thirty (30) calendar days. The Chapter Manager or Chapter President shall notify the employee in writing of the reason(s) for the extension within five (5) working days.
4. Based on the employee performance evaluation and the Chapter Manager's determination that the employee's performance has been satisfactory in all aspects of the employee's assigned duties and responsibilities, the employee shall be converted to a regular status. The Chapter Manager or Chapter President shall notify the employee of the conversion to a regular status within five (5) working days.
5. In either case, whether the employee's introductory period has been extended or converted to a regular status, the Office Specialist shall complete another personnel action form to reflect the change.

D. Tour of Duty:

1. Normal tours of duty for all Chapter employees are 40 hours per week, Monday through Friday, 8:00 AM to 12:00 PM and 1:00 PM to 5:00 PM. All employees shall utilize the time clock upon arrival and departure from the work place.
2. Personal cellular (wireless communication) phones shall not be used during the tour of duty, unless it is an emergency situation.

3. Personal Internet browsing, search, and surfing shall not be tolerated. The Internet shall be used for Chapter business only, unless specified by immediate supervisor.
 4. All students, temporary, volunteer workers and CSW shall not be allowed to use personal cellular (wireless communication) phones during tour of duty and shall not be allowed to utilize the Internet for any purpose.
- E. Dress Code:
1. The dress code for the working environment shall be business casual. No cut-offs, worn or torn jeans, open-toed slippers, or any wear which is not business appropriate shall be worn by any employee. The Chapter shall give the employee until his or her first paycheck to purchase business attire appropriate for work.
 2. The Chapter shall also practice "Casual Fridays." If the employee wants to participate, he or she may come to work on Fridays in casual wear.

VIII. CLASSIFICATION OF POSITIONS

- A. The Chapter shall establish and maintain a position classification plan that groups jobs based upon similar duties, responsibilities, and qualification requirements. The Chapter Manager shall be responsible to design, develop, and implement this classification plan.
1. Purpose:
To establish and classify positions by assigning official class titles, providing description of duties and responsibilities, determining qualification requirements, and setting pay rates based on duties and responsibilities.
 2. Modifications:
The Chapter Manager shall modify the position classification plan through establishing new classes, revising or abolishing existing classes, and setting new entry level rates and other related criteria, as necessary. Any modification to the position classification plan shall be approved by the Chapter membership at a duly called chapter meeting.
 3. Coverage and Exclusions:
All positions, regardless of the source of funding, shall be covered by the classification plan, except those designated as temporary.

B. Classification of New Position:

1. A position must be officially classified before the Chapter Manager can take any personnel action with respect to employment, transfer, promotion, demotion, or salary adjustment.
2. The Chapter Manager shall be responsible for evaluating and classifying each position to the appropriate class. Consideration shall be given to the general duties, tasks, responsibilities, and qualification requirements.
3. The approved class title, as designated by the Chapter Manager, shall be utilized for all official records.

C. Reclassification of Existing Position:

1. The Chapter Manager shall be responsible to reclassify a position whenever a material and permanent change in the duties and responsibilities of the position occurs.
2. A position must be officially reclassified before the Chapter Manager can take any personnel action with respect to employment, transfer, promotion, demotion, or salary adjustment.
3. Reclassification shall not be used as a means to resolve performance-related problems or grievance issues, or to take the place of disciplinary actions.
4. A Chapter employee occupying a reclassified position shall be entitled to continue to serve in the reclassified position, if the employee meets the qualification requirements. If the employee is a regular status employee, he or she shall retain that status.

D. Procedures for Classification of New Position and Reclassification of Existing Position:

1. The Chapter Manager or Office Specialist may request a classification for a new position or reclassification of an existing position by filling out a Position Classification Questionnaire and submitting it to the Chapter Manager or Chapter President for review.
2. The Chapter Manager or Chapter President shall review the Position Classification Questionnaire (PCQ) to determine the completeness and accuracy of statements, and on a separate attached sheet he or she may clarify or give additional information concerning the duties and responsibilities of the position.
3. The Chapter Manager shall determine that funds are available to finance increased cost(s) for the current fiscal year without additional legislative

appropriations for the new positions or reclassification of the existing position.

4. At a duly called Chapter meeting, the Chapter membership shall approve any modification to the position classification plan approved administratively by Chapter Officials and Chapter Manager.
5. The Chapter Manager shall modify the Position Classification of Pay Plan Study/Position Classification Questionnaire to reflect the Chapter's approval and shall set the pay for the new or reclassified positions and the Office Specialist shall update the personnel records to reflect the classification changes.

IX. SALARY AND WAGE ADMINISTRATION

A. General Policies:

1. The Chapter shall pay wages and salaries commensurate with the type of work and degree of responsibility required for each job, also taking into consideration comparable rates being paid for similar work within the Navajo Nation and in other organizations.

2. The Chapter shall comply with Federal Minimum Wage Laws.

3. **Applicability:**

These policies shall apply to positions and employees regardless of the funding source, except employees whose rates of pay are specifically set by Chapter approval.

4. **Salary and Wage Limits:**

The Chapter Manager or Chapter President shall review each position to classify it and assign a pay grade, which establishes the value of the position relative to other positions. The assigned pay grade shall be used on all official documents.

5. **Appointment Rates:**

- a. **Entry Level Rate:** Applicants who meet the qualification requirements for a position shall be hired at the first step of the pay grade assigned to that position.
- b. **Below Entry Level Rate:** Applicants whose qualifications are less than those required for the position shall be hired at a rate below the first step of the applicable pay grade, commensurate with the individual's qualifications. An applicant shall not be hired if he or she possesses qualifications, which would result in payment of a

rate more than two grades below the entry pay grade for the position.

c. **Above Entry Level Rate:** Applicants with qualifications greater than those required at entry level may be hired at a rate not to exceed the fourth step of the pay grade.

6. The Chapter Manager or Chapter President shall be responsible for evaluating the qualifications of applicants and employees to determine an appropriate pay and appointment rates.

B. Salary Adjustments:

The Chapter shall make all salary adjustments based on the availability of budgeted funds.

Employees paid from contract funds are eligible for the same adjustments as employees paid from other funds.

Any pay or salary adjustments shall require a new Personnel Action Form to reflect the change.

Salary adjustments shall not be retroactive.

1. **Pay increase resulting from promotion, transfer, or reclassification of position:**

An employee assigned to a position with a higher pay grade shall receive a salary adjustment, subject to the following:

- a. An employee who meets the minimum qualification requirements of a position shall receive the entry-level salary rate.
- b. When an employee's current rate of pay is equal to or above the first step of the pay grade for a new position, a one-step promotional increase shall be granted.
- c. An employee who exceeds qualification requirements may be assigned a rate above the first step of the pay grade, but no more than the fourth step.

2. **Within-Grade Increase:**

An employee may be granted a within-grade increase, subject to the following:

- a. The employee must have completed at least one year in his or her current position.

- b. The employee must not have received an increase, other than the General Wage Adjustment, within the past year.
- c. The employee's rate of pay shall not exceed the maximum step of the pay grade assigned to his or her position.

3. Reduction in pay resulting from demotion, transfer, or reclassification:

An employee assigned to a position with a lower pay grade shall have his or her rate of pay decreased to the same step in the lower pay grade or the entry-level rate of the lower pay grade.

4. Acting Status Assignments:

An employee on acting status assignment may be eligible for additional compensation when recommended by the Chapter Manager, Chapter President, or supervisor, for the acting status assignment and budgeted funds are available.

5. General Wage Adjustment:

The Chapter Manager shall recommend a General Wage Adjustment for Chapter employees, subject to availability of funds and based on the General Wage Adjustment shall be consistent with the Consumer Price Index Information of the National Economy.

6. Merit Pay/Bonus:

- a. Merit pay may be given to eligible employees who have consistently demonstrated meritorious performance during the applicable rating period.
- b. The Chapter Manager or Chapter President shall be responsible for developing and issuing procedures for merit pay.
- c. Employee performance evaluations shall be the measure and support for any merit pay adjustments, subject to availability of funds.

C. Procedures for Salary Adjustments:

- 1. The Office Specialist shall complete a new Personnel Action Form (PAF) with reference to Section IX (B).
- 2. The Office Specialist shall update all other personnel records which include all appropriate ledgers.

3. The Office Specialist shall forward the PAF to the Chapter Manager for review and signature.
4. The Chapter may approve or disapprove the salary adjustments, including amendments, based on the fiscal year Chapter operating budget and/or a simple majority vote of the Chapter membership at a duly called Chapter meeting

D. Payroll Deductions:

1. **Mandatory Deductions:** Deductions required by government regulations, such as the Navajo Nation, State or Federal government.
2. **Other Mandatory Deduction:** Deductions ordered by court for child support or other court-related deductions.
3. **Other Deductions:** If eligible for an approved plan, an employee may authorize additional voluntary deductions for participation in such plans (e.g., housing, Navajo Arts & Crafts Enterprise, 401K, life insurance, etc.).

E. Emergency Pay Advance:

1. Under extreme or emergency circumstances, employees may receive an advance against their salary.
2. Only full-time status employees are eligible to request a salary pay advance. Temporary employees are not eligible for any pay advance.
3. Advances against employee's salaries must be requested by completing a Request for Emergency Pay Advance form at the Chapter administration office. Such an advance will be deducted from the employee's next payroll check.
4. An employee can only have one outstanding pay advance at any one time.
5. The Chapter shall permit an advance of up to one-hundred percent (100%) of the net pay on an employee's normal individual paycheck.
6. The Chapter Manager shall approve all pay advance requests with the concurrence of the Chapter Officials.
7. If the Chapter Manager is the requestor, the Chapter Officials will approve/disapprove the pay advance request.

F. Emergency Pay Advance Procedures:

1. A Chapter Request for Emergency Pay Advance form shall be completed by the requesting party and submitted to the Office Specialist, then forwarded to Chapter Manager.
2. The Chapter Manager shall review, and approve or disapprove the request. In the event the Chapter Manager is the requestor, the Chapter President shall review, and approve or disapprove the request.
3. Upon approval, the Office Specialist shall process the check and obtain the appropriate signatures for disbursement to the requestor.
4. The Office Specialist shall make the necessary deduction from the employee's next payroll check.
5. In the event the pay advance is denied, the Chapter Manager or Chapter President shall notify the requestor of the denial and the reasons for it.

G. Back Pay Request:

1. A Chapter Back Pay Request form shall be completed by the requesting party (eligible employee) and submitted to the Office Specialist, then forwarded to the Chapter Manager.
2. The Chapter Manager shall review, and approve or disapprove the request. In the event the Chapter Manager is the requestor, the Chapter President shall review, and approve or disapprove the request.
3. Upon approval, the Office Specialist shall process the check and obtain the appropriate signatures for disbursement to the requestor.
4. In the event the back pay request is denied, the Chapter Manager or Chapter President shall notify the requestor of the denial and the reasons for it.
5. Back pay requests can only be granted within a 15-day period after the pay period for which the back pay is requested.

X. OVERTIME

A. The Chapter shall authorize overtime when necessary to meet essential operating needs of the Chapter, subject to availability of funds.

1. Exempt/Non-Exempt Classification: To determine eligibility for overtime compensation, all positions shall be classified as either exempt or non-exempt.

2. Exempt: Managerial, professional, and administrative positions. Employees assigned to exempt positions are not eligible for overtime compensations, but compensatory time can be utilized.
3. Non-Exempt: Non-supervisory or office staff positions. Employees assigned to non-exempt positions are eligible for overtime compensation or compensatory time.
4. The Chapter Manager shall be responsible for determining the exempt or non-exempt status of each position and which category will be stated on the job description form.

B. Authority to Approve Overtime:

The Chapter Manager or Chapter President may authorize overtime consistent with these policies.

C. Employee Notification:

1. The Chapter Manager shall notify the employee in advance that overtime is necessary and that the employee is expected to work overtime. In assigning overtime, the Chapter Manager shall take into account employee preference for overtime assignments.
2. To the extent feasible, overtime shall be distributed equally among full-time employees of the same classification.

D. Compensation for overtime work:

1. Cash Payment – whenever an employee is approved to work overtime, payment for the overtime must be processed within the next pay period ending.
 - a. Non-exempt employees shall be compensated for the overtime at the rate of one and one-half times their regular rate of pay for hours worked, which exceed forty (40) hours of actual work in a work week.
 - b. Non-exempt employees shall be compensated at their regular rate of pay when the actual hours worked are equal to or less than forty (40) hours in a work week.
 - c. A non-exempt employee may be compensated for any accrued and authorized overtime, including accrued compensatory time, by the work unit in which the overtime was worked, upon transfer, change in funding source, or termination.

2. **Compensatory Time-off:** In lieu of cash payment, an employee may be compensated for overtime through compensatory time off, subject to the following:
 - a. Compensatory time shall be calculated in the same manner as cash payment in Section D (1) (a) above.
 - b. Prior to working overtime, the employee must agree to the type of compensation preferred, be it cash payment, compensatory time-off, or a combination of the two.
 - c. The non-exempt employee and the Chapter Manager shall arrange compensatory time-off. The supervisor shall properly account for compensatory time earned and taken.
 - d. Compensatory time off must be taken within the following pay period.
 - e. An employee may not accrue more than sixty (60) hours of compensatory time, unless the employee is engaged in essential public safety activities, or emergency response activities. These employees may accrue up to two hundred forty (240) hours of compensatory time. All hours in excess of 60 or 240 hours, respectively, shall be forfeited. Forfeited hours shall not be paid.
3. **Reporting of overtime:** All authorized overtime must be recorded on the official time sheet by the Office Specialist. Only time reported shall be paid.

E. Procedures to Utilize Compensatory Time:

1. The Chapter Manager or Chapter President shall authorize any and all over time hours and pay.
2. The Chapter Manager or Office Specialist shall be responsible for the recording of all compensatory time upon completion of assignment.
3. The Chapter Manager or Chapter President shall acknowledge and verify time earned with a signature on the Compensatory Time Earned form prior to the end of the next pay period.
4. The Chapter Manager or Chapter President shall ensure that at the end of each pay period all employees adhere to these policies in accordance to section D (2) (d) & (e).
5. The Chapter Manager or Chapter President shall approve all use of compensatory leave requests by signing the Compensatory Time form and Employee Leave Request form.

6. The Office Specialist shall update all compensatory time forms by deducting hours for compensatory time utilized at the end of each pay period.

XI. EMPLOYEE BENEFITS

The Chapter shall participate in the Navajo Nation Employees Insurance Services, including but not limited to the following: Medical, Dental, Vision, Life, Accidental Death and Dismemberment (ADD), and Disability Insurance, 401K, as well as a retirement plan, for its employees.

The Chapter views employee benefits as an important part of overall compensation. Following are brief descriptions of the benefits offered and guidelines for their application.

A. Paid Holidays:

1. **Eligibility:** All active regular status employees are eligible for paid holidays, for which they will receive eight (8) hours straight time pay. Temporary employees do not receive paid holidays.

2. The following days shall be recognized as Chapter paid holidays:

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
President's Day	Third Monday in February
Navajo Nation Sovereignty Day	Fourth Monday in April
Memorial Day	Last Monday in May
Navajo Nation Memorial Day	June 1
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Family Day	Fourth Friday in November (In Lieu of Columbus Day)
Christmas Day	December 25

3. In addition, holidays shall include any day designated as a holiday by Federal statute, Executive Order of the President of the United States, or action of the Navajo Nation Council or the President of the Navajo Nation and Chapter President.

The Chapter Manager shall be responsible to notify the Chapter Staff and Officials of any additional holiday designation and to document such day(s) on the employee's timesheet and payroll. The Chapter Manager or Chapter President shall determine if additional designated holiday(s) will be taken, depending on completion of work of the employee(s).

4. Holidays falling on a Saturday shall be observed on the preceding Friday and holidays falling on a Sunday shall be observed on the following Monday.
5. To be eligible for holiday pay, an eligible employee must work the last regularly scheduled workday preceding the holiday and the first regularly scheduled workday following the holiday, unless the Chapter Manager or Chapter President approve the absence. When a holiday occurs, an eligible employee is on approved leave of absence, the employee shall receive credit for the number of hours of work he or she was regularly scheduled per day at his or her regular rate and the absence shall not be charged against his or her accrued annual or sick leave hours.
6. An employee who is scheduled to work on a holiday or is on a scheduled day off when a holiday is observed shall be granted equivalent time off with pay, either before or following the holiday.
7. An employee scheduled to work on a designated holiday that does not report to work and is not excused, will forfeit the holiday pay. Further, an employee with an unexcused absence on a normal workday prior to or after a designated holiday, or equivalent day off, shall not be paid for the holiday.

B. Leave of Absence:

The Chapter shall authorize leaves of absence with or without pay granted to an employee to take time off from work to attend to important personal matters. The Chapter recognizes that its employees should be permitted time off for rest, recreation, personal and family affairs, jury duty, illness, and military duty.

Maximum efficiency and productivity can be maintained only by safeguarding the health and welfare of employees. The type of leave granted shall depend upon the reason for the employee's absence and type of leave benefits available to the employee as provided herein.

1. Requests for Leave:

Requests for leave of any kind or duration must be initiated by the employee on an Employee Leave Request Form (Exhibit J) and presented to the Chapter Manager or Chapter President for approval prior to taking leave.

2. Approval Authority:

Employees have the right to earn annual and sick leave, however, when and how these leave benefits are used is subject to the Chapter Manager's approval. Employees should keep in mind that any leave of absence is granted as privilege, rather than an employee right. It should

also be clearly understood that leaves of absences are granted to employees at such times as they can be conveniently spared from the work.

Usage of leave privileges may be subject to validation and verification to ensure its proper usage and may be denied prior to the actual leave being taken or withdrawn after it has been granted. Further, a leave of absence may be denied due to the requirements of the workload, except as provided herein.

3. Leave Year:

The leave year for purposes of accrual and usage is established as that period which commences with the beginning of the first complete pay period occurring in the calendar year and ends at the close of the last complete pay period which begins in that calendar year.

4. Employee Leave Schedule:

Although Chapter employees are entitled to earn annual and sick leave, the scheduling of leave should be a mutual process between the employee and the supervisor, with due consideration for the needs of the employee and the workload, which may override the employee's leave request on occasion, to warrant a rescheduling of the leave requested, except for unforeseen illness, or emergencies beyond the employee's control, or as authorized herein.

C. Sick Leave:

1. Policies:

Sick leave is authorized time off from work by an eligible employee for medical purposes. This includes but is not limited to an incapacitating or contagious illness, pregnancy-related medical needs, and a chronic illness that requires treatment, or visits to a licensed practitioner, medicine man, or health-related counselor.

2. Eligibility:

All regular full-time employees are eligible to earn and accrue sick leave. Temporary employees, those suspended from duty, and employees on leave without pay status are not eligible to earn and accrue sick leave.

3. Use of Sick Leave:

An employee absent for an illness or other medical reasons uses sick leave. Employees serving a new employee introductory period can earn and accrue sick leave, but cannot use accrued sick leave until after they

have successfully completed their introductory period and have been converted to regular status.

Illnesses or medical conditions which exhaust an employee's sick leave may require that annual leave and leave without pay be used.

4. Sick Leave Accrual Rate:

- a. Eligible regular full-time employees shall accrue sick leave from the date of employment at the following rates:

<u>Employee Status:</u>	<u>Accrual Rate Per Pay Period:</u>
Regular/Full-time	4 hours

- b. If an employee is on leave without pay status any time during a pay period, the employee shall earn and accrue sick leave on a pro rata basis.

5. Physician's Release Upon Return:

An employee absent due to illness for three or more consecutive days shall submit a written release from the attending physician in order to return to work. If a given employee's sick leave record so warrants, he or she may be required to submit a written proof of illness.

6. Traditional Healing Ceremonies:

An employee absent due to a traditional healing ceremony must request and obtain prior approval for the absence. Occasionally, there may be some last minute, unexpected, traditional planned ceremony that will be requested. In such cases, the supervisor shall grant approval for the absences. The leave request should include the actual days the traditional ceremony will be conducted, including the traditional four days observance period following the ceremony.

In this case, a statement to return to work is normally not required, as long as prior approval was obtained. However, the employee may be required to submit a written statement from the medicine man performing the ceremony if the employee's absences due to traditional healing ceremonies warrant verification.

7. Carryover:

Maximum accrual or carry over of sick leave is three-hundred and twenty (320) hours per leave year.

8. Change of Funding Source:

An employee who is transferred, promoted, or demoted to another position funded by a different funding source shall not be eligible to transfer his or her accrued sick leave.

9. Forfeiture of Sick Leave:

All regular full-time employees, including those serving an introductory period, shall forfeit all accrued sick leave hours upon resignation or termination for just cause.

D. Annual Leave:

1. Policies:

Annual leave is an accrued and authorized absence for rest, recreation, or other purposes, which must be approved by the Chapter Manager or Chapter President.

2. Eligibility:

Regular status employees are eligible to earn and accrue annual leave. Temporary employees, those suspended from duty, and employees on leave without pay status are not eligible to earn and accrue sick leave.

3. Use of Annual Leave:

Annual leave shall be approved and granted after its accrual and not in advance of accrual.

a. Accrual Rate: Regular status employees will accrue annual leave at the following rates:

<u>Years of Service</u>	<u>Employees Per Pay Period</u>
Less than 3 years	6 hours
3 – 12 years	8 hours
More than 12 years	10 hours

b. If an employee is on leave without pay status any time during a pay period, the employee shall earn and accrue annual leave on a pro rata basis.

4. New Employee Introductory Period:

Employees serving a new employee introductory period can earn and accrue annual leave, but cannot use the accrued annual leave until after they have successfully completed their introductory period and have been

converted to regular status. Any absences made during the introductory period may reflect negatively on the employee's ninety (90) day evaluation such that excessive absences will be grounds for dismissal.

5. Extension of Sick Leave:

Annual leave may be approved as an extension of sick leave, upon exhaustion of accrued sick leave.

6. Carryover:

At the end of each leave year, all annual leave hours accrued in excess of three-hundred and twenty (320) hours shall be forfeited. Forfeited hours shall not be paid.

7. Change of Employment Status:

Regular status employees, who are transferred, promoted, or demoted to another position where they will not accrue annual leave, shall be paid for their accrued annual leave to date. Payment is computed by multiplying the employee's current rate of pay by the number of accrued annual leave hours.

8. Change of Funding Source:

Employees who are transferred, promoted, or demoted to another position funded by a different funding source shall not be eligible to transfer their annual leave. Employees who are transferred, promoted, or demoted to another position funded by a different funding source shall be paid for all accrued annual leave earned in their prior position.

9. Liquidation of Annual Leave:

Upon termination of employment with the Chapter, accrued annual leave shall be paid (upon fund availability) in full at the employee's current rate of compensation and included in the final paycheck.

This provision is not applicable to Chapter employees on introductory status, Public Employment Program employees, or Chapter Summer Youth Training & Employment Program employees.

E. Approved Leave Without Pay:

1. Leave without pay not to exceed fifteen (15) consecutive working days may be granted by the Chapter Manager, or Supervisor. Requests for leave without pay, which exceed fifteen (15) working days, must be supported by a written recommendation of the supervisor, and approved by the Chapter Officials.

2. Except for family and medical leave, annual or sick leave, if applicable, must be exhausted before entering approved leave without pay status. Consideration shall be given to the merits and circumstances, together with the Chapter operations.

F. Administrative Leave With Pay:

Administrative leave with pay may be declared by executive order, or an appropriate authority of the Chapter in the following situations:

1. Extreme weather conditions
2. Temporary closure of employee worksites or facilities, due to State, County, Special Election, or environmental health hazards. Administrative leave shall not be granted when affected employees can reasonably be assigned to alternative worksites.

G. Witness Summons:

1. An employee summoned or subpoenaed by any party or tribunal to be a witness in an official capacity shall not be required to take leave, since the employee will be representing the Chapter, or the Navajo Nation. However, the employee must immediately inform the supervisor of the proposed absence.
2. If an employee is summoned to be a witness as a private citizen, the employee shall be authorized to use annual leave. If annual leave is exhausted, leave without pay shall be used.

H. Jury Duty:

1. Employees are required to notify their supervisor promptly upon receipt of a jury summons and subsequent notice to serve as a juror. Employees summoned for jury duty shall receive their regular rate of pay for normal work hours, provided the employee submits evidence of summons and selection notice.
2. Fees received, as compensation for jury duty shall be paid to the Chapter, except when an employee voluntarily requests annual leave for the period of absence. Employees shall be allowed to retain any reimbursements for transportation, lodging, meals, etc., paid by the respective court jurisdiction.

I. Time off for Voting:

1. Registered voters may receive authorization for up to two hours paid absence from work to vote in tribal, local, state or Federal elections. The

length of absence shall be granted at the discretion of the Chapter Manager.

2. Employees required to vote at a poll remote from their work station may request an extension of the two-hour limit. The extension, if granted, will be charged to the employee's annual leave. This extension includes travel time to the poll, but may not exceed eight hours total.

J. Leave of Absence for Military Training:

1. A regular status employee who is ordered to participate in field training or other activities in any branch of the Armed Forces of the United States or the National Guard shall be granted a leave of absence with pay not to exceed a period of fifteen (15) working days in any calendar year.
2. The employee shall be entitled to receive pay only for those days on which he or she is regularly scheduled to work.
3. Leaves of absence for military training in excess of the fifteen (15) working days in any calendar year shall be charged against the employee's accrued annual leave or leave without pay, whichever is applicable.
4. Employees requesting a leave of absence for military training must submit a copy of their military orders for field training or other activities.
5. Upon return from leave of absence for military training, the employee is entitled to return to the position occupied prior to the beginning of the leave.
6. While on leave of absence for military training, the employee continues to accrue sick and annual leave at his or her regular status.

K. Educational Leave:

Educational leave may be granted when an employee enrolls as a full-time student in an accredited educational institution.

1. The purpose of educational leave is to enhance an employee's job performance and therefore must be job related. The Chapter Manager or Chapter President shall approve all requests.
2. Educational leave shall be without pay unless the Chapter Manager or Chapter President and employee agree that annual leave may be used.
3. Regular full-time employees are eligible for educational leave up to one semester (or equivalent) per academic year, provided they have three years of continuous employment with the Chapter.

4. An employee on approved educational leave shall maintain regular full-time status.
5. Upon completion of educational leave, an employee shall return to his or her previously held position.

L. Family and Medical Leave:

1. Family and Medical leave of absence is approved unpaid leave available to eligible employees for up to six months per year under particular circumstances critical to the life of a family.

Family and medical leave may be taken only in the following situations:

- a. Upon the birth of the employee's child;
 - b. Upon the placement of a child with the employee for adoption or foster care;
 - c. When the employee is needed to care for his or her child, spouse, or parent who has a serious health condition;
 - d. When the employee is unable to perform the functions of his or her position because of a serious health condition.
2. Limitations:
 - a. If the leave requested is consistent with the above conditions, the first three (03) months of such leave are non-discretionary. The supervisor must approve the leave.
 - b. The second three months of leave are discretionary. The supervisor has the authority to approve or disapprove the leave. Reason(s) for the additional leave requested must meet the criteria herein and be based on Section XI (L) (1) (a-d) above.
 3. Eligibility:

Regular status employees who have been employed for one year are eligible for family and medical leave.
 4. Basic Regulations and Conditions:
 - a. Employees are required to submit medical certification to support a claim for leave for an employee's own serious health condition, or to care for a seriously ill child, spouse, or parent.

- b. Spouses who are both employed by the Chapter may take a total of six (06) months of leave (rather than six months each) for the birth or adoption of a child or the care of a sick parent, subject to the limitations in Section XI (L) (2) above.
- c. When the need for leave is foreseeable, such as the birth or adoption of a child, or planned medical treatment, the employee must provide notice as far in advance as practicable, and make efforts to schedule leave so as not to disrupt program operations.
- d. In cases of illness, the employee shall be required to report periodically to the Chapter Manager or Chapter President on his or her leave status and intention to return to work. A medical certification is required to resume work.
- e. Upon return from family and medical leave, an employee shall return to the same position and status.
- f. During the employee's absence, his or her position may be filled on a temporary basis.
- g. An employee's failure to return to work after the duration of approved family and medical leave, and any other authorized leave, shall be deemed a resignation.
- h. The Chapter Manager shall be responsible for developing and issuing procedures on family and medical leave.

M. Status of Employee Benefits During Leave of Absence:

- 1. Any employee who is granted an approved leave of absence under the Family and Medical Leave shall provide for the retention of group insurance coverage by arranging to pay their own premium contributions during the period of unpaid absence.
- 2. An employee shall not lose service credit with the Chapter as a result of the family and medical leave, but he or she will not accrue annual or sick leave and is not eligible for paid holidays.

XII. EMPLOYEE PERFORMANCE EVALUATION

A. Policies:

- 1. The Chapter shall encourage and promote optimal employee performance using Chapter management objectives. Every employee must receive a performance evaluation at least once a year.

2. The purpose of the employee performance evaluation is to evaluate past job performance and set standards for future performance.
3. The evaluation period for all new employees on introductory period shall begin with date of employment and continue through the date of completion of the introductory period.
4. The annual evaluation period shall extend from October 1 through September 30.

B. Procedures for Employee Performance Evaluation:

1. These procedures are applicable to all regular status, part-time, and introductory period employees. The supervisor shall determine if an Employee Performance Evaluation form is to be completed for individuals employed less than four (4) months during the evaluation period.
2. The Chapter Manager or Chapter President shall establish a date when the employee performance evaluation will be completed for all regular status, part-time, and introductory period employees.
3. All affected employee(s) shall be given a written notification of the date, time, and location for their evaluation fifteen (15) working days prior to the scheduled evaluation date.
4. The Chapter Manager or Chapter President shall provide a blank copy of the Employee Performance Evaluation Form at least ten (10) working days prior to the evaluation date, for the employee to use to record his or her own self-evaluation. At the same time, the employee shall be provided instructions on the use of the evaluation forms.
5. For introductory employee(s), the Chapter Manager or Chapter President shall conduct the employee performance evaluation at least five (5) working days prior to the end of the introductory period.
6. For regular status employee(s), the Chapter Manager or Chapter President shall conduct the employee performance evaluation at least five (5) working days prior to the performance evaluation deadline date of September 30.
7. In each case, regarding the employee's self-evaluation, the Chapter Manager or Chapter President shall provide an opportunity to review the employee's own self performance evaluation with the employee and together agree on the outcome.
8. The Chapter Manager or Chapter President shall ensure that each employee is provided an opportunity to review the performance evaluation

and together establish performance objectives for the next evaluation period.

9. Upon completion of the performance evaluation, the Chapter employee shall acknowledge the performance evaluation by signing and dating the employee performance evaluation form. The Chapter Manager or Chapter President shall also sign and date the performance evaluation form.
10. If warranted, the employee will be rewarded with a salary increase subject to funds availability.
11. If warranted, the employee will be disciplined in accordance with Section XIII of the Personnel Policies and Procedures.
12. The Office Specialist shall file the original copy under the employee's personnel file and provide the employee with a copy of the employee performance evaluation as well.

XIII. DISCIPLINE OF EMPLOYEES

A. Policies:

The Chapter seeks to maintain standards of employee conduct and supervisory practices, which support and promote effective and efficient operations. This includes the administration of fair, consistent, and positive employee discipline.

B. Disciplinary Action:

Employees whose job performance or conduct is unsatisfactory, or who violate these policies or regulations, can be disciplined. All disciplinary action shall be with just cause. Written notification of all disciplinary action citing just cause for the disciplinary action shall be provided to the disciplined employee.

In the interest of administering justice as uniformly as possible in accordance with these policies stated, a Table of Penalties is incorporated herein as Exhibit L. Depending on the seriousness of the infraction, the disciplinary action may result in any or all of the following:

1. Progressive discipline: The purpose of progressive discipline is to provide a reasonable response to violations of these policies or work performance standards
2. Voluntary termination after negotiations
3. Immediate removal from employment

C. Authority to Administer Disciplinary Action:

The Chapter Manager or Chapter President shall have the authority to administer appropriate disciplinary action for a violation of these policies, practices, rules, or regulations.

D. Supervisor fails to conduct Disciplinary Action:

If the Chapter Manager or Chapter President fails to conduct disciplinary action as outlined by the personnel policies, the Chapter Officials may take the necessary disciplinary action against the employee.

E. Documentation:

1. The Chapter Manager or Chapter President must document all forms of disciplinary action, formal or informal.
2. All disciplinary documents are confidential between the employee and the Chapter Administration. The Chapter Administration shall not release such information, either verbally or in writing, except as allowed through the grievance process, by written consent of the employee, or as directed by the Office of Navajo Labor Relations, the Navajo Nation Labor Commission, or other empowered investigative, administrative, or judicial bodies.
3. Documents of a disciplinary action shall become part of the employee's personnel record.

XIV. EMPLOYEE GRIEVANCE

A. Policies:

The Chapter shall provide a method through which eligible employees can correct any job-related concern. Any eligible employee, who feels that he or she has been unfairly treated as a result of disciplinary action, suspension, and reduction in pay, termination, etc., or feels that he or she is in an unsafe and hazardous working condition, has a right to file a grievance.

B. Eligibility:

All regular status employees are eligible to file a grievance. Part-time, temporary, seasonal, and introductory employees are not entitled to file a grievance.

C. Freedom from Retaliation:

Proper challenges to disciplinary actions shall be without fear of reprisal or retaliation. "Retaliation" is an adverse employment action taken by a supervisor or

manager, which links the employee's challenge to the disciplinary action with a retaliatory action taken by the Chapter or its Officials.

D. Grievance Process:

All Requests for Grievances shall be clearly stated and documented.

The employee must file a written request to meet with the Chapter Manager. In the event that the Chapter Manager is the grievant party, he or she shall file a written request to meet with the Chapter President to try to resolve the problem, using the following process:

1. The employee must file within five (5) working days of the receipt of the written of the disciplinary action.
2. The employee must supply a copy of the disciplinary action to the Chapter Officials.
3. The Chapter Manager or Chapter President should thoroughly review and evaluate the nature of the request for grievance, meet with the requestor, and attempt to correct the problem with the employee within five (5) working days after receiving the request.
4. If the employee is not satisfied with the outcome of the meeting with the Chapter Manager or Chapter Officials, then the employee must file a written grievance with the Administrative Hearing Officer. This must be done within ten (10) working days after the end of the meeting with Chapter Manager or Chapter Officials. The written grievance shall include the following:
 - a. The name and position of the employee filing the grievance.
 - b. A statement of the facts with dates and information as to what happened and the events or conditions which caused the grievance.
 - c. The name of the person thought to be responsible for causing said events or conditions.
 - d. A general statement of the nature of the grievance.
5. Written grievances shall be filed directly with the Chapter President or Chapter Manager.
6. Within five (5) working days after the receipt of the grievance, the Administrative Hearing Officer shall determine:
 - a. If the written grievance is submitted on a timely basis;

- b. If the Administrative Hearing Officer has subject matter jurisdiction; and
 - c. If a supervisor/employee conference has been conducted. If the grievance is determined to be untimely filed, not subject to the jurisdiction of the Administrative Hearing Officer, or not properly processed, it shall be denied by the Administrative Hearing Officer and not accepted for formal grievance consideration.
- 7. Upon acceptance of the grievance, the Administrative Hearing Officer shall set the matter to be heard within twenty (20) calendar days at an appropriate place convenient to the parties. Within five (5) working days of the acceptance of the grievance, the Administrative Hearing Officer shall, in coordination with the Chapter administration, notify the aggrieved individual by certified mail of the date, time, and place of the hearing location.
 - 8. The Administrative Hearing Officer may compel the appearance of witnesses. Such witnesses shall be the responsibilities of the affected parties.
 - 9. Failure of the grievant to appear at the scheduled grievance hearing without good cause shall be deemed a withdrawal of the grievance.
 - 10. Failure of the respondent to appear at scheduled grievance hearing without good cause shall result in the Administrative Hearing Officer rendering a default judgment against the respondent.
 - 11. The Administrative Hearing Officer shall render a decision within (10) ten working days. Decisions of the Administrative Hearing Officer shall be the final administrative decision and that such decision is not appealable to any other administrative hearing body (i.e. Office of Navajo Labor Relation and/or the Navajo Labor Commission).

E. Right to Representation by Counsel:

Grievant have the right to representation by legal counsel. Legal counsel shall be a member, in good standing, of the Navajo Nation Bar Association. If the grievant obtains counsel, the Chapter officials may assign counsel for the representation of management.

F. The Administrative Hearing Officer:

- 1. An Administrative Hearing Officer shall hear all administrative hearings. Individual(s) serving in the capacity of Administrative Hearing Officer or Qualified Third Party shall be selected by the Chapter Manager and Chapter Officials, and shall not be from the Chapter.

2. The Administrative Hearing Officer who hears and decides disputes filed before the Chapter shall be licensed to practice law in the courts of the Navajo Nation.
3. The services of an Administrative Hearing Officer shall be used only as needed.
4. The Administrative Hearing Officer shall be compensated for his or her services and expenses incurred in connection with the performance of duties. All Administrative Hearing Officer's expenses shall be paid from the budget of the Chapter at a negotiated rate.

XV. TERMINATION OF EMPLOYMENT

A. Policies:

1. All types of termination or offenses shall be properly documented through the entire process.
2. The Chapter shall remove terminated employees from the payroll upon their effective date of termination. The Chapter shall use the Table of Penalties to determine the type of offenses.

B. Resignation:

Employees wishing to voluntarily terminate employment with the Chapter may resign from their position by submitting a letter of resignation, which shall include a reason for the resignation.

1. Chapter employees must submit written notice of their intent to resign to his or her Chapter Manager or Chapter President at least ten (10) working days before leaving, unless the supervisor agrees to a shorter period.
2. An employee who resigns in writing may, with the Chapter Manager's or Chapter President's approval, withdraw the resignation and be restored to the vacated position, provided the request for withdrawal is made prior to the effective date of resignation.

C. Discharge:

Discharge is an involuntary employment termination initiated for cause by the Chapter Manager or Chapter President. In such a case, the Chapter Manager or Chapter President shall provide a personnel action form to the employee, including pertinent documentation to support the termination action.

D. Termination of Temporary Employment:

A temporary employee shall be subject to termination at any time with just cause. The temporary employee shall not be entitled to re-employment preference.

E. Release during Introductory Period:

An introductory employee may be terminated during the introductory period for just cause, and shall have no recourse to appeal the termination.

F. Death:

Upon notification of an employee's death, the Chapter Manager or Chapter President shall notify the Chapter. The Chapter Manager shall ensure that proper arrangements are made, and all entitled benefits to the deceased employee are processed. The effective date of employment separation shall be the date of death, and unless the employee was on leave without pay status, the employee shall be considered on pay status.

G. Layoff:

An employee who is to be laid off shall be given fifteen (15) calendar days written notice. Notice of layoff may be less than the fifteen (15) calendar day requirement if stoppage of work results from circumstances which are beyond the control of the chapter, e.g., program funding is terminated, positions are not funded, or funds are not available to continue program operations. Subject to applicable law, a regular status employee who is laid off shall be entitled to re-employment preference.

H. Procedures for Termination:

1. The Office Specialist shall prepare a Personnel Action Form (PAF) for the affected employee, attaching thereto the proper supporting documentation (e.g., resignation letter, employment termination, notification, etc.).
2. The employee shall sign the PAF and the Office Specialist shall forward the PAF to the Chapter Manager or Chapter President for signature.
3. The Chapter Manager or Chapter President shall ensure that all Chapter property or funds owed to the Chapter are returned or satisfied. The Chapter may withhold the final paycheck for deduction of any unsatisfied debts owed to Chapter.
4. The Office Specialist shall remove the employee's name from the payroll, effective on the date of termination. A copy of the signed PAF shall be mailed to the employee.
5. The Office Specialist shall file documents accordingly.

I. Termination of the Chapter Manager

1. The Chapter Manager is subject to all Personnel Policies and Procedures.
2. The Supervising Chapter Official shall provide evidence on the Chapter Manager's dismissal or termination.
3. The Supervising Chapter Official shall follow all personnel protocols to finalize the termination or dismissal of the Chapter Manager.

- J. Upon Chapter Officials' resignation or term ending, the Chapter Official(s) must return all Chapter property and repay all funds outstanding on approved expenditures such as travel authorizations.

XVI. EMPLOYEE CONDUCT GUIDE

A. Policies:

The Chapter employees are expected to comply with all applicable Federal and State laws, as well as those of the Navajo Nation, with respect to their conduct in performance of the duties of employment.

B. Appointment to Election Board, Commissions, Committees, or Other Non-Tribal Entities:

An employee who has been appointed or elected to serve on a board, commission, or committee shall be required to take annual leave whenever the employee has to be absent from his or her position to attend to appointed or elected duties. If the employee has exhausted his or her annual leave, then leave without pay shall be used.

C. Employees Seeking Political Office Within or Outside the Chapter:

1. An employee who decides to run for a political office may be granted a leave of absence of up to sixty (60) calendar days prior to any election, upon request to the Chapter Manager or Chapter President.
2. Annual leave may be utilized for campaign purposes until exhausted, after which time leave without pay shall take effect.
3. Employees are prohibited from campaigning during normal work hours, unless they are on approved annual leave.
4. Employees elected as the Chapter President, Vice-President, Secretary-Treasurer, or to the Navajo Nation Council, must resign from Chapter employment as of the day they are sworn in.

5. Employees who are elected to any other political office may be allowed to retain their employment provided the elected office is not a full-time position and does not involve payment of a salary. If the political office is a full-time position or involves a salary, then the employee must obtain permission from the Chapter Officials to retain his or her Chapter employment. Such requests must be submitted in accordance with the policies on secondary employment; refer to Section (E).

D. Unlawful Acts:

1. The Chapter shall consider any unlawful act committed by an employee of the Chapter while on or off the job or on Chapter premises as potentially affecting the employee's employment status.
2. All personal level or clan related jokes or teasing shall be limited to outside Chapter house premises and such conduct shall not be tolerated.

E. Drug and Alcohol Use:

1. The Chapter shall provide a drug-free, healthy, and safe workplace. To promote this goal, employees, Chapter Officials or other elected Officials are required to report to work in an appropriate mental and physical condition to perform their jobs in a satisfactory manner.
2. While on the Chapter premises, conducting business-related activities of the Chapter, employees shall not use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs.
3. The legal use of prescribed drugs by a licensed physician is permitted on the job, only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.
4. Violation of these policies may lead to disciplinary action, up to and including immediate termination of employment, or suspension with required participation in a substance abuse rehabilitation or treatment program.
5. The Chapter shall conduct drug and alcohol screening upon job offer.
6. The Chapter shall conduct random drug and alcohol screening with all permanent and temporary employees.
7. The Chapter shall conduct a full-scale background and fingerprint check to ensure a safe work environment.

F. Sexual and Other Unlawful Harassment (Refer to Section XIX (W)):

1. The Chapter is committed to providing a work environment that is free of discrimination and unlawful harassment.
2. An employee must report an incident of sexual or other unlawful harassment promptly to his or her immediate supervisor.
3. Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment shall promptly advise the Chapter Officials of the Chapter, who will handle the matter in a timely, appropriate, and confidential manner.

G. Safe Working Environment

The Chapter is committed to providing a safe work environment for all workers, employees, and volunteers.

XVII. PERSONNEL RECORDS

A. Policies:

The Office Specialist shall establish personnel records pertaining to Chapter employees or applicants for Chapter positions, pursuant to the Chapter's Records Management Policies and Procedures Manual. Payroll is considered personnel records; therefore, information pertaining to payroll is protected and confidential records.

B. Location of Records:

Personnel records shall be physically maintained in the Chapter administration office and shall be kept under lock and key and all records labeled "Confidential."

C. Contents of Personnel File:

Personnel records shall include information pertaining to employment, such as employment applications, typing tests, letters of reference, pay and benefits statements, training and education information, performance evaluations, disciplinary actions, and other relevant or necessary information, as specified by the Chapter Manager.

D. Updating Personnel Files:

Employees are encouraged to keep their personnel file current by submitting to the Chapter Manager's office updated information on their experience, education, skills, training, awards, and recognition on an annual basis.

- X. Supervisor: the immediate person to whom an employee reports and/or from whom an employee receives official assignments or supervision.
- Y. Termination: the discharge of an employee from employment.

XIX. APPENDIX

[Exhibits for standard forms]

**CHAPTER
PROCUREMENT POLICIES AND PROCEDURES MANUAL**

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- B. The Chapter shall practice fairness and maximum open and free competition, regardless of the dollar value of the goods or services being acquired to ensure competitive procurement of goods and services.
- C. The Chapter shall ensure ethical business practices and receive no rewards, favors, gifts, or other forms of compensation from any vendor(s), contractor, individual, or firm, or any other source having relations with the Chapter.
- D. The Chapter shall provide for legal and contractual remedies, in the terms of contract disputes or breach of contract.
- E. All Chapter purchasing activities shall require:
 - 1. A fiscal year budget approved by the Chapter membership and documented with a Chapter resolution.
 - 2. A complete review of purchasing requirements to avoid duplicate purchases and to ensure economic means of purchasing.
 - 3. All purchases shall consist of an accurate, complete, and unbiased description of the goods or services needed.
 - 4. Awarding of purchase agreements shall be granted only to those organizations, vendor(s), and supplier(s) capable of providing the goods or services requested, and who have in the past proved themselves to be respectable and dependable organizations, vendor(s), and supplier(s) of quality goods and services.
 - 5. Purchase costs shall be kept reasonable through adoption of a process that ensures fair and open competition.
 - 6. The Chapter staff shall maintain, manage, and monitor all purchase documentation to ensure that the goods and services are provided in the time frame requested and in accordance with the terms and conditions specified in the agreement to prohibit unauthorized purchases.
 - 7. The Chapter staff shall make accurate, proper, and timely payments on all procurement of goods and services to all organizations, vendor(s), and supplier(s), to establish and maintain the Chapter's credibility.
- F. The Chapter shall comply and/or reference with all pertinent Navajo Nation laws, including the Navajo Nation Business Opportunity Act, Navajo Nation Business and Procurement Act, Navajo Nation Privacy and Access to Information Act, Navajo Nation Ethics in Government Law, and Navajo Uniform Commercial Code, by using the following procedures:
 - 1. Pursuant to 26 N.N.C., Section 2002 (A & B), the Chapter shall adhere to all contract requirements enumerated herein.

2. All reasonable efforts shall be rendered to offer purchasing opportunities to qualified Navajo-owned organizations, suppliers, vendors, etc.

G. Unauthorized Purchases are Prohibited:

1. Any Chapter employee, Chapter Official, or individual who charges any purchase of goods or services to the Chapter without proper authorization shall be subject to penalties and personal liability pursuant to the Chapter Personnel Policies and Procedures Manual or other applicable Navajo Nation laws.
2. The Chapter shall not be liable, faulted, or responsible for unauthorized purchases.
3. Any unauthorized purchase performed shall result in immediate termination and release of employment from the Chapter.
4. The Chapter Officials are prohibited to conduct any purchases on behalf of the Chapter. The Chapter Officials can consult with the Chapter Manager on purchases which will greatly benefit the Chapter.

H. Check Signing Requirements:

1. All checks for payments to vendors and suppliers shall require two signatures before disbursement pursuant to 26 N.N.C. Section 1001 (B) (3) (I).
2. The Chapter Manager shall be the primary signatory, along with the Secretary/Treasurer as the secondary signatory.
3. In the event that the Secretary/Treasurer is not available, an alternative authorized signatory shall sign.

I. Thresholds for Purchase Requests/Requisitions are as follows:

1. For item(s) purchased up to \$500.00 on one (1) requisition:
 - a. The Office Specialist shall obtain two (2) verbal quotations as deemed necessary from different vendors. The Office Specialist may perform an Internet search for comparable pricing.
 - b. The two verbal quotations shall be documented with the vendor's name, identity of the individual(s) contacted, price quotation, date of contact, phone numbers, and the method of contact on the Verbal Quotation Form.
 - c. Funds must be available and budgeted for such purchases.
 - d. When the above three conditions are met, the purchase shall only require the approval signatures of the Chapter Manager and Chapter President.

- e. The Chapter Manager shall ensure that certified entities under the Navajo Nation Business Opportunity Act receive preference and recommend the selected vendor.
2. For item(s) purchased between \$500.01 and \$5,000.00 on one (1) requisition, the following shall apply:
 - a. The Office Specialist shall obtain three (3) written quotations from different vendors. The Office Specialist may perform an Internet search for comparable pricing.
 - b. To expedite the purchase, the vendors shall fax their costs and terms to the Chapter Manager for review and approval.
 - c. All documents must be properly recorded and filed in accordance with the Chapter's Records Management Policies and Procedures.
 - d. When the above three conditions are met, the purchase shall only require the approval signatures of the Chapter Manager and Chapter President.
 - e. The Chapter Manager shall ensure that certified entities under the Navajo Nation Business Opportunity Act receive preference and recommend the selected vendor.
3. For item(s) purchased over \$5,000.01 but less than \$50,000.00 on one (1) requisition, the following shall apply:
 - a. The Office Specialist shall obtain three (3) or more written quotations from different vendors. The Office Specialist may perform an Internet search for comparable pricing.
 - b. The Chapter Manager shall ensure that certified entities under the Navajo Nation Business Opportunity Act receive preference and recommend the selected vendor.
 - c. To expedite the purchase, the vendors can fax their costs and terms to the Chapter Manager for review and approval.
 - d. All documents must be properly recorded and filed in accordance with the Chapter's Records Management Policies and Procedures.
 - e. When the above four conditions are met, the purchase shall only require the approval signatures of the Chapter Manager and Chapter President.
4. All procurement contracts exceeding \$50,000.01 shall be governed by the policies and procedures stated in Section VII of this Procurement Policies and Procedures manual and/or the Navajo Nation Business Opportunity Act, 5 N.N.C.

V. GENERAL DUTIES AND RESPONSIBILITIES

A. The Chapter Manager's Responsibilities:

1. Serve as the primary check signer on all Chapter checks for payment to any organization, vendor(s), or supplier(s), along with the Chapter Secretary/Treasurer as the secondary signatory pursuant to 26 N.N.C., Section 1004 (B).
2. In the event that the Secretary/Treasurer is not available, an alternative authorized signatory shall sign.
3. Serve as the custodian of all official books, records, documents, and funds of the Chapter pursuant to 26 N.N.C. Section 1004 (C).
4. Approve or disapprove purchase requests to ensure purchases are within the budget according to funding guidelines, reasonableness, necessity, and availability.
5. Select the vendor(s) based on past procurement, general reputation, and compliance with applicable Navajo Nation Laws.
6. Investigate and resolve any discrepancies and report them immediately upon discovery to the appropriate authorities.
7. Recommend amendments to the Procurement Policies and Procedures Manual.

B. The Office Specialist's Responsibilities:

1. Identify a need to procure services, supplies, or equipment for Chapter purposes or projects, and initiate the purchase requisition based on fund availability.
2. Obtain price quotations when required, and verify fund availability by reviewing appropriate fund ledgers.
3. Prepare and submit the required documents for signatory approval.
4. Submit all relevant documents to the selected vendor(s).
5. Verify that the vendor has received all required documents for the purchase orders.
6. Receive and manage the goods and services received based on the original invoice; the invoice will serve as the receiving record.
7. Submit invoices to the Chapter Manager for payment upon shipment retrieval.
8. Offer recommendations for discussion to amend, modify, or revise the Procurement Policies and Procedures Manual.

9. Report discrepancies and illegal procurement activities to the Chapter Manager, Chapter Officials, and appropriate authorities.

C. Temporary Employee's Responsibilities:

1. May request for goods and/or services during his or her employment with the Chapter, as similar to the Office Specialist responsibilities.
2. May also obtain and receive the merchandise along with the invoice(s) for goods and services received, as similar to the Office Specialist responsibilities.

D. Chapter President's Responsibilities:

1. Develop, establish, and maintain a close professional relationship with the Vice-President, Secretary/Treasurer, and Chapter staff to guarantee that the Chapter administration adequately complies with the Chapter's directives and expends funds according to conditions of the Navajo Nation Council and/or the Chapter's annual budgetary objectives.
2. Report to the Chapter membership, and in the absence of the Secretary/Treasurer, co-sign all Chapter checks as an alternate authorized signatory.
3. Monitor and review the procurement activities and process upon signing checks and on a quarterly basis.
4. Resolve any discrepancies, irregularities, or illegalities in the procurement process.
5. Offer recommendations for discussion to amend, modify, or revise the Procurement Policies and Procedures Manual.

E. Chapter Vice-President's Responsibilities:

1. Develop, establish, and maintain a close professional relationship with the President, Secretary/Treasurer, and Chapter staff to guarantee that the Chapter administration adequately complies with the Chapter's directives and expends funds according to conditions of the Navajo Nation Council and/or the Chapter's annual budgetary objectives.
2. Report to the Chapter membership and assume delegated duties and responsibilities of the Chapter President, in the absence of the Chapter President.
3. Assist the Chapter President in the quarterly review of the Chapter procurement process.

4. Assist in reporting any discrepancies, irregularities, and illegalities to the appropriate authorities.
5. Offer recommendations for discussion to amend, modify, or revise the Procurement Policies and Procedures Manual.

F. Chapter Secretary/Treasurer's Responsibilities:

1. Develop, establish, and maintain a close professional relationship with the President, Vice-President, and Chapter staff to guarantee that the Chapter administration adequately complies with the Chapter's directives and expends funds according to conditions of the Navajo Nation Council and/or the Chapter's annual budgetary objectives.
2. Report to the Chapter membership, monitor the maintenance of an adequate accounting system based on general accounting practices, ensure accountability of all funds and expenditures, and report financial statements to the Chapter President and membership on a monthly basis.
3. Ensure that the Chapter Administration prepares accurate and consistent monthly financial reports of all transactions and expenditures of the Chapter by fund accounts.
4. Co-sign all Chapter checks along with the Chapter Manager.
5. Assist in reporting of any discrepancies, irregularities and illegalities to the appropriate authorities.
6. Offer recommendations for discussion to amend, modify, or revise the Procurement Policies and Procedures Manual.

VI. PURCHASING SYSTEM AND PROCEDURES

- A. The Chapter Manager will determine the purchasing method that will be implemented for the benefit of the Chapter. For most purchases, the Chapter shall utilize the Fund Approval Method.
- B. Fund Approval Method Procedures:

The Chapter will use a fund approval method to expend all Chapter funds. All expenditures shall be based on the Chapter-approved budget and be in compliance with the conditions of appropriations.

1. Any member of the Chapter staff and Chapter Officials may request a need to procure goods and services and the Office Specialist will prepare a Purchase Requisition Form, obtain price quotations on items needed, and verify fund availability.

- a. Accurately complete the forms necessary with valid information regarding dates, vendors, etc.
 - b. Indicate last source or possible sources of supply.
 - c. Give listings of all items required with a complete description, including stock number (if applicable), manufacturer or vendor's name, catalog number (if available) and prices.
 - d. If the information is available, list the unit price from a previous purchase order, vendor's catalog, or other source, indicating the source from which the prices were taken.
2. If the vendor does accept Purchase Orders, refer to Section VI (C) below.
 3. The Office Specialist will obtain price quotations pursuant to Section IV (I). The quotations must contain a clear and concise description of the items required and shall forward the documents to the Chapter Manager for review.
 4. The Chapter Manager will review the price quotations for reasonableness, necessity, and budget and fund compliance, and either approve or disapprove the request.
 5. If approved, the Office Specialist will prepare the Fund Approval Form (FAF) and submit a signed FAF (signed by requestor) to the Chapter Manager for approval.
 6. If the Chapter Manager approves the FAF, the Office Specialist will prepare the check and submit it, along with supporting documentation, for signature by the Chapter Manager.
 7. Supporting documents will be verified by the secondary signatory (i.e. Secretary/Treasurer) before co-signing the check. In the event that the Secretary/Treasurer is unavailable, another authorized signatory shall verify the supporting documents and sign the check.
 8. The Office Specialist will place the order for the procured goods and services with the selected vendor via telephone or Internet.
 9. Upon receipt of goods or service, refer to Section VI (G) for procedures on receiving procured goods and services.
 10. The Office Specialist will remit payment (by check) to the vendor, with a copy of the invoice attached. Prior to mailing the payment, the Office Specialist will photocopy the check. Payments to vendors will be rendered in a timely manner to take advantage of any purchase discounts.
 11. The Office Specialist will post the expenditure to the monthly check register and appropriate fund ledgers.

12. The Office Specialist will file the original invoice, purchase requisition, verbal quotation and receiving report with a photocopy of the check(s) attached in accordance with the Chapter's Records Management Policies and Procedures Manual.

C. Purchase Requisition (PR) and Purchase Order (PO) Procedures:

The Chapter shall use a Purchase Order method of procuring goods and services when ordering supplies, janitorial needs, fuel supplies, and services such as repair and on maintenance of office machine, furniture, heavy equipment, and office equipment, if and when vendor(s) will accept the Chapter's purchase order.

1. Any member of the Chapter staff and Chapter Officials will identify and recognize a need to procure goods or services. For the procurement of services, the Chapter will execute a formal services contract with the PO. If the formal services contract exceeds \$50,000.01, the Chapter will refer to Section VII.
2. The Office Specialist will prepare a Purchase Requisition and verify fund availability. This form must contain a clear, accurate, and concise description of the items required as follows:
 - a. Accurately complete the forms necessary with valid information regarding dates, suggested vendors, etc.
 - b. Indicate last source or possible sources of supply, if known.
 - c. Give listings of all items required, with a complete description, including stock number (if applicable), manufacturer's or vendor's name and catalog number, if available. Also, include prices.
 - d. If the information is available, list the unit price from a previous purchase order, vendor's catalog, or other source, indicating the source from which the prices were taken. A copy of the requested quotations should also be attached to the requisition.
 - e. A "Do Not Ship Partial Order" shall be noted if the items needed are such that a partial shipment would not satisfy the Chapter's needs.
3. The Office Specialist will obtain price quotations pursuant to Section V (I) for vendors who will accept the Chapter's Purchase Order.
4. The Office Specialist will sign the PR and then forward the form and price quotations, directly from the different vendors, to the Chapter Manager for approval or disapproval.

5. Before approval or disapproval and the selection of a specific vendor, the Chapter Manager shall completely and accurately review the purchase requisition for reasonableness, necessity, budget compliance, and fund availability.
6. The Chapter Manager will recommend a specific vendor based on past purchases, prices, quality, freight charges, etc.
7. If the PR is approved, the Office Specialist will prepare the Purchase Order and issue it with the appropriate information regarding vendor and items procuring.
8. The Chapter Manager will be authorized and responsible to correct any change notice on a PO due to:
 - a. Increase or decrease quotation prices
 - b. Vendor's address change
 - c. Change in item number(s) and/or description(s)
9. The Chapter Manager shall be authorized and responsible for any cancellation notice on a PO for the following reasons:
 - a. Expiration of the ninety (90) days for a PO to remain open
 - b. Vendor(s) not accepting Chapter POs
10. Upon receipt of goods or services with shipping documents (bills of lading, invoices, etc.); refer to Section VI (G).
11. The Chapter Manager will review and verify the procurement purchase documents for completeness and accuracy and instruct the Office Specialist to prepare a check for payment to the specific vendor for the procured goods or services.
12. For payment process, refer to Section VI (B) (5-7), above.
13. Upon payment of any PO, the Office Specialist will make the necessary adjustment to the appropriate fund ledger(s) and monthly check register.
14. If the vendor does not accept Chapter PO, the process will revert to the Fund Approval Method, Section VII (B).
15. If the vendor requires a Blanket Purchase Order, the Chapter shall refer to the following section.

D. Blanket Purchase Order (BPO) Procedures:

If the vendor requires a Blanket Purchase Order, the Chapter shall conduct the following:

1. When necessary, the Chapter will use the BPO purchasing method to render payment to a vendor.
2. The BPO shall be for a specified amount and period of time to cover purchases of recurring nature.
3. The BPO will be used for purchases essential to the operation or maintenance of Chapter equipment and property.
4. The BPO will be closed out at the end of each Chapter fiscal year and a new BPO issued for the specified vendor, amount, and quantity.
5. The Chapter Staff will maintain a BPO logbook for all transactions as follows:
 - a. All transactions will be recorded, and the open balance of the purchase order shall be monitored, without exceeding the specified dollar amount on the BPO.
 - b. The Chapter will budget the estimated expenditures for a specified period of time.
6. Without exception, the Chapter Manager shall be the only authorized person to order and receive goods or services on a BPO.
7. All transactions handled via a BPO shall follow the procedures for Purchase Requisition and Purchase Order in Section VI (C), above.
8. The Office Specialist will indicate in writing that the PO is a BPO.

E. Stationary Supply Order Procedures:

The Chapter will purchase office supplies using the Stationary Supply Order (SSO) purchasing method through the Navajo Nation Property & Supply Department, only as deemed necessary.

All transactions under an SSO must meet the following procedures:

1. Any Chapter staff or Official will request a need for office supplies to the Office Specialist. The Office Specialist will prepare the request on the SSO form.
2. The Office Specialist will verify funds and secure catalog unit prices on supplies that are in stock from the Navajo Nation Property & Supply Department.

3. The Office Specialist will initiate a typewritten SSO and shall forward the completed document to the Chapter Manager for signature of approval or disapproval.
4. The Chapter Manager will review the proposed expenditure for reasonableness, necessity, budget compliance and fund availability.
5. If the SSO is approved, the Office Specialist will submit the SSO to the Navajo Nation Property & Supply Department via fax.
6. The Chapter Manager will be authorized and responsible for any cancellation notice on a SSO, for the following reasons:
 - a. Expiration of the thirty (30) calendar days for an SSO to remain open.
 - b. Unavailability of specialized orders beyond the expiration time limit.
7. Upon receipt of goods with receiving documents (bills of lading, invoices, etc.), refer to Section VI (G).
8. Upon approval for payment, the Office Specialist will prepare and remit a check to the Navajo Nation and shall submit it to the Chapter Manager for the required two signatures using the FAF payment method in Section VI (B) (5-7) above.
9. The Office Specialist will post the expenditures to the appropriate fund ledgers and monthly check register, and file all records in accordance with the Records Management Policies and Procedures.

F. Unforeseen Emergency Purchases:

1. The Chapter will provide for unforeseen emergency purchases in cases that the Chapter vehicle is in need of emergency repair, such as purchase of a vehicle battery or other vehicle parts.
2. The individual who is purchasing the items will submit the original receipts from the vendor and refer to Section VI (B) for FAF payment method.

G. Receiving Report:

1. The Chapter will use the original invoice as a receiving report to inspect the procured goods and ensure accurate purchases by checking off the items received.
2. The Office Specialist will ensure all goods are accounted for and attach the checked-off invoice to the purchase requisition prior to payment for goods and services.

3. Office Specialist will report any discrepancies to the Chapter Manager immediately upon discovery. The Chapter Manager will ensure proper action to correct the discrepancies.
4. If the order is back-logged, the Chapter Manager will determine if the procurement should be placed with a different vendor.
5. The original invoice for procurement will be filed in accordance with the Records Management Policies and Procedures.
6. If all records are accurate and complete, the Office Specialist shall submit the original invoice for payment; refer to Section VI (B) for the FAF payment method.

H. Emergency Fund Purchases:

1. The Chapter will develop a budget when it receives Emergency Funds and will expend the emergency funds only after Chapter approval at a duly called chapter meeting.
2. The Chapter will report all Emergency Fund expenditures to the Chapter membership at the next duly called chapter meeting, verbally and written.
3. The Emergency Fund will be a restricted fund. The usage of the fund will comply with the following criteria:
 - a. The Chapter will expend Emergency Funds for any major weather-related emergencies or natural disasters only after the Emergency Management Commission issues a declaration of emergency, signed by the President of the Navajo Nation or the Chapter President.
 - b. The Chapter will expend Emergency Funds for any weather-related emergencies or natural disasters and start working immediately with local, county and other surrounding entities to address the issues.
 - c. The Chapter will refrain from expending Emergency Funds for unauthorized purchases. Emergency Funds will be expended only in accordance with the established criteria and requirements set forth in this section and/or the conditions of appropriation set by the Navajo Nation Council.
 - d. All Emergency Fund disbursements will have supporting documents properly filed at the Chapter Administration office for audit purposes, with listing of recipients utilizing emergency funds.
 - e. The Chapter Manager or Chapter Officials will be authorized to act immediately in the event of a critical situation, to provide assistance and funding towards the registered voter families impacted, based on the Emergency Priority Listing.

- f. All Emergency Fund revenues will be recorded on pre-numbered cash receipts which should be summarized and classified by the type of revenue generated such as hay sales. All Emergency Funds received/ generated revenues will be posted into the Emergency Fund account.

4. Emergency Priority Listing and Eligibility Requirements:

The Chapter's Emergency Funds shall be used to provide relief support and services, in order of priority, to the following areas:

- a. Priority One: In every emergency and/or disaster incident, priority consideration shall be given to the welfare and care of the high-risk elderly and individual(s) with health related conditions. Eligibility Requirements are as follows:

- 1) Elderly affected by the disaster or illness, and/or individuals with heart conditions or extreme illnesses/health conditions.
- 2) Pregnant women with difficulties, and infants or newborns requiring medical attention or affected by the disaster.
- 3) Diabetics, oxygen users, and/or recently discharged patients.

- b. Priority Two: Priority consideration will be given to primarily utilized roads that would allow citizens to travel for food, water, hay and feed, fuel, and/or medical attention.

Eligibility Requirements:

- 1) Snow, ice, and mud removal from roads leading to stranded families, high-risk, elderly and handicapped person(s).
- 2) Repairs and maintenance for any equipment engaged in providing emergency response relief shall not exceed \$6,000.00.
- 3) Purchase of gas and diesel fuel for any equipment engaged in providing emergency response relief.
- 4) Overtime compensation for temporary personnel engaged in emergency response relief.
- 5) Lodging and meals for heavy equipment operator(s) engaged in emergency operations.
- 6) Lodging and meals for affected individuals at local motels or schools.

- 7) Reasonable rental or lease costs for any equipment engaged in providing emergency response.
 - 8) Major road reconstruction due to flooding, massive snow, or high winds.
 - 9) NO overtime payment will be permitted, except for eligible employees involved with emergency response relief.
- c. Priority Three: Ample supplies of food, water, and fuel to sustain a family of five for 3-5 days may be purchased from the Emergency Fund.
- Eligible services include purchases of firewood, coal, food, and water from private vendors.
- d. Priority Four: Emergency Funds may be expended for temporary and short-term relief for livestock which are used by families for their livelihood, in the form of hay, feed, salt blocks, and water. The products will be purchased by the Chapter and sold at below market value to registered voters and sold to non-registered voters at market value.
5. Matching fund with other inter-governmental or outside agencies:
- a. Emergency Funds may be used to provide matching or supplemental funds for the delivery of relief services by the Navajo Nation government, State government, County government, Bureau of Indian Affairs Roads Department, and National Guard.
 - b. Matching funds may be used for fuel or temporary equipment operator(s) through a Memorandum of Agreement (MOA).
 - c. The MOA shall be initiated when an emergency and/or a Declaration of Emergency is issued by the Emergency Management Commission and/or the Chapter President for emergencies.
 - d. The Chapter may match Emergency Funds with other available fund (i.e., Claims Trust Funds) to purchase major heavy equipment that could be used during a declared Emergency.
 - e. The Chapter may match Emergency Funds through working together with neighboring tribes.
6. Standard Criteria for Declaration of Emergency or Disaster.

The Chapter shall use the following criteria to determine that an emergency or disaster exists in the community.

- a. The lives and/or basic well being of community members and/or livestock in the community are in jeopardy due to a severe weather-related, natural disaster, or a human-caused fire.
- b. Conditions resulting from natural or weather-related events have severely obstructed the access of person(s) and/or livestock to critical life sustaining supplies and medical care.
- c. Community utilities have stopped functioning, thereby jeopardizing community services, communications, and/or emergency care systems.
- d. The National Weather Services and/or the Department of Emergency Management broadcast notification of imminent danger from a natural disaster. Notification can also come from other sources, including local Chapter Officials and members.
- e. Major unforeseen disaster caused by human acts such as a chemical spill, major roads obstruction, or terrorism acts.
- f. Major plague or illness such as West Nile, bird flu, Hantavirus, etc.

7. Emergency Fund Purchasing Method(s):

- a. A FAF procurement method shall be used for all weather-related emergencies or natural disasters; see Section VI (B).
- b. A PR/PO procurement method shall be used for emergency prevention and maintenance situations; see Section VI (C).

VII. COMPETITIVE SEALED BIDDING AND CONTRACTING FOR PROCUREMENTS EXCEEDING \$50,000.

- A. The Chapter shall conform to all funding source guidelines and restrictions; as well as applicable Navajo Nation laws when contracting for professional services or procurements exceeding \$50,000.
- B. The Chapter shall obtain consultation, as deemed necessary to assist with selecting the contractors. For procurement exceeding \$50,000 for non-construction-type item, the Chapter will consult with appropriate organizations and independently advertise for proposals.
- C. The preferred method of source selection shall be Competitive Sealed Bidding, which shall be conducted in compliance with the procedures set forth in the Navajo Nation Business Opportunity Act, 5 N.N.C. Section 205.
- D. The Chapter will monitor the activities and progress of the contract and ensure that the contractor is meeting all of the outlined scope of work within the time frame as stipulated in the awarded contract.

E. Chapter Contract Requirements:

1. Any authorized contract on behalf of the Chapter shall abide by the following terms:
 - a. Contracts will not waive the sovereign immunity of the Navajo Nation or Chapter. For any contract disputes, the parties involved shall contractually agree to resolve the matter and that the parties agree not to submit their matter to any other dispute resolution forum.
 - b. The Chapter will identify and recognize the need to contract for professional services.
 - c. Funds will be available to cover the contract and will be appropriated or available to prevent shortfalls or delays.
 - d. All contracts will comply with and reference the Navajo Business and Procurement Act, 12 N.N.C. Section 1501 et seq., the Navajo Preference in Employment Act, 15 N.N.C. Section 4, and other applicable federal and state laws.
 - e. All contracts will be awarded only after public advertisement and bidding, unless otherwise authorized as small purchases, emergency purchases, or sole source purchases.
 - f. All change orders, modifications, or amendments of contracts utilizing Navajo Nation funds and Chapter funds will not:
 1. Exceed twenty percent (20%) of the accepted bid, or
 2. If the twenty percent (20%) cap is exceeded by any change orders, modifications, or amendments, such change orders, modifications or amendments shall be subject to re-bid.
 3. If it is subject to re-bid, the supporting documentation will be presented at a duly called Chapter meeting and obtain an approved Chapter resolution.
 4. The awarded contractor(s) shall maintain the identified time frames/lines.
 - g. All contracts shall clearly state the liability of the Chapter under the contract is contingent upon the availability of funds by Chapter.
 - h. The Chapter membership will be informed at the next duly called chapter meeting regarding contracts or project status.

2. Invitation for Bids:

- a. The Chapter Manager and Chapter Officials shall invite bids, with technical assistance from the Navajo Regional Business Development Office, Navajo Nation Business Regulatory Office and Department of Justice, if necessary.
- b. The invitation for bids shall include a purchase description; all contract terms and conditions applicable to the procurement, and the necessary qualification requirements of contractors and suppliers wishing to provide the goods or services.

The following qualification requirements and documentation will apply, as appropriate:

- 1) Contractor's federal identification number
 - 2) Tax ID number from the Navajo Tax Commission Office
 - 3) Experiences and expertise
 - 4) Navajo preference
 - 5) Professional liability insurance
 - 6) Worker's compensation
 - 7) Bonding/security for the construction
 - 8) Mandatory pre-bidding conference attendance
 - 9) Resume of owner(s)
- c. The Chapter Manager, with Chapter Officials' assistance and support, shall determine the maximum or feasible price/cost of the contract or procurement prior to soliciting bids and proposals.
 - d. The maximum price/cost shall be determined by the market price, architectural and engineering estimates, budgetary constraints, and prototype costs, as applicable.
 - e. The maximum or feasible price/cost of the contract shall not be announced or made public until after the contract is awarded.
 - f. Dates for the following shall be set by the Chapter Manager with the assistance and support of the Chapter Officials, technical assistance from the Navajo Nation Regional Business Development Office staff as applicable:
 - 1) Advertisement date, commencing and ending
 - 2) Pre-conference dates
 - 3) Site walk through
 - 4) Actual submission date for proposal
 - 5) Actual date for opening of bids, proposals, and cost
 - 6) Selection of a Contractor
 - 7) Project completion time

- 8) Contract formalization (signing of contract)
 - 9) Contract commencement
 - 10) Dates for period deliverables and payment for services
 - 11) Close out of contract and final reports
- g. After preparing the invitation for bid solicitation:
- 1) The public notice or invitation to bid shall be announced for ten (10) business days in a newspaper having general circulation and distribution within the Navajo Nation.
 - 2) The notice or invitation to bid by mail or facsimile shall be sent to certified businesses listed on the Navajo Nation Source List compiled and maintained by the Navajo Nation Business Regulatory Department.
 - 3) The notice of invitation to bid shall include:
 - a) The requirements, description, classification, and specifications of the goods and services.
 - b) Important dates, such as deadline dates for submittal of the bid, the bid opening dates, the award date, and other important dates.
- h. To demonstrate that competitive bidding was performed, the Chapter shall maintain a copy on file of the solicitation used to obtain the bids.
- i. In addition, if the Chapter used advertising mechanisms to place the solicitation announcement, the Chapter shall maintain a copy of the announcement and an indication of where and when such announcement was placed.
- j. A pre-bid, pre-proposal or a pre-contract conference shall be held to provide additional information only obtainable by seeing the actual site of service, construction site, or individuals with whom the contract is to be performed.
- k. The Deadline Date is Closed (NO EXCEPTIONS):
- 1) No late bids or proposals shall be accepted.
 - 2) All bids shall be received by the Chapter Manager and stamped at the Chapter.
 - 3) The Chapter Manager shall ensure that all bid documents received are recorded and safeguarded in a safe or under lock and key until bid opening date.

