

**TOADLENA/TWO GREY HILLS CHAPTER
PROPERTY MANAGEMENT POLICIES AND PROCEDURES MANUAL**

I. AUTHORIZATION

- A. Pursuant to 26 N.N.C. § 101 (A), the Toadlena/Two Grey Hills Chapter (hereafter “Chapter”) is required to formulate, implement and operate under a Five Management System to ensure accountability. Accordingly, the Chapter has developed policies and procedures for the Five Management Systems consistent with applicable Navajo Nation Law.
- B. Pