

Office of the Controller

The Navajo Nation

General Accounting Policies



THE NAVAJO NATION – Office of the Controller

Accounting Policies Manual

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DESCRIPTION:	General Accounting	INDEX:	
	Overview	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

The purpose of General Accounting is to assist the Navajo Nation (Nation) in fulfilling its responsibilities of administering, accounting for and safeguarding the accuracy of the accounting records of the Nation.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the accounting and monitoring of the Nation’s financial transactions and data.

POLICY:

The Nation has several accounts and funds which it must account for. The integrity of financial data needs to be kept intact.

Due to the unpredictability and complexity of the Nation’s accounting, exceptions may occur that are not covered directly in this policy manual. In these instances, the general procedures should be followed to the extent possible or until further application becomes unreasonable. The guiding authority over the policies should be Generally Accepted Accounting Principles. When unusual cases arise, which are not addressed in this manual, a presentation of the facts should be given to the Controller or his/her designee for guidance. Since policies and procedures are reviewed and changed from time to time, these exceptions should eventually be addressed herein.



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DESCRIPTION:	General Accounting	INDEX:	
	Bank Reconciliations	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies on performing monthly reconciliations between bank accounts (statements) and the general ledger.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the timely reconciliation and review of all bank accounts.

POLICY:

The Nation has several accounts and funds which it must account for. The financial data integrity needs to be kept pure. There are several depository and disbursement accounts which are in the Financial Management Information System (FMIS) along with several smaller banks that need to be reconciled monthly to ensure the deposits and disbursements are accounted for. Any discrepancies between the bank statement and general ledger will need to be researched and corrected in a timely manner.



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DESCRIPTION:	General Accounting	INDEX:	
	Account Analysis	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies on performing periodic account analysis of the general ledger.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the period review and reconciliation of all non-grant balance sheet accounts.

POLICY:

The General Accounting Section is responsible for completing an account analysis on items on the balance sheet. The Nation has a number of accounts which it has to account for. Monthly, quarterly, and semi-annual review and account analysis is performed to review items and transactions in these accounts based on a risk assessment of the accounts.

Any discrepancies of transactions will need to be researched and corrected in a timely manner. The account analysis is performed to keep the data within the accounts in proper order. The accounting manager monitors the assignment and progress of this process.



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DESCRIPTION:	General Accounting	INDEX:	
	Interdepartmental Charges Request (ICR)	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for reviewing and approving funds availability on ICR's.

RESPONSIBILITY:

The General Accounting Section

- Responsible for review and processing of ICR's.

POLICY:

The Nation has several service departments which charge revenue for their services. ICRs are the forms which transfer payment from one program to another for the services performed. These forms need to be reviewed by the General Accounting section to ensure there are available funds, proper accounts and object codes are used, and documentation is attached to the ICR.



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DESCRIPTION:	General Accounting	INDEX:	
	Air Transportation Department - Flight Tickets	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for charging out the flight tickets from the Air Transportation department for air travel by Nation programs.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the review and processing of flight tickets.

POLICY:

The Nation has the responsibility for accounting for Air Transportation department flights taken by Nation departments. Flight tickets are received monthly to charge out from each department using Air Transportation services. General Accounting reviews to ensure revenue is being correctly credited to the Air Transportation department.



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DESCRIPTION:	General Accounting	INDEX:	
	Stop Payments on Nation Checks	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures for stop payment requests on Nation checks.

RESPONSIBILITY:

The General Accounting Section

- Responsible for stopping payments on checks, when necessary.

POLICY:

There comes the need to place stop payments on checks from time to time. These requests are completed by the General Accounting Section. General Accounting can research in FMIS, Wells Net (Wells Fargo) and bank reconciliations/stale date accounts to ensure stop payment are completed correctly.



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DESCRIPTION:	General Accounting	INDEX:	
	Check Cancellation Requests	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies and procedures relative to check cancellation requests.

RESPONSIBILITY:

The General Accounting Section

- Responsible for processing check cancellations.

POLICY:

There comes the need to cancel checks. These requests are completed by the General Accounting Section. General Accounting can research in FMIS, Wells Net (Wells Fargo) and bank reconciliations/stale date accounts to ensure they are completed correctly.



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DESCRIPTION:	General Accounting	INDEX:	
	Reissuance of Checks	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish procedures for the proper management and recording of all reissued checks for the Navajo Nation.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the reissuance of checks.

POLICY:

There comes the need to reissue checks. These requests are completed by the General Accounting Section. General Accounting can research in FMIS, Wells Net (Wells Fargo) and bank reconciliations/stale date accounts to ensure the reissuance is appropriate.



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DESCRIPTION:	General Accounting	INDEX:	
	Financial Statements	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for compiling the financial statements of the Navajo Nation.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the periodic preparation of financial statements.

POLICY:

The General Accounting Section is responsible for compiling the financial statements for the Nation. Interim Financial Statements shall be compiled quarterly. This also includes covenant compliance for the issuance of the bond, which is required. A full set of Governmental Accounting Statements Board financial statements shall be compiled at year end (September 30).

The Nation's financial statements are generated within the General Accounting Section, in coordination with other departments within the Office of Controller (OOC).



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DESCRIPTION:	General Accounting	INDEX:	
	Revenue Projections	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. § 830(C).

PURPOSE:

To establish policies for compiling revenue projections for the Navajo Nation.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the annual preparation of revenue projections and the periodic monitoring for accuracy.

POLICY:

Revenue projections are used to determine the next fiscal year's General Fund budget. The due date is the end of the second quarter. The Nation's revenue projections are generated and compiled within the General Accounting Section. In coordination with other departments within the Nation, these revenue projections are compiled on a yearly basis. The revenue projection is reviewed from time to time for inquiries on status, shortfalls, or excess.



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DESCRIPTION:	General Accounting	INDEX:	
	Revenue Statutory Allocations and Inter-Fund	POLICY:	X
	Transfers	PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 24 N.N.C. § 701 (CO-40-10); 24 N.N.C. § 803 (CJY-31-10); 24 N.N.C. §§ 620(B) and 620(C) (CO-46-12); 24 N.N.C. § 1201, *et seq.* (CJY-31-15).

PURPOSE:

To establish policies for calculating revenue set asides for the General Fund.

RESPONSIBILITY:

The General Accounting Section

- Responsible for recording all statutory allocations and transfers and monitoring for accuracy.

POLICY:

The General Accounting Section is responsible for calculating and entering set asides in the FMIS. These include transfers to the Permanent Fund (12%), Veterans Fund (4%), Land Acquisition (2%), and General Fund tax revenue reserves (2%). The set aside calculations are completed monthly. This is to ensure that all the set asides are recorded into their respective funds correctly each month. The Nation must ensure all set aside and reserve percentages are up to date in the FMIS. In addition, for monitoring of changes because of new legislation.

Other transfers include sales tax transfers for Scholarship Economic Development, Judicial, Public Safety, and Fire and Rescue.



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DESCRIPTION:	General Accounting	INDEX:	
	TANF Uploads	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for processing TANF data port files.

RESPONSIBILITY:

The General Accounting Section

- Responsible for processing all TANF data port files.

POLICY:

The General Accounting Section is responsible for entering TANF uploads into the FMIS.



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DESCRIPTION:	General Accounting	INDEX:	
	Unreserved, Undesignated Fund Balance	POLICY:	X
	(UUFB) Calculations	PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for the calculation of UUFB.

RESPONSIBILITY:

The General Accounting Section

- Responsible for calculating and monitoring UUFB.

POLICY:

A calculation of UUFB must be maintained by the OOC to quantify the amount of funds available to be appropriated. This calculation must take into consideration the following categories to calculate unassigned fund balance in accordance with GASB 54:

- Non-spendable
- Spendable
- Committed
- Assigned

In addition, the Nation must consider the following internal “assignments” to calculate UUFB:

- Supplemental appropriations
- Estimated expenses (accruals)
- Bond reserve
- Unbudgeted activity
- Minimum UUFB
- Contingencies



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DESCRIPTION:	General Accounting	INDEX:	
	Bond Accounting and Reporting	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. §§ 1330 to 1350 (CAP-11-15).

PURPOSE:

To establish policies for the proper accounting and reporting of bonds.

RESPONSIBILITY:

The General Accounting Section

- Responsible for calculating quarterly bond covenants and making timely debt service payments.

POLICY:

The Nation is responsible to accurately account for its bond transactions. This is of importance given the public nature the transactions and the Nation’s Standard and Poor’s rating. The Nation is responsible for making all debt service payments, amortizing bond premiums, and accruing interest payable.

In addition, the Nation must prepare quarterly reporting to the trustee in accordance with the bond indenture.



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DESCRIPTION:	General Accounting	INDEX:	
	Appropriations	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. § 820 (CO-44-11); Budget Instructions Manual.

PURPOSE:

To establish policies for the preparation of the appropriations.

RESPONSIBILITY:

The General Accounting Section

- Responsible for the preparation of the appropriations.
- The Controller shall identify recurring and non-recurring expenditure for classification.

POLICY:

The OOC is responsible for the preparation of the annual budget for the general fund. The controller shall identify and classify recurring or non-recurring revenue and expenditures. Recurring revenues cover recurring cost and non-recurring revenue cover non-recurring cost.



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DESCRIPTION:	General Accounting	INDEX:	
	Budget Availability Checks	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*

PURPOSE:

To establish policies for ensuring sufficient budget is available for all payments using General Fund monies.

RESPONSIBILITY:

The General Accounting Section

- Responsible performing budget availability checks.

POLICY:

All payments request (P.O., RDP, etc.) must be routed to General Accounting prior to payment. General Accounting is responsible for checking budget availability for the business unit in question. Payments will only be processed if sufficient budget is available.



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DESCRIPTION:	General Accounting	INDEX:	
	Fund Management	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. §§ 1003 and 1004 (BFMY-15-10); 12 N.N.C. § 1705, *et seq.* (CAP-29-12); 12 N.N.C. §§ 2501 to 2508 (CN-57-16); 12 N.N.C. §§ 2603 to 2605 (CO-54-16); 12 N.N.C. § 904 (CJA-15-17); 12 N.N.C. § 1162(B) (CAP-19-16).

PURPOSE:

To establish policies for the accounting for financial statement funds.

RESPONSIBILITY:

The General Accounting Section

- Responsible for creating new funds and making recommendations for the type of fund or if a new fund is necessary.

POLICY:

General Accounting is responsible for the monitoring of resolutions that create new funds. If new funds are created, General Accounting is responsible for the creation in the FMIS and day to day accounting. General Accounting is also responsible for the recommendation of whether to create new funds considering the number of funds already in place and the type of fund.



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DESCRIPTION:	General Accounting	INDEX:	
	Entity Grants – Higher Education	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. § 2301, *et seq.* (CJY-41-12).

PURPOSE:

To establish policies for the grants made to Navajo Nation Higher Education.

RESPONSIBILITY:

The General Accounting Section

- Responsible for transfers to Higher Education Schools Funds.

POLICY:

The Nation is responsible for the accurate accounting and timely payments for grants made to Higher Education Schools such as Dine College. In addition, for monitoring of changes because of new legislation.



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DESCRIPTION:	General Accounting	INDEX:	
	Contingency Management	POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 12 N.N.C. § 1401, *et seq.*

PURPOSE:

To establish policies for the review, reconciliation, and recording of the probable litigation liability identified by the Department of Justice into the Contingency Management Fund (CMF).

RESPONSIBILITY:

The General Accounting Section

- Responsible for updating the litigation liability in the CMF.

POLICY:

The Nation is responsible for the accurate accounting and timely review and reconciliation of the accrual for contingent liabilities identified by Department of Justice.



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DESCRIPTION:	NNGE Investments	INDEX:	
		POLICY:	X
		PROCEDURES:	
		EFFECTIVE DATE:	

LEGAL AUTHORIZATION: 12 N.N.C. § 201, *et seq.*; 2 N.N.C. § 300(A) (BFF-07-17); 12 N.N.C. § 230(I) (BFJN-17-15); Resolution NNICJU-01-15.

PURPOSE:

To establish policies and procedures for the proper accounting for the Nation’s notes receivable with the NNGE.

RESPONSIBILITY:

Investments Section

- See Section 4 of the MIP
- Prepare contributions to the defined benefit plan.

Controller

- See Section 4 of the MIP

Investment Committee

- See Section 4 of the MIP

POLICY:

Section 8.1(i) of the MIP states the Nation may make direct investments of Nation funds in various investment structures, either equity or debt based.

Under this section of the MIP, the Nation lent NNGE funds for the construction of casinos from 2009 to 2012. The notes had varying stated interest rates and maturity dates. However, the results of casino operations were not sufficient to cover debt service. As a result, forbearance agreements were entered into to amend certain terms of the note agreements.

The Investment Section must monitor the results of NNGE and properly accounts for the note receivable balance, including record debt service by fund and reviewing for possible impairment.