- I. Bid Opening Procedures and Requirements for more than one priority business submitting a bid, reference to 5 N.N.C. Section 205:
 - 1) The specific bid shall be announced and advertised for ten (10) business days through the local news media and identified as a designed site for bid submittal (the Chapter).
 - 2) All bid information shall be announced and treated as confidential information and filed subject to the Navajo Nation Privacy and Access to Information Act and the Navajo Nation Ethics in Government law.
 - 3) In presence of witnesses, including the Chapter Officials, the Chapter Manager shall open the bids publicly.
 - 4) The amount of each bid, and such other relevant information as may be specified by regulations, together with the name of each bidder, shall be recorded.
 - 5) The record and each bid shall be open to public inspection, to the extent permitted by the Navajo Nation Privacy and Access to Information Act.
 - 6) All bid openings for procurement amounts in excess of \$50,000 shall be governed by procedures in accordance with the Navajo Nation Business Opportunity Act, 5 N.N.C. Section 205, wherein all bids are compiled and selected according to the Required Business and Contracting Preference Priorities and the Certification of the Navajo Business Opportunity Act, Section 204 (A).
 - 7) Bid Acceptance, Evaluation, and Selection:
 - a) All bids shall be accepted without alteration or correction, except as authorized by the Navajo Business Opportunity Act, or other provisions of applicable law.
 - b) The Chapter Manager and Chapter Officials shall evaluate all bids based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability, such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose.
 - c) The criteria affecting the bid price and considered in the evaluation for award shall be objectively measurable,

such as discounts, transportation costs, and total or life cycle costs.

8) Correction(s) or Withdrawal of Bids:

- a) Contractors shall be allowed to withdraw inadvertently erroneous bids before or ten (10) business days after an award is made but the withdrawal must be exercised prior to execution of a formal contract.
- b) All requests for corrective action or withdrawal of bids shall be supported by written documentation addressed to the Chapter Manager, and in consultation with the Chapter Officials.

9) Contract Award:

- a) An award will be issued to the responsible and responsive bidder deemed qualified with contractor licenses, and whose bid meets the requirements and criteria set forth in the invitation for bids, and whose bid is at or below the Maximum Feasible Cost.
 - b) In the event all bids exceed available funds, as determined by the Chapter Manager, and if the lowest bid does not exceed such funds by more than five (5%) percent, the Chapter Manager and the Chapter Officials shall be authorized to negotiate adjustments of the bid price in order to bring the bid within the amount of the available funds or repeat the bidding process.
- m. If the awarded contractor(s) deems necessary to outsource for sub-contractors, the sub-contractor(s) must have a contractor's licenses as applicable and shall be conducted in a manner consistent with the procedures set forth in the Navajo Nation Business Opportunity Act, 5 N.N.C. Section 205.

3. Competitive Sealed Proposals:

- a. In writing, the Chapter Manager shall recommend the use of competitive sealed proposals based on a determination that the use of competitive sealed bidding is either not practical or not advantageous to the Chapter.
- b. The competitive sealed proposals process shall be conducted in a manner consistent with the procedures set forth in the Navajo Nation Business Opportunity Act, 5 N.N.C. Section 205.

4. Request for Proposals:
- a. The Chapter Manager shall prepare a Request for Proposal, including a purchase description, and all contractual terms and conditions applicable to the procurement.
 - b. The Request for Proposals shall also refer to the preference of Navajo and Indian-owned business under the Navajo Nation Business Opportunity Act.
 - c. Maximum Feasible Cost: The Chapter Manager and Chapter Officials, with technical assistance from the Navajo Regional Business Development (if necessary), shall develop prior to bid advertisement, a maximum feasible cost if service is to be performed, based on the following:
 - 1) Architectural and engineering estimates, as applicable.
 - 2) Market Price
 - 3) Budget allocation
 - 4) Prototype cost
 - d. Public Notice
 - 1) The Chapter shall provide notice or invitation to bid to certified businesses listed on the Navajo Nation Business Source List, compiled and maintained by the Navajo Nation Business Regulatory Department.
 - 2) A minimum of ten (10) business days of public notice of the Request for Proposal shall be given before the opening of bids, with dates on submission of proposals and proposal selection. The public notice may be published in newspapers with regular circulation.
 - e. Opening of Proposals
 - 1) The Chapter Manager, in the presence of witnesses, including the Chapter Officials, shall open the proposals publicly.
 - 2) The proposals shall be tabulated in a Register of Proposals set up by the Office Specialist and shall be open for public inspection after the contract award, to the extent provided for in the Navajo Nation Privacy and Access to Information Act.

- 3) All opening of proposals for procurement amounts in excess of \$50,000 shall be governed by Request for Proposals procedures, pursuant to the Navajo Nation Business Opportunity Act, Section 205.
- 4) The opening of all Requests for Proposals shall follow the same procedures publicized.

f. Revisions to Proposals

- 1) As provided for the Request for Proposals, the Chapter Manager may, after public notice, but prior to proposal closing date, conduct discussions with the responsible offerors who submit proposals determined to be reasonable and susceptible of being selected for award, for the purpose of clarification to ensure full understanding of the proposal's responsiveness to the solicitation requirements.
- 2) Offers shall be afforded fair and equal treatment with respect to any opportunity for discussion and revision of their proposal, and such revisions may be permitted after submission and prior to award for the purpose of obtaining the best and final offer.
- 3) In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.

g. Award

- 1) The Chapter Manager will determine and display approval in writing to the Chapter Officials on which proposal is the most advantageous to the Chapter, taking into consideration price and the evaluation factors set forth in the Request for Proposals.
- 2) The declaration of the grounds for award shall be addressed publicly to the extent provided in the Navajo Nation Privacy and Access to Information Act.
- 3) The award shall be based on qualification and consultation with Chapter Officials.
- 4) The award shall be issued to the selected offeror within five (5) business days by written notice from the Chapter Manager.
- 5) The award shall be announced and awarded to the offerors, and the Chapter President shall sign and execute the contract on behalf of the Chapter.

F. Cancellation of Invitation for Bids or Requests for Proposal:

An Invitation for Bids, a Request for Proposals, or other solicitation may be cancelled, or any and all bids or proposals may be rejected in whole or in part, as may be specified in the solicitation, or when it is in the best interest of the Chapter.

G. Responsiveness of Bidders and Offeror's Determination of Non-responsiveness:

1. The Chapter Manager may make a written determination of non-responsiveness of a bidder or offeror due to reasonable faults.
2. Lack of communication or information on the part of the offerors shall create grounds for a determination of non-responsiveness with respect to such bidder or offeror.

H. Right of Nondisclosure:

All information obtained will be treated as confidential, in compliance with the provisions of the Navajo Nation Privacy and Access to Information Act.

I. Contract Performance and Payment Bonds (contracts in excess of \$50,000):

When a construction contract is awarded in excess of \$50,000, the following bonds or security shall be delivered to the Chapter Manager and shall become binding on the parties upon the execution of the contract.

1. A performance bond satisfactory to the Chapter, executed by a surety company or otherwise secured in a manner satisfactory to the Chapter, in an amount equal to 100% of the price specified in a contract.
2. A payment bond satisfactory to the Chapter, executed by a surety company or otherwise secured in a manner satisfactory to the Chapter, for the protection of all persons supplying labor and materials to the contractor or its subcontractors for the performance of the work provided for in the contract.
3. The bond shall be in an amount equal to 100% of the price specified in the contract.

J. Contract Clauses and their Administration:

1. The Chapter Manager, in conjunction with the Chapter Officials, shall circulate regulations requiring the inclusion in the Chapter construction contracts of clauses providing for adjustments in prices, time of performance, or other contract provisions, as appropriate, and covering the following subjects:

- a. The Chapter shall have the unilateral right to order the following in writing:

- 1) Changes in the work within the scope of the contract. For procurement exceeding \$50,000 for non-construction-type item, the Chapter will consult with appropriate organizations.
- 2) Changes in the time of performance of the contract, which does not alter the scope of the contract work.
- 3) Variations occurring between estimated quantities of work in a contract and the actual quantities.
- 4) Suspension of work ordered by the Chapter.
- 5) Site conditions differing from those indicated in the contract, or ordinarily encountered, except that a differing site conditions clause may be included in a contract.

2. Price Adjustments (Mutual Agreement)

- a. Agreement between the offerors and the Chapter on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practical.
- b. Price can be adjusted by unit prices specified in the contract or subsequently agreed upon.
- c. Price can be adjusted by the costs attributable to the events or situations under such clauses with adjustment of profit or fee, all as specified in the contract or a valid subsequent agreement.
- d. In such other manner as the contracting parties may mutually agree.
- e. In the absence of agreement by the parties, by a unilateral determination by the Chapter Manager of the costs attributable to the event or situations under such clauses, with adjustment of profit or fee, all as computed by the Chapter Manager.

3. Additional Contract Clauses

- a. With the assistance of the Chapter Officials, the Chapter Manager shall publicize regulations requiring the inclusion in all Chapter construction contracts of clauses providing for appropriate remedies and covering the following subjects:
 - 1) Liquidated damages as appropriate
 - 2) Specified excuses for delays or non-performance
 - 3) Termination of the contract for default

- 4) Termination of the contract in whole or in part for the convenience of the Chapter
 - b. The contractor(s) shall provide an outline in the contracts the warranty provisions regarding the work performed, contract deliverables and overall work quality.
4. Modification of Required Clauses
 - a. With the assistance and support of the Chapter Officials, the Chapter Manager may publicize by the Chapter under Section VII (J) (1) & (2) for inclusion in any particular construction contract.
 - b. Any variations shall be supported by written documentation and a determination that states the circumstances justifying such variations and provided that notice of any such material variation is stated in the Invitation for Bids or Request for Proposals.
5. Sole Source Procurement
 - a. General Application:
 - 1) A need was recognized that only one vendor qualified to fulfill a procurement request that can be located within a geographically feasible area and no other goods or services will satisfy the procurement request and to locate vendors outside the geographically feasible area is an inefficient use of Chapter resources.
 - 2) The sole source procedures set forth shall apply to the purchase of Goods and/or Services, regardless of the cost of the goods or services.
 - 3) The Chapter shall refer to the Navajo Nation Procurement Rules and Regulations as guidance in procurement of goods and services, including modifications and change-orders, unless excepted or specifically contradicted by this Sole Source procurement section.
 - 4) The Sole Source procedures set forth shall not be used in the acquisitions of goods or services available from more than one geographically feasible vendor, regardless of whether those vendors are certified or non-certified. Procurement and/or contract requirements shall not be narrowed or manipulated merely to permit the use of these procedures. The lack of advanced planning on the part of the Chapter shall not justify the use of this Sole Source Procurement section.

- 5) Chapter review is required for all Sole Source Procurements.
- 6) The Chapter shall maintain a record of all purchases made under these Sole Source Procurement procedures for a minimum of five (5) years.

b. Procedures for Sole Source Procurement:

- 1) The Chapter Manager must determine and concur in writing that there is only one geographically feasible qualified source for the desired goods or services. Such written determination shall be included in the subsequent contract file.
- 2) To qualify as a Sole Source Procurement and to gain the determination and concurrence required in step 1) above, the Chapter must, at a minimum provide written documentation of the following:
 - a) Justification that there is only one geographically feasible qualified source for the desired goods or services. Such justification may be demonstrated by the following:
 - i. Public notices of the Invitation for Bids or an Request For Proposal or Request for Service Quotes published for a reasonable time prior to the date set for the submission of bids or proposal in a newspaper of general circulation; and
 - ii. A list of all entities submitting bids or proposals demonstrating that only one or no qualified or responsible vendors responded.
 - b) Justification as to why locating vendors outside the geographically feasible area is an inefficient use of Chapter resources.
 - c) Justification as to why no other goods or services will satisfy the procurement request.
 - d) A cost price analysis justifying why the Sole Source vendor's price for the goods or services is reasonable.
- 3) After securing a potential vendor per step 2) above, the Chapter shall proceed to enter a contract pursuant to these procedures.

4) Before issuance of a Purchase Order or execution of a contract, the Chapter shall submit all Sole Source Procurement contracts, including Purchase Orders, for Chapter review and signatures by:

- a) The Chapter President
- b) The Chapter Vice-President
- c) The Chapter Secretary/Treasurer

6. Procurement of Licensed Professional Services

a. For the purpose of procuring the services of accountants, auditors, architectural engineers, electricians, or other licensed professional services, the Chapter Manager shall determine in writing to the Chapter Officials that the use of competitive sealed bidding is either not practical or not advantageous to the Chapter.

b. A contract may then be entered into by a non-competitive sealed proposal.

c. The non-competitive sealed proposals for licensed professional services shall be conducted in consultation with Department of Justice and in a manner consistent with the procedures set forth in the Navajo Nation Business Opportunity Act, 5 N.N.C. Section 205, unless otherwise authorized as small purchases, emergency purchases, or sole source purchases under the Chapter Procurement Policies and Procedures Manual or intergovernmental agreement approved by the Navajo Nation Council or its Standing Committees.

7. The Chapter will safeguard and maintain appropriate, accurate and complete contract records in accordance with Records Management Policies and Procedures.

K. The Chapter will conduct a final inspection in conjunction with appropriate entities to ensure that all specifications of the scope of work within the contract clauses are met. This will be a measure used to close out the contract.

VIII. INSPECTION, ACCEPTANCE OR REJECTION POLICIES AND PROCEDURES:

A. The Chapter may determine that any Chapter procurement for goods or services received is acceptable, has quality, and is necessary for the operation of the Chapter.

B. The following procedures shall be maintained for the inspection, acceptance, or rejection of procurements of goods or services:

1. The Office Specialist shall review the shipping documents for correct items and quantities and shall compare such documents with the original purchase order and invoice. The Office Specialist will check off items received on the invoice and

upon completion of verification, forward the documentation to the Chapter Manager for inspection, acceptance, or rejection.

2. The Office Specialist shall be responsible for inspecting and accepting or rejecting goods received based on the following:
 - a. Freight damaged merchandise
 - b. Shortage in shipments/overage
 - c. Low quality or non-conforming goods
 - d. Unauthorized order or shipment
3. If any of these discrepancies surfaces or exists, the Chapter Manager shall notify the vendor(s) immediately to arrange for a method to return the merchandise, or another corrective measure to satisfy both parties.

IX. DEFINITIONS

The language contained in this section applies generally to this policies and procedures manual, except as otherwise provided elsewhere in the Five Management System.

- A. **Accounting:** the methods and records established and maintained to identify, assemble, analyze, classify, record, and report a Chapter's financial transactions, and to maintain accountability.
- B. **Administrative Functions:** those activities of the Chapter government, which are non-legislative, and performed by Chapter employees.
- C. **Bid:** a formal submission made as an offer by a potential supplier or service provider to provide goods and/or services to the Chapter, which includes information such as pricing, delivery schedule, and other information related to the bidder's ability to provide the goods and/or services. A bid is evolved from the bidding process. A bid is not considered to be a binding offer by a vendor.
- D. **Chapter Employee:** any person or entity working for, rendering, or exchanging any services, or performing any act on behalf of the Chapter in return for any form of payment or compensation at any time, temporarily, permanently, or indefinitely.
- E. **Chapter Manager:** the executive-level professional hired by the Chapter to be responsible for administering the Five Management System and the day-to-day administration of the Chapter.
- F. **Chapter Officials:** the following public officials elected by the registered Chapter membership: Chapter President, Chapter Vice-President, and Chapter Secretary/Treasurer.

- G. Chapter: a political subdivision considered as a general-purpose local government for reporting purposes of the Navajo Nation. The word "Chapter" is also used as a reference to the land and the people of such subdivision.
- H. Chapter Resolution: a document recording an official action taken by the Chapter membership at a duly called Chapter meeting, and certified by the presiding Chapter official.
- I. Construction: the process of building, altering, repairing, improving, or demolishing any public structure or building, or any other public improvement of any kind to any public real property. "Building" does not include the routine operation, repair, or maintenance of existing structures, buildings, or real property.
- J. Contract: all types of Chapter agreements, regardless of what they may be called, for the procurement or disposal of supplies, services, or construction. The term "contract" does not include agreements, including prime contracts and grants, between the Chapter and Navajo Nation, or Federal, State, or County agencies, for the provision of governmental services to Navajos and other persons within the Chapter.
- K. "Cost Plus" Contract: a contract paid on the basis of a fixed fee or a percentage added to actual cost.
- L. Custodian: an individual entrusted with guarding and having day-to-day charge of official books, records, documents, equipment, property, and funds of the Chapter.
- M. Emergency Purchases: purchases arising from an unforeseen and dangerous situation, requiring immediate purchasing action by the Chapter to restore peace, health, and safety for the people or their property.
- N. Five Management System: a management system, which includes fiscal, procurement, records, personnel, and property management.
- O. Navajo Nation Law: Navajo statutes, administrative regulations, and Navajo common law.
- P. Personal Property: all supplies, materials, equipment, and other property, including expendable and non-expendable property, and including capitalized and non-capitalized property, but not including real property or fixtures.
- Q. Procurement: buying, purchasing, renting, leasing, or otherwise acquiring any goods, services, or construction. It also includes all functions that pertain to the obtaining of any goods, services, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- R. Proposal: an offer to perform a contract for the performance of work and labor and/or the delivery of goods sought, where it is either not practicable or not advantageous to the Chapter to procure specified types of supplies, services, or construction by competitive sealed bidding.

- S. Request for Proposal: all documents, whether attached or incorporated by reference, utilized for soliciting proposals.
- T. Real Property (Chapter): any interest in land, together with the improvements, structures, and fixtures located thereon.
- U. Responsive Bidder: a person who has submitted a bid, which conforms in all material aspects to the Invitation for Bids.
- V. Responsible Bidder or Offeror: a person who has the capability in all aspects to perform fully the contract requirements, and the integrity and reliability, which will ensure good faith performance.
- W. Services: the furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports, which are merely incidental to the required performance. This term shall not include employment agreements or collective bargaining agreements.
- X. Supplies: all property, including but not limited to equipment, materials, printing, insurance, and lease of real property, excluding land or a permanent interest in land.
- Y. Vendor: a person or a commercial establishment, which sells goods or services (example: one who has goods for sale in a public place).

X. APPENDIX

[Exhibits for standard forms]

**CHAPTER
PROPERTY MANAGEMENT POLICIES AND PROCEDURES MANUAL**

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**CHAPTER
PROPERTY MANAGEMENT POLICIES AND PROCEDURES MANUAL**

I. AUTHORIZATION

- A. Pursuant to 26 N.N.C., Section 101 (A), the Chapter is required to formulate, implement, and operate under a Five Management System. The Chapter has developed policies and procedures for the Five Management System, consistent with applicable Navajo Nation Laws.
- B. Pursuant to Chapter Resolution _____, the Property Management Policies and Procedures Manual is hereby approved and adopted.

II. PURPOSE

- A. These policies set forth the authorities, principles, and policies governing the accounting for all Chapter property, in terms of dollar value, units, and location(s), and prescribe the Chapter administrative functions and Chapter Officials' policy-making functions within the Chapter.
- B. These policies also provide the basis for the implementation of the general supervision over procedures necessary to organize and protect all Chapter assets, through the maintenance of records and performance of inventories, thereby ensuring the provision of adequate and economical warehousing, receipt, and delivery of Chapter properties.
- C. The general principles of these policies are applicable to all employees and members of the Chapter, including Chapter Officials, who will monitor property management to ensure that property records are maintained and that these policies and procedures are enforced.

III. APPLICABLE LAWS

The Chapter shall comply with all applicable State, Federal, and Navajo Nation laws such as Navajo Nation Ethics in Government Laws.

IV. GENERAL STATEMENT OF POLICIES

- A. The Chapter staff and Chapter Officials shall be charged with the responsibility to ensure accurate inventory control and safekeeping of all Chapter property. In the event of loss, the Chapter staff and Chapter Officials shall be prepared to show the precautionary actions taken to guard against loss, damage, theft, etc. The Chapter shall maintain adequate insurance coverage. Liability insurance coverage shall be mandatory, where required by law. All Chapter properties are for usage for Chapter business only.
- B. Individuals may be required to assume accountability for property remotely located. In such instances, the responsible individuals are required to maintain records which will

show at all times the general location of such property and the individuals responsible for its care and safekeeping.

- C. Any person who, without authority, sells or otherwise disposes (via loan, exchange, or gift) of Chapter property or through neglect allows Chapter property to be lost, or damaged, destroyed, sold, or wrongly disposed of, may be lawfully prosecuted pursuant to Navajo Nation laws.
- D. All Chapter property shall be identified by marking and/or tagging, unless such marking would impair the utility of the item.
- E. Chapter property records shall include serial numbers, quantity, condition, and insurance for proper identification of items and to ensure proper reporting of losses.
- F. All Chapter property shall be kept on the Chapter premises, except where it has been approved for other locations by the Chapter Manager.
- G. All property discovered upon annual inventory (tagged or not) shall be accounted for and recorded as Chapter property.
- H. The Chapter Manager shall report the existence or discovery of property, to safeguard and secure such property until legal responsibility for it is established and the proper authority assumes possession.
- I. All property and equipment of significant value (\$500 and over) shall be capitalized and recorded in the Chapter's fixed asset accounts.
- J. All Capital expenditures shall be included in a Chapter-approved budget and recorded as an expense in the year of its purchase. At the end of the fiscal year, the asset shall be transferred to the General Fixed Assets Account Group (GFAAG).
- K. The Chapter shall request for the release of all titles held by the Navajo Nation Property Management Department upon LGA Certification, and the Chapter shall maintain all aspects of the property it obtains from Navajo Nation Property Management Department establishing legal ownership.

V. GENERAL DUTIES AND RESPONSIBILITIES

A. Chapter Administration Responsibilities:

The Chapter Administration shall follow the duties and responsibilities prescribed in the Property Policies and Procedures enacted by the Chapter.

1. The Chapter Manager shall:
 - a. Be responsible and accountable for all Chapter property and shall be the designated property custodian.
 - b. Co-sign all checks for payment to vendors, along with the Chapter Secretary/Treasurer, and the Chapter President or Vice-President if the Secretary/Treasurer is not available.
 - c. Verify all purchase requisitions to ensure purchase costs are reasonable; materials are suitable; and quantity and intended use are in the best interest of the Chapter.
 - d. Reconcile the Chapter inventory list maintained by the Office Specialist on an annual basis, and the re-sale inventory on a monthly basis.
 - e. Have the discretion of maintaining a separate inventory for assets not meeting the capitalization requirements; such items will be expensed when purchased.
 - f. Acquire Chapter property on an installment plan, with the approval of the Chapter Officials and report back to the Chapter membership on the purchase(s).
 - g. Be responsible for ensuring rental equipment is used for its approved purpose and for enforcing the Chapter approved rental fees.
2. The Office Specialist shall:
 - a. Prepare the paperwork necessary for the acquisition of property and equipment including preparing purchase requisitions and issuing purchase orders.
 - b. Inspect equipment purchased, verify complete orders per invoices, and process payments.
 - c. Obtain approval from Chapter Manager and Officials for transactions regarding Chapter property.
 - d. Comply with the Procurement Policies and Procedures Manual for any and all acquisitions.

B. Chapter Officials' Responsibilities:

1. The Chapter President shall:
 - a. Work closely with the Vice-President and Secretary/Treasurer to ensure that the Chapter administration is adequately meeting the Chapter's directives.
 - b. Expend funds according to conditions of the Budget Instructions Manual and/or the Chapter's annual budgetary objectives.
 - c. Sign all contracts, resolutions, and other documents on behalf of the Chapter, after approval by the Chapter membership.
 - d. Monitor and review the property management and activities of the Chapter administration, on a quarterly basis.
 - e. Work toward resolving any discrepancies, irregularities, or illegalities in the property control process.
2. The Chapter Vice-President shall:
 - a. Assume delegated duties and responsibilities of the Chapter President for a reasonable time period, or until the President is available.
 - b. Assist in the review of the Chapter property control process on a quarterly basis.
3. The Chapter Secretary/Treasurer shall:
 - a. Monitor the maintenance of an accounting system to ensure accountability of all funds and expenditures.
 - b. Report all financial activities to the Chapter President and membership on a monthly basis.
 - c. Co-sign Chapter checks, along with the Chapter Manager.
 - d. Monitor and review the Chapter's property control records on a monthly basis.
 - e. Work towards resolving any discrepancies or irregularities in the property control process.

VI. PROPERTY ACQUISITION

A. Policies:

1. The Chapter shall acquire personal and real property through purchase, donation, transfer or assumption of abandoned property found within the Chapter's premise.
2. All properties purchased shall follow the Chapter's Procurement Policies and Procedures Manual, where applicable.

B. Procedures:

The following procedures shall apply for all property acquisitions:

1. Property:

- a. With the approval of the Chapter Officials, the Chapter Manager shall acquire or purchase property and equipment, through the use of check, or an installment/lease plan.
- b. Referring to the Procurement Policies and Procedures Manual, the Office Specialist shall prepare all the necessary documents to initiate the purchase of property and/or equipment.
- c. Upon approval of the Chapter Officials and Chapter Manager, the Chapter President shall sign property acquisition documents on behalf of the Chapter.
- d. The Office Specialist shall perform various functions, such as:
 - 1) Obtaining advanced approval from the Chapter Manager
 - 2) Preparing the Fund Approval form and/or Purchase Requisition
 - 3) Issuing the purchase order
 - 4) Inspecting goods
 - 5) Processing payments
 - 6) Completing Property Identification Sheet
- e. The Chapter Manager shall review all documents for completeness and accuracy before signing the check for payment, along with the Secretary/Treasurer.

- f. When an agreement is set up with a vendor and an installment payment is due, the Office Specialist shall process the Fund Approval Form in accordance to the Procurement Policies and Procedures, Section VI (B). Subsequent payments shall be made in the same manner.
- g. The Chapter Manager shall update the property records/inventory to reflect acquisition immediately.

2. Acceptance of Donations or Gifts:

a. Policies:

- 1) All donations of items or gifts of property and equipment shall be addressed in writing to the Chapter.
- 2) The Chapter Manager will be responsible for the acceptance or rejection of the donated property or equipment offered to the Chapter.

b. Procedures:

- 1) The Chapter Manager will assess the proposed offer or donation, and consult with the Chapter Officials concerning the costs or benefits of accepting or rejecting the donations or gifts.
- 2) The Chapter Manager will estimate the value of the donated property or equipment at the fair market value at the time the donation or gift is proposed and accepted.
- 3) If accepted, the Office Specialist will tag and record the property or equipment in the appropriate general and subsidiary ledgers, including the General Fixed Assets Account Group (GFAAG).

3. Abandoned Property:

a. Policies:

Any and all property found abandoned within the Chapter premises shall become the property of the Chapter.

b. Procedures:

- 1) If abandoned property is found, the Office Specialist will inform the Chapter Manager/Chapter Officials about the found property as soon as it is identified.

- 2) The rightful owner will be given thirty (30) calendar days to identify and request the property or establish ownership.
- 3) In the event there is no claim, the Chapter Manager will determine whether the property or equipment found abandoned within the premises of the Chapter will become the property of the Chapter.
- 4) If there is no claim, the Chapter Manager will notify and consult with the Chapter Officials regarding unclaimed property and/or equipment.
- 5) If the property or equipment is unacceptable as Chapter property, the property will be turned over to the local police department or dispose of the property.
- 6) The Chapter Manager will determine the value of the abandoned property at the fair market value.
- 7) The Office Specialist will tag and record any accepted property or equipment in the appropriate general and subsidiary ledgers including the GFAAG.

4. Property and/or Equipment Transfer

a. Policies:

- 1) All transfer of property and equipment shall be addressed in writing to the Chapter.
- 2) The Chapter Manager will be responsible for the acceptance or rejection of the transferred property or equipment offered to the Chapter.

b. Procedures:

- 1) The Chapter Manager will assess the proposed transfer and consult with the Chapter Officials concerning the costs or benefits of accepting or rejecting the transfer of property or equipment.
- 2) The Chapter Manager will estimate the value of the transferred property or equipment at the fair market value at the time the transfer is proposed and accepted.
- 3) If accepted and transferred, the Office Specialist will tag and record the transferred property or equipment in the appropriate general and subsidiary ledgers, including the GFAAG.

VII. PROPERTY IDENTIFICATION, CLASSIFICATION AND RECORDS

A. Policies:

1. The Chapter shall maintain a complete, detailed and accurate identification of all Chapter properties at all times. The Chapter Physical Equipment Inventory form shall be reconciled annually.
2. All updates or reviews shall take place upon the hiring, new elected terms, resignation, or termination of the Chapter Manager, Chapter Officials, or Chapter staff within the Chapter Administration to account for all property and equipment.
3. All properties of the Chapter shall be identified, classified and recorded on the Chapter Physical Equipment Inventory form.
4. All properties of the Chapter shall be tagged with the Chapter's property number.

B. Procedures:

1. The Chapter Manager/Office Specialist will be responsible for classifying all Chapter properties into the following categories:
 - a. Expendable
 - 1) Supplies
 - 2) Materials
 - b. Non-expendable (Non-capitalized, value less than \$500.00):
 - 1) Tools
 - 2) Furniture
 - 3) Equipment
 - c. Non-expendable (Capitalized, value of \$500.00 or more):
 - 1) Tools
 - 2) Furniture
 - 3) Equipment
 - d. Personal Property (Fixed asset, value less than \$500.00):
 - 1) Improvements
 - 2) Equipments
 - 3) Fixtures
 - e. Real property (Fixed asset, value of \$500.00 or more):
 - 1) Improvements
 - 2) Buildings
 - 3) Land

2. The Chapter Manager/Office Specialist will record the proper classification of Chapter property meeting or exceeding the capitalization threshold in the Fixed Asset Inventory Sheet, containing the following information:

- | | |
|--------------------|---------------------|
| a. Property number | e. Acquisition cost |
| b. Description | f. Value |
| c. Classification | g. Condition |
| d. Serial number | |

3. The Chapter Manager/Office Specialist will ensure that the property identification, availability and location of the fixed assets are recorded on the Fixed Asset Inventory Sheet, which is filed securely in a locked safe.
4. If the date of purchase is unknown, the beginning fiscal year date shall be utilized, with specific notation regarding the substituted date.
5. If the purchase price is unknown, it will be estimated at the current fair market value.
6. The value of donated equipment will be estimated at the fair market value at the time of acquisition.
7. The total value of all listed property and equipment shall be recorded in the GFAAG.
8. The Chapter Manager/Office Specialist shall record and report the Chapter's general fixed assets in its accounting records and financial statements, in accordance with the following example:

a. The General Ledger - Fixed Assets

DATE	ITEM	REF	DEBIT	CREDIT	BALANCE
12/1	Beg. Bal.				35,000
12/31	Machinery & Equipment	GF	20,000		55,000
12/31	Office Equipment	GF	7,500		62,500

Subsidiary ledgers are detailed records and they record amounts of individual property items listed as general fixed assets (buildings, infrastructure, or improvements other than buildings, machinery and equipment, and construction in progress). These ledgers permit reconciliation between the general ledger and subsidiary ledgers. The following are examples of fixed asset subsidiary ledgers:

b. Fixed Asset Subsidiary Ledger-Machinery & Equipment:

DATE	ITEM	REF.	DEBIT	CREDIT	BALANCE
12/1	Beg. Bal.				25,000
12/31	GMC TRUCK	GF	10,000		35,000
12/31	CHEVY TRUCK	GF	10,000		45,000

c. Fixed Asset Subsidiary Ledger-Office Equipment:

DATE	ITEM	REF.	DEBIT	CREDIT	BALANCE
12/1	Beg. Bal.				10,000
12/31	IBM COMPUTER	GF	5,000		15,000
12/31	CONF. RM TABLE	GF	2,500		17,500

d. Fixed Asset Inventory Sheet:

Description	Amount
Machinery and Equipment	\$45,000
Office Equipment	\$17,500
Total	\$62,500

The Fixed Asset Inventory Sheet is basically a running total of all general fixed assets. Generally, this information is obtained from the Chapter's Physical Equipment Inventory form.

VIII. PHYSICAL INVENTORY OF PROPERTY

A. Policies:

1. The Chapter shall conduct and maintain a complete, detailed and accurate physical inventory of all Chapter property and shall assign each piece of property to its proper category using the Property Assignment form and reconcile the entire property list annually.
2. An update or review shall be completed upon the hiring, new elected term, resignation, or termination of the Chapter administration and Chapter Officials.

B. Procedures:

1. The Chapter Manager and the Office Specialist will conduct a physical inventory, based on an actual observation and identification of each piece of property using Chapter Physical Equipment Inventory form.
2. A property condition check will be a part of the inventory count and will be recorded on the Chapter Physical Equipment Inventory form.
3. The Office Specialist will ensure that all pertinent records and documentation of all Chapter property are kept on file, including invoices, warranties, and titles.
4. At the beginning of the fiscal year (October 1st), the Chapter Manager will provide a copy of the most current inventory listing to the Navajo Nation Risk Management Department, or upon new purchases or dispositions of any real or personal property.

5. The Chapter Manager will consult with the Navajo Nation Risk Management Department annually, as part of the budget process, to determine that insurance costs are appropriate and the Chapter's entire inventory is sufficiently insured at all times.
6. The Chapter Manager and the Office Specialist will reconcile and adjust the inventory form for accuracy and completeness on an annual basis or upon new acquisition and disposition.

IX. LOST, STOLEN OR DAMAGED PROPERTY

A. Policies:

1. To ensure protection against property being lost, stolen or damaged, all pertinent records and documentation of all Chapter property shall be kept on file, including invoices, warranties and titles.
2. To prevent loss of any Chapter property, all property shall be tagged and records kept on file.
3. To prevent theft or damage of any Chapter property, all property shall be secured in its proper place at all times.

B. Procedures:

1. The Office Specialist will check all locations to ensure the property and/or equipment have not been lost, stolen, or damaged.
2. In the event that property becomes missing, stolen, or vandalized, the Chapter Manager and Office Specialist will immediately notify the Chapter Officials in writing and the local law enforcement and obtain a written police report.
3. The Office Specialist will compile all information from the latest physical inventory for the purpose of providing an estimate of the cost to repair or replace the item(s) that were stolen, vandalized, or damaged to the Risk Management Department.
4. The Chapter Manager will submit a memorandum and a copy of the police report to the Navajo Nation Risk Management Department in Window Rock, Arizona, along with all essential information regarding the property.
5. The Office Specialist will take any damaged and/or recovered property from the Chapter and send it to a vendor to obtain a cost estimate on the following:
 - a. Repair cost
 - b. Replacement cost through new purchase, if the repair cost exceeds the acquisition cost

6. The Chapter Manager will review the insurance records to ensure there is adequate coverage.
7. Each time a new general fixed asset is acquired, the Chapter Manager will obtain insurance coverage.

X. PROPERTY MAINTENANCE AND STORAGE

A. Policies:

1. All property shall be maintained on Chapter premises unless temporarily rented, repaired, etc.
2. All property and equipment shall have a preventive maintenance/repair schedule.
3. All property shall be used according to guidelines established to prevent high maintenance.
4. The Chapter shall provide reasonable security for Chapter property to ensure safeguarding of property.
5. The Chapter staff shall be responsible for the development and implementation of these policies and procedures.

B. Procedures:

1. Maintenance of Facilities:

- a. The Office Specialist will provide maintenance and repair schedule for all Chapter facilities, including but not limited, to the Chapter house, warehouse, and any other building structures within the acreage legally set aside for Chapter government operation.
- b. Unless there is a maintenance agreement under separate memorandum of agreement with a Navajo Nation government program, county, state or Federal entity, the Chapter will be liable and responsible for the maintenance and repair of all of its own facilities.
- c. Routine maintenance will be conducted as a preventive measure against damage and wear.

2. Maintenance of Equipment:

a. Preventive Maintenance:

- 1) The Office Specialist will schedule and requisition the servicing of all equipment, including but not limited to computers, photocopy machines, printers, fax machines and vehicles.
- 2) All office equipment mentioned above will have a monthly preventive maintenance schedule. If the product is on lease to the Chapter, the lessor will supply the routine maintenance.
- 3) The Chapter Manager will randomly inspect all equipment for proper maintenance and compliance with the maintenance schedule.
- 4) The Chapter Manager shall be responsible for checking the routine maintenance and start-up of the Chapter vehicles and equipment three (3) times a week.
- 5) The Office Specialist will date and log all maintenance performed on the Monthly Inspection and Maintenance form.

b. Repairs:

- 1) The Office Specialist will be responsible for scheduling and requisitioning of routine repairs of equipment, in accordance with the Chapter's Procurement Policies and Procedures.
- 2) The Chapter Manager will be responsible for emergency repairs, in accordance with Section VI (H) of the Chapter Procurement Policies and Procedures.
- 3) The Office Specialist will date and log all repairs of any equipment.

XI. RENTAL AND UTILIZATION OF CHAPTER PROPERTY

A. Policies:

1. No chapter property or equipment shall be rented without the approval of the Chapter Manager, documented on a Chapter Equipment Rental Agreement form, and the establishment of a standard rental fee for each type of Chapter property and equipment.
2. The Chapter may also require a deposit for personal usage of equipment or facilities to cover damaged, lost equipment or cleaning.

3. The Chapter shall not be responsible for any liabilities caused by failure to comply or negligence on the part of the requestor.
4. If any Chapter property becomes damaged or lost while on rental, the renter or user shall be responsible for the cost of replacing or repairing the property and subject to prosecution under the Navajo Nation Laws.
5. The Equipment Checkout List shall be utilized to identify the location of the equipment whether in repair or other chapter utilization.
6. There will be **no loan** with the Chapter equipment or property at any time.

B. Procedures:

1. The Chapter Manager and/or Chapter Officials will be responsible for ensuring that the equipment is used for its intended purpose.
2. The Chapter Manager will enforce the standard rental fees established by the Chapter Manager and approved by the Chapter membership at a duly called Chapter meeting.
3. The individual(s), groups, or organizations of the Chapter will fill out a Chapter Equipment Rental Agreement form at the Chapter administration office, specifying which Chapter equipment to be rented.
4. The Office Specialist will be responsible for assisting and making sure all documents and information regarding the rental policies are transmitted and understood by the requestor(s), including the required deposit, if applicable.
5. The Equipment Rental Agreement Form will be forwarded to the Chapter Manager to approve or disapprove the rental request.
6. If approved, the renter will pay the fees and assume responsibility for the equipment and its intended use, and return the equipment at the specified time agreed upon.
7. If the equipment is damaged, the renter shall forfeit the deposit (if applicable) and/or be billed for the cost of repair of the damage.
8. The Chapter Manager will be notified immediately if the equipment has been damaged or lost.
9. The Chapter Manager will have the sole authority to approve any waiver of fees upon providing ample documentation and evidence and the Chapter Manager must conduct a site visit, if necessary.

C. Utilization of Chapter House:

1. Policies:

- a. The Chapter shall receive requests from Chapter and non-Chapter groups or organizations or individual(s) to use the Chapter house facilities to conduct activities for charitable and non-charitable purposes.
- b. Such groups or organizations shall be required to obtain short-term liability insurance prior to utilizing the facility, which can be obtained from the Navajo Nation Risk Management Department.
- c. The renters shall abide by the maximum number of occupancy established for the facility.
- d. If an individual or group requests to utilize the kitchen facility to sell food or other items, either on behalf of the Chapter or privately, the Chapter Manager shall approve or disapprove these requests on a Chapter Facility Rental Agreement form.
- e. Individual(s) requesting the Chapter facility usage for funeral meetings shall complete a Funeral Assistance Chapter Facilities Rental Agreement form.
- f. A food handler's permit shall be required in cases where food will prepare for public consumption.
- g. The Chapter shall not assume any responsibility or liability for loss or theft of any valuables of the renters, nor will it be liable for any injury that may be caused due to negligence, unattended children or carelessness of the persons or groups renting the Chapter facilities.
- h. The individual renter shall be responsible for making sure that all Chapter property remains on the premises and that the area is cleaned before leaving, prior to the deposit refund, if applicable.
- i. The renters shall be billed for any damaged property and if the Chapter house is not cleaned, the renter shall forfeit the deposit (if applicable) and the opportunity for future use of the Chapter house facilities.
- j. The Chapter Manager shall be responsible for making that determination, depending on the circumstances and damages done.
- k. There will be no usage of telephone calls, water hauling and other incidentals for the community members during the facility rental.

- l. The Chapter Manager shall be the sole authority to approve any waiver of fees.
- m. The Chapter Manager and/or Chapter Officials shall reserve the right to refuse any individual(s) the usage of the Chapter facility if the individual(s) is behaving unprofessionally and using vulgar language or profanity.
- n. Facility usage for any political functions shall be subject to all applicable fees and deposits with no refunds or fee waivers and no requests for office equipment usage will be granted.

2. Procedures:

- a. Requesting individual(s), groups, or organizations must contact the Chapter administration at least ten (10) business days in advance for Chapter facility usage.
- b. The Chapter will have priority for facility usage; therefore, any scheduled meeting maybe canceled.
- c. The Office Specialist will provide the Chapter Facility Rental Agreement form and explain the conditions and requirements.
- d. The Office Specialist will prepare and forward all documents to the Chapter Manager for consideration and approval.
- e. The Chapter Manager will review all documents for completeness, and either approve or disapprove the request.
- f. If denied, the Chapter Manager will provide justification in writing to the requesting party.
- g. The Chapter Manager will return all documents to the Office Specialist, who shall notify the requesting party.
- h. The Office Specialist will record and file all documents into the appropriate ledgers and filing system.
- i. The cash receipt control policies and procedures will be applied to account for all rental proceeds to ensure proper reporting and recording pursuant to Section VII (A) of the Chapter Fiscal Policies and Procedures Manual.
- j. The Chapter Manager will be the sole authority to approve any waivers of fees.

XII. PROPERTY AND EQUIPMENT INSURANCE

1. Liability insurance coverage on all Chapter property and equipment shall be mandatory, to cover against injuries to third parties.
2. Other coverage, including collision, fire/smoke damage and theft/vandalism, may also be mandatory.
3. The Chapter shall participate in the Navajo Nation Insurance Services Program for its insurance coverage, pursuant to Title 26 N.N.C. Section 2003 (C).
4. The Chapter shall use the insurance premium schedule to determine premium rate in accordance to the Navajo Nation Budget Instructions Manual.

XIII. PROPERTY DISPOSITION

A. Policies:

1. The Chapter shall properly dispose of its property and equipment and also reconcile the accounting records to reflect such disposal.
2. General fixed assets shall be disposed of in-sale, retirement or replacement transactions.
3. The Chapter Manager shall update property records to reflect disposal.
4. The Chapter Manager in consultation with the Chapter Officials shall approve any disposal of Chapter property and/or equipment.

B. Procedures:

1. Types of Disposal:
 - a. Ordinary disposal will include property disposed of through ordinary means (sales, trade-in, wear and tear, becoming obsolete, etc).
 - b. Extraordinary disposals will be defined as property that is stolen, lost, damaged or destroyed; such events require an inventory report.
2. Surplus Property:
 - a. Excess properties are supplies or equipment which is no longer needed by the Chapter.
 - b. If the Chapter identifies surplus property, the Chapter Manager will inform the Chapter membership that such property exists, so that the Chapter membership may have the opportunity to purchase such property.

3. Sale of Property:

- a. When a sale of Chapter property is to be made, a notice of sale shall be posted in conspicuous places for thirty (30) calendar days prior to sale.
- b. Such property shall be sold at a price reflecting the property's fair-market value.
- c. The Chapter Manager will be responsible for ensuring that all documents verifying the sale are provided in order for the proceeds of such a sale can be credited to miscellaneous.
- d. If information on the fund source is not available, the proceeds shall be credited to miscellaneous in the Chapter General Activity Fund (01 - Account).
- e. The cash receipt control policies and procedures will be applied to account for sales proceeds for proper reporting and recording, pursuant to Section VII (A) of the Chapter Fiscal Policies and Procedures Manual.
- f. The Chapter Manager/Office Specialist will remove the asset carrying value by debiting the Investment in General Fixed Asset Accounts and crediting the asset account(s) in the general and subsidiary ledgers.
- g. The cost of retirement, as well as the proceeds received from the sale of salvage, will be taken into consideration.
- h. The salvage costs will be temporarily recorded as expenditures, which are then recorded and subtracted from the gross salvage proceeds. The net amount is then reported as Revenue - Salvage Proceeds.

1. Example: If an asset's book value is \$150,000, and it costs \$10,000 to destroy it, then the sale of salvage is \$140,000.

● GFAAG Investment in GFA Building	\$150,000	\$150,000
● General Fund Expenditures-others Cash	\$ 10,000	\$10,000
● Cash Revenue-salvage Proceeds	\$ 140,000	\$140,000

- i. All disposal of Chapter property shall be reported to the Chapter membership via notices or at Chapter meetings by the Chapter Manager.

XIV. DEFINITIONS

The language contained in this section applies generally to this policies and procedures manual, except as provided elsewhere in the Five Management System.

- A. **Accountability:** the basic obligation of accounting for Chapter property. Responsibility for Chapter property arises from possession of Chapter property and/or obligation of supervision on the part of Chapter staff or employees, or even Chapter members, who are in possession of that property.
- B. **Acquisition Cost:** fair market value at the time of receipt (if the asset is received by donation) is the generally accepted basis of accounting for general fixed assets.
- B. **Chapter Manager:** the individual responsible for administering the Chapter Five Management System and Chapter administration.
- C. **Chapter Officials:** the Chapter President, Chapter Vice-President and Chapter Secretary/Treasurer.
- D. **Equipment in place:** Chapter personal property of a movable nature which has been fixed in place or attached to a Chapter facility or other real property, but which may be severed or removed from the structure to which it is attached without damaging the usefulness of the structure. This does not include installed building equipment.
- E. **Expendable Property:** Chapter property of relatively low monetary value, which is consumed in the performance of a function, or is incorporated into an end product. Examples of property under this description include operating supplies, office supplies, janitorial supplies, building material, hay and feed, firewood, fencing material, small tools, etc.
- F. **Fair Market Value:** the price at which a willing seller will sell and a willing buyer will buy, in an arms-length transaction, when neither is under compulsion to sell or buy and both have reasonable knowledge of relevant facts.
- G. **General Fixed Assets:** a classification of non-expendable Chapter property that includes land, buildings, infrastructure, improvements other than building, machinery, equipment, and construction-in-progress, meeting the following criteria:
 - 1) Value of \$500.00 or more
 - 2) Non-expendable
 - 3) Classified as a real or personal property item by the Chapter
- H. **General Fixed Assets Account Group:** a self-balancing group of accounts, set up by the Chapter to account for the general fixed assets of the Chapter.
- I. **Historical Cost:** an accounting principle requiring all items on financial statements to be based on original cost. This is usually based upon the dollar amount originally exchanged

in an arm's-length transaction, an amount assumed to reflect the fair market value of an item at the transaction date.

- J. **Installed building equipment:** the items of Chapter equipment and furnishings, including material for installations, which are required to make a Chapter facility useful and are fixed as a permanent part of the structure. Examples of items included under this description are plumbing fixtures and equipment; fixed heating, cooling, ventilation or fire protection; and counters and cabinets.
- L. **Non-Expendable Property:** items of personal property of the Chapter of any dollar value that retain their identity throughout their useful life. For classification purposes, a minimum dollar value is assigned and the amount is significant enough to warrant maintaining of item accountability. The items of property under this classification, for property management and accounting purposes, shall be carried on the Chapter property records as general fixed assets, until disposed of through transfer, sale or other means.
- M. **Real Property:** any interest in Chapter land, together with improvements, structures, and fixtures located on it. The Chapter Community Land Use Plan, also known as: Hoyee' Bikayah Binataha, may be consulted for property land and other real property information, descriptions, and classifications administered by the Chapter.
- N. **Responsibility:** the obligation of Chapter staff or employees, or even Chapter members, with respect to the proper custody, care and safekeeping of Chapter property entrusted to them.
- O. **Property Record:** a basic record showing, item-by-item, a receipt for Chapter property. The Chapter may require a property record and other identifying data in order to acquire or dispose of any Chapter property.

XV. APPENDIX

[Exhibits for standard forms]

**CHAPTER
RECORDS MANAGEMENT POLICIES AND PROCEDURES MANUAL**

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CHAPTER
RECORDS MANAGEMENT POLICIES AND PROCEDURES MANUAL

I. AUTHORIZATION

- A. Pursuant to 26 N.N.C., Section 101 (A), the Chapter is required to formulate, implement, and operate in accordance with the Five Management System to ensure accountability. The Chapter has developed policies and procedures for the Five Management System consistent with applicable Navajo Nation Laws.
- B. Pursuant to Chapter Resolution _____, this Records Management Policies and Procedures Manual is hereby approved and adopted.

II. PURPOSE

- A. These Records Management Policies and Procedures exists to establish the authority, principles, policies and procedures governing the creation, classification, maintenance, retrieval, disposal and safeguarding of the Chapter records, and to stipulate the Chapter administrative functions and the Chapter Officials' oversight functions.
- B. These policies and procedures shall apply to all employees and members of the Chapter, including Chapter Officials, who will ensure that all handling of records is done in accordance with the principles detailed in this document.
- C. These policies and procedures will provide adequate and accurate information for Chapter reporting activities; help justify how resources are utilized; serve as an important internal control measure; help document important decisions; and provide a history of the operation and services of the Chapter.
- D. These policies and procedures will ensure that all activities are supported with proper and accurate documentation; serve as an efficient and effective tool to minimize duplication of documents; provide a clear definition of records; provide adequate safeguards for the records; and maintain current and updated records.

III. APPLICABLE LAWS

The Chapter shall comply with all applicable State, Federal and Navajo Nation laws, such as the Navajo Nation Privacy and Access to Information Act.

IV. GENERAL STATEMENT OF POLICIES

- A. The Chapter records are public information, except those that are specifically defined as protected records by the Navajo Nation Privacy and Access to Information Act and all information/records classified as *protected*, *confidential* and *essential records* are not for public duplication or view without proper authorization.

- B. To maintain security and accountability, the control and management of all Chapter records shall be properly segregated so that no single employee is in a position to handle all aspects of records control.
- C. All Chapter records shall be current, reliable, relevant, accurate, and kept at the Chapter at all times under lock and key in a filing cabinet or behind locked doors.
- D. All of the confidential, protected and essential records shall be protected at all times and no personnel records including payroll information shall be viewed, requested for, publicly announced, removed or destroyed without proper authorization.
- E. The Chapter records shall be updated and monitored monthly to prevent theft, loss or damage and to ensure the efficient and effective retrieval of any particular record.
- F. The Chapter Officials and staff shall understand that all records are the property of the Chapter; therefore unauthorized removal of records and information is prohibited. For example, if the Chapter Officials hold an executive session meeting, the issues discussed during the meeting shall not be disclosed.
- G. The Chapter shall ensure that all records are disposed of upon proper authorization, when the records have reached the end of their retention period and to avoid unnecessary duplication of records.
- H. The Chapter Officials and staff shall monitor all Chapter records to ensure proper operation.

V. GENERAL DUTIES AND RESPONSIBILITIES

- A. Office Specialist's Responsibilities:
 - 1. Updating and maintaining an accurate and complete inventory of all Chapter records on a quarterly basis.
 - 2. Logging in all incoming and outgoing mail shall be delegated to the Office Specialist or other clerical staff.
 - 3. Logging in all incoming and outgoing faxes shall be delegated to the Office Specialist or other clerical staff.
 - 4. Maintaining and safeguarding all Chapter records by securing the file cabinets with a lock and key or behind locked doors.
 - 5. Making Chapter records available, easily accessible and retrieving records for authorized requests, audits, court orders or inspections.

6. Labeling all Protected and Essential Records as "CONFIDENTIAL".
7. Securing authorization from the Chapter Manager prior to granting anyone access to the confidential records.
8. Preventing loss of important information by making back-up copies on a weekly basis.

B. Chapter Manager's Responsibilities:

1. Creating, classifying, retaining, protecting, retrieving and disposing of all Chapter records.
2. Authorizing requests for record releases, upon receiving proper documentation from the requestor.
3. Conducting an annual records inventory with the Office Specialist to ensure proper storage, disposal, transfer or filing of all records.
4. Preparing a schedule for the retention periods of each Chapter record, which includes labeling the storage containers.
5. Presenting a memorandum to the Chapter Officials regarding corrective actions to be taken, in the event that any Chapter records become damaged, stolen, or lost.

C. Chapter Officials' Responsibilities:

1. The Chapter President will work closely with the Vice President and the Secretary/Treasurer to ensure that the Chapter Administration is adequately complying with the Chapter's established Records Management Policies and Procedures, as well as applicable Navajo Nation laws.
2. To this end, the Chapter Secretary/Treasurer will monitor the Records Management Policies and Procedures on an ongoing basis, to ensure compliance.
3. The Chapter Secretary/Treasurer will turn over to the Chapter Manager, within ten (10) business days, any official actions by the Chapter membership, as well as all resolutions, minutes and other official documents for proper record keeping and carrying out of the Chapter's directives in each case.

VI. FILES

- A. The Chapter shall maintain a complete and updated permanent filing system, which allows efficient and effective accessibility and retrieval. Refer to Section VIII of these policies for the accessibility and retrieval process.
- B. For ease of accessibility and retrieval, the following types of filing methods shall be utilized:
 - 1. Alphabetical – filed alphabetically
 - 2. Geographic – filed alphabetically according to location and/or address
 - 3. Numerical – filed by an assigned number
 - 4. Subject – filed alphabetically according to subject
 - 5. Chronological – filed by time or date

VII. CLASSIFICATION OF RECORDS

- A. The Chapter shall maintain a classification of all records to ensure privacy for certain confidential records, and to protect them in compliance with the Navajo Nation Privacy and Access to Information Act, 2 N.N.C. Sections 84 and 85.
- B. The Chapter records shall be inventoried on the Records Inventory form, to include date of record, description, location, retention period and disposal date.
- C. The Chapter records shall be classified and labeled in accordance of their importance, and shall be categorized in the Chapter files, as follows:
 - 1. Protected Records: Confidential records on persons or governmental entities, which contain data that is private or otherwise protected, as provided by 2 N.N.C. Section 85, of the Navajo Nation Privacy and Access to Information Act. These records cannot be replaced and are valuable to the Chapter; therefore, they shall be kept on file using a flash disk and secured in a bank safe deposit box. The retention period in paper form shall be for a period of five (5) years. The Protected Records are not for duplication or public view without proper authorization. They include, but are not limited to, the following:
 - a. Chapter enrollment
 - b. Resolutions
 - c. Meeting minutes
 - d. Financial statements
 - e. Chapter ordinances
 - f. Deeds and legal documents
 - g. Real estate documents

2. **Essential Records:** Records that characterize and identify the Chapter, and are essential for full operation of the Chapter government. These records are valuable to the Chapter, therefore, they shall be kept on file for five (5) years. They include, but are not limited to, the following:
 - a. Chapter plan of operation
 - b. Chapter master land use plan
 - c. Chapter profile
 - d. Property inventory records (buildings, equipment, records)
 - e. Five Management System policies and procedures manual
 - f. Client assistance listing and information (financial, housing, veterans, senior citizens, emergency, etc.)
 - g. Chapter contracts
 - h. Travel authorizations
 - i. Personnel records & information
 - j. Employee payroll records

3. **Important Records:** Records that are of great value and importance to the Chapter government. These records shall be kept on file and stored for a minimum period of three (3) years. They include, but are not limited to, the following:
 - a. Audit reports
 - b. Projects information
 - c. Vendor information

4. **Useful Records –** Records used and stored by the Chapter for information about previous activities and projects. These records have some significant value, and may be costly to replace if lost or misplaced. These records shall be filed and stored for a minimum period of one (1) year. They include, but are not limited to, the following:
 - a. Correspondence
 - b. Forms
 - c. Logs (phone, mail, activities, etc.)
 - d. Resale inventory records

5. **Non-essential Records –** Records of no value to the Chapter operation. Once their useful purpose has been fulfilled, they can be destroyed. They include, but are not limited to, the following:
 - a. Publications
 - b. Flyers, bulletins
 - c. Junk mail

VIII. ACCESSIBILITY AND RETRIEVAL

- A. The Chapter shall maintain all Chapter records as public information for public access upon request, except those records that are specifically defined and treated as protected records, pursuant to 2 N.N.C., Section 85 of the Navajo Nation Privacy and Access to Information Act.
- B. No personnel record or other confidential documents shall be duplicated without written consent from the individual whose record(s) are to be reproduced. However, the personnel records may be released in compliance with a lawful investigation, audit or subpoena.
- C. The daily access log shall be utilized and maintained whenever any protected, important, and essential records are accessed.
- D. Procedures for Accessing Public Records:

Upon request, the Chapter Manager shall make appropriate public records accessible, using the following procedures:

- 1. All persons requesting access to public Chapter records or documents shall submit to the Office Specialist a completed Request for Chapter Records or Documents form, containing the title of the record(s) or document(s), purpose, requested by, date, mailing address and telephone number.
- 2. Upon approval, the requesting individual(s) or party shall be responsible for any associated reproduction costs or may examine the records at the Chapter administration office under the supervision of a staff member.

- E. Procedures for Accessing Protected Records:

Upon request the Chapter administration shall make appropriate protected records accessible, using the following procedures:

- 1. All persons requesting access to protected Chapter records or documents shall submit to the Office Specialist a completed Request for Chapter Records or Documents form containing the title of record(s) or document(s), purpose, requested by, date, mailing address, signature and telephone number.
- 2. The Office Specialist shall explain the policies regarding protected records to the requestor(s), and submit the request to the Chapter Manager for approval.
- 3. The Chapter Manager shall be responsible for ensuring that the information or records requested meets the following conditions:

- a. The information shall be accessible for criminal and civil law enforcement for prosecution purposes, internal or external audit, court orders, and medical treatment to address public health needs.
- b. The information relating to an individual shall be made available to the individual who is the subject of the record, or if a minor, shall be made available to his or her parent or guardian.
- c. An individual's record shall be released to third parties with a notarized written consent using the Information Release form of the individual who is the subject of those records, or if a minor, to his or her parent or legal guardian.
- d. Individual records shall be released for statistical and other purposes only if any information, which could be used to identify the individual specifically, is removed or withheld.
- e. The Chapter Manager/Office Specialist shall verify and record the requestor's identity.
- f. Before releasing a protected record, the Chapter Manager shall inform the requestor that he or she is prohibited from disclosing or providing a copy(s) of the protected record(s) to any other person and shall obtain the requestor's written acknowledgement of this prohibition. If the requestor does not comply, he or she shall be subject to Navajo Nation Laws.
- g. The Chapter Manager shall reply to the request within ninety (90) calendar days in one of the following ways:
 - 1) Approving the request and providing the records.
 - 2) Denying the request by providing a written explanation of why the record(s) are protected from disclosure. For further guidance and assistance, the Chapter Manager shall consult with the Chapter Officials and the Navajo Nation Department of Justice.
 - 3) Informing the requestor that the Chapter does not maintain the requested record(s) and providing, if known, the name and address of the governmental entity that does maintain the requested record(s).
- h. Upon approval of the request, the requesting individual or party shall be responsible for reproduction costs or may examine the records at the Chapter administration office, under the supervision of a Chapter staff member.

IX. DENIAL AND APPEAL

- A. The Chapter recognizes and pledges accessibility to its records and information regarding the operation of its government to the general public, while protecting the privacy interests of individuals and entities. Therefore, the Chapter shall not deny accessibility to records or information, except those that are exempt from disclosure to the requestor. In the case of such a denial of access, the Chapter shall issue a notice of denial, as provided in 2 N.N.C. Section 89 of the Navajo Nation Privacy and Access to Information Act.
- B. Whenever a request for protected records is denied, in whole or in part, the Chapter Manager shall issue a notice of denial to the requestor, in person or in written format, using the bottom half of Request for Chapter Records or Documents form.
- C. Notice of Denial will contain the following:
 - 1. A description of the record, in whole or in part, to which access was denied. This description shall avoid all disclosure of the contents of the protected record(s) or information.
 - 2. A statement of exemption of disclosure of the record(s) or information, in whole or in part, due to Court rule or order, State or Federal statute or regulation, provided that the citation does not disclose protected information.
 - 3. A statement that the requestor has the right to make an application to the Navajo Nation District Court for an order of release of the record and the time limits for filing such an application.
 - 4. A statement that the Chapter may not destroy or give up custody of any records to which access was denied until the period for a court appeal has expired, or the end of the appeal process, if required by a court of competent jurisdiction.
- D. In the event that the Chapter determines that the requested record is protected from disclosure, or fails to respond to the request within the ninety (90) day period, the requesting individual or party may submit an application to the Navajo Nation District Court, as defined in 7 N.N.C. Section 253, in accordance with the proper processes of the court, for an order compelling the release of the record.
 - 1. The application must meet the notice and filing requirements of the Navajo Nation Sovereign Immunity Act, Title 1 N.N.C. Chapter 5.
 - 2. In order to maintain confidentiality of records, the individual or party who is the subject of the requested record(s) may appear to demonstrate why the particular record(s) in question should be kept confidential.

3. If necessary, the Chapter shall provide an explanation of the denial.

X. PROTECTION AND BACK-UP OF PUBLIC AND PROTECTED RECORDS

- A. To prevent damage or accidental loss, all protected, essential, useful, and important records shall be backed up on flash disks or paper. The flash disks will be stored off-site in a bank safe deposit box.
- B. The Office Specialist shall perform backup procedures on a weekly basis, and if necessary, the Chapter Manager shall authorize access to the back-up system. The back-up records should be safeguarded at all times.
- C. The backup schedule shall be documented on the backup log and updated upon any back-ups. The following records require back-ups: financial statements, resolutions, meeting minutes, payroll, property inventories, and any other essential records.
- D. All Chapter records (except backups stored on flash disks) should be stored, maintained and safeguarded on the Chapter's premise. There should be adequate storage and protection of all Chapter records.
- E. The back-up and protection mechanism shall be applied using any of the following methods:
 1. A separate and secure location for records stored on flash disks.
 2. A separate and secure location for records stored in locked filing cabinets in paper form.
- F. When possible, the recovery of lost or damaged records shall be performed with the consultation of authorized authorities.
- G. **Damage or Accidental Loss of Records**
 1. In the event that records becomes damaged or accidentally loss, the Chapter Manager shall submit a written report to the Chapter Official and immediately notify the proper authorities, using the Chapter inventory form.
 2. Upon damage or accidental loss of any record, replacement of the public or protected records shall be made from the back-up source as soon as possible.
 3. At no time shall funds from the Chapter be used to cover the cost of replacing lost records due to negligence on behalf of the responsible individuals. The cost of recovery of the damaged or lost records will be the obligation of the responsible individual.

4. Chapter funds can be utilized for cost of recovery of damaged or accidental loss due to unforeseen natural elements.

XI. TRANSFER OF INACTIVE RECORDS AND DISPOSAL

The Chapter shall identify all inactive and historical files or records according to the degree of importance, and establish a retention period, a time for disposal, or a time to transfer the record to a separate and secure storage location.

A. Transfer Procedures for Inactive Records:

1. The Office Specialist shall be responsible for keeping all records complete and current at all times, by reviewing the records inventory list to ensure those records that have reached their retention period are brought to the Chapter Manager's attention and are requested for transfer.
2. After consulting with the Chapter Officials, the Chapter Manager shall authorize the Office Specialist to transfer those records.
3. To ensure adequate safekeeping, the Office Specialist shall transfer all inactive records to a separate and secure storage location.
4. The Office Specialist shall label all storage boxes as protected, essential, useful and important records for easy accessibility and retrieval if necessary, pursuant to Section VIII (D).
5. The Chapter Manager shall be authorized to have direct access to inactive files in storage.
6. Any time records are transferred for any purpose, a Transfer Procedure form shall be filled out and submitted by the Office Specialist and approved by the Chapter Manager.

B. Disposal Procedures:

1. The Office Specialist will be responsible for keeping all records complete and current at all times by reviewing the records inventory list to ensure that when any record reaches its retention period, it is brought to the Chapter Manager's attention and requested for disposal utilizing the Disposal Procedure form.
2. Upon Chapter Official approval, the Chapter Manager shall authorize the Office Specialist to destroy records, by shredding and/or burning with appropriate safety measures. After consulting with the Chapter Officials, the Chapter Manager shall remove the names of the destroyed records from the records inventory list.

3. During their retention period, all remaining inactive records shall be stored in a separate and secure storage location away from the Chapter house.
4. The Chapter Manager and Chapter Officials shall monitor any disposal of records.
5. When records are disposed of, the Records Inventory form will be updated to reflect any changes or disposals.
6. The retention period for all inactive records in storage shall be pursuant to Section XI.

XII. DEFINITIONS

The language contained in this section applies generally to this Policies and Procedures Manual, except as otherwise provided elsewhere in the Chapter's Five Management System.

- A. **Protected Record or Confidential:** any record on persons or governmental entities containing data that is private or otherwise protected, as provided by 2 N.N.C. Section 85, of the Navajo Nation Privacy and Access to Information Act.
- B. **Public Record:** any record that is not private or otherwise protected and that is not exempt from disclosure, as provided in 2 N.N.C. Section 84, of the Navajo Nation Privacy and Access to Information Act.
- C. **Record:** all books, letters, documents, papers, maps, plans, photographs, films, cards, tapes, recordings, electronic data or other documentary materials regardless of physical form or characteristics which are prepared, owned, received or retained by the Chapter. All of the information in the original of such a record is reproducible by photocopy or other mechanical or electronic means.

Record does not mean:

1. Materials legally owned by an individual in his or her private capacity.
2. Materials to which access is limited by the laws of copyright or the patent is owned by the Chapter.
3. Books and other materials that are cataloged, indexed, inventoried, or contained in the collections of libraries open to the public.
4. Daily calendars and other personal notes prepared by the originator for the originator's personal use or for the personal use of an individual for whom he or she is working.
5. Computer programs that are developed or purchased by the Chapter for its own use.

- D. **Right to Privacy:** the right of a person to be free from unwarranted intrusion by a governmental unit.

XIII. APPENDIX

[Exhibits for standard forms]

I. AMENDMENTS

- A. Any Chapter staff and Official may recommend an amendment to the Chapter Five Management System (Fiscal, Personnel, Procurement, Property and Records) Policies and Procedures Manual via a written format forwarded, along with accurate and complete supportive and argumentative documentation, to the Chapter Manager and Chapter Officials for assessment. The Chapter Manager and Secretary/Treasurer shall present all proposed amendments at a duly called Chapter meeting for final approval or disapproval by a simple majority vote of the Chapter membership.

- B. Any of the following condition(s) could serve as an adequate basis to add, delete or revise any section(s) or provision(s) of the Chapter Five Management System Policies and Procedures Manual:
 - 1. The administration has grown in size due to additional regular full-time staff position(s) which would require further segregation of duties and responsibilities.
 - 2. A change in the Chapter's organizational structure.
 - 3. The present Five Management System Policies and Procedures Manual is no longer adequate to address the needs of the Chapter.

- C. Procedures and Requirements for Submitting Amendments:
 - 1. Any proposed amendment(s) to the Five Management System Policies and Procedures Manual must be submitted in writing with supportive documentation to the Chapter Manager and/or Chapter Officials.
 - 2. The proposed amendment(s) must be drafted in a legislative format, with the new language underlined and the old language crossed out.
 - 3. The Chapter Manager, in consultation with the Navajo Nation Department of Justice and the Office of the Auditor General, shall review the proposed amendments to ensure compliance with applicable Federal, State, and Navajo Nation Laws.
 - 4. If requirements 1, 2 & 3 above are met, the Chapter Manager will forward the proposed amendments to the Chapter Officials for review and discussion at a duly called planning meeting.
 - 5. If the change to the Five Management System Policies and Procedures Manual does not warrant Chapter membership approval such as for grammatical corrections or minor updates, the Chapter Manager will immediately incorporate the changes.

6. The Chapter Officials may instruct the Chapter Manager to set a public hearing date, time and location, depending on whether the amendments are substantial and sufficient to warrant a public hearing.
7. If the proposed amendment(s) receive favorable comment through the public input process, the Chapter Officials will forward the recommendations to the Chapter membership for approval or disapproval by a simple majority vote at a duly called Chapter meeting.
8. Upon approval, the Chapter Manager will make all recommended changes to the Five Management System Policies and Procedures Manual based on a supporting resolution.
9. If proposed amendment(s) is not substantial to warrant a public hearing and/or a Chapter meeting, the Chapter Officials will approve the amendment(s) administratively.

BUDGET AND FINANCE COMMITTEE
21ST NAVAJO NATION COUNCIL - First Year 2007

COMMITTEE REPORT

Mr. Speaker,

The **BUDGET AND FINANCE COMMITTEE**, to whom has been assigned

LEGISLATION NO. 0480-07

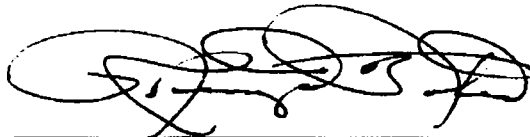
AN ACTION

Relating to Budget and Finance, Community Development; Approving the Navajo Nation Chapter Five Management Act of 2007; Amending 26 N.N.C. §101

Has had it under consideration and reports same with the recommendation of a **DO PASS** with no amendments.

And thence referred to the **ETHICS & RULES COMMITTEE**

Respectfully Submitted,



LoRenzo C. Bates, Chairperson
Budget and Finance Committee

Date: July 5, 2007

The vote was 7 in favor and 0 Opposed.

Motion: Jonathan Nez

Second: Nelson Begaye

TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE

21st NAVAJO NATION COUNCIL - FIRST YEAR, 2007

A Report

Mr. Speaker,

The **TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE** to whom has been assigned

LEGISLATION No. 0480-07

AN ACT RELATING TO BUDGET AND FINANCE, COMMUNITY DEVELOPMENT; APPROVING THE NAVAJO NATION CHAPTER FIVE MANAGEMENT ACT OF 2007; AMENDING 26 N.N.C. §101

has had it under consideration and reports the same **DO PASS** without any amendments, and thence referred to the **ETHICS AND RULES COMMITTEE OF THE NAVAJO NATION COUNCIL**.

CERTIFICATION

I hereby certify that the foregoing legislation was duly considered by the Transportation and Community Development Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation, (Arizona), at which a quorum was present and that the same was passed by a vote of 6 in favor and 0 opposed, this 31st day of July, 2007.


Chairperson, Transportation and
Community Development Committee

21st NAVAJO NATION COUNCIL

First Year, 2007

Mr. Speaker:

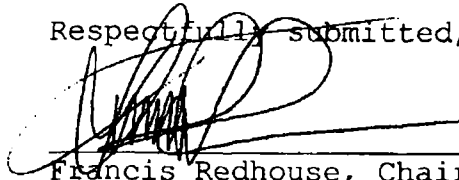
The **ETHICS AND RULES COMMITTEE**, to whom has been assigned:

NAVAJO LEGISLATIVE BILL 0480-07

Has had it under consideration and reports the same with recommendation that it DO PASS, with no amendment.

And therefore referred to the **NAVAJO NATION COUNCIL**.

Respectfully submitted,



Francis Redhouse, Chairperson
Ethics and Rules Committee

Adopted: Kathy Holtsoi

Not Adopted: _____

Date: August 17, 2007

MOTION: Roscoe Smith
SECOND: Preston McCabe
VOTE : 6 - 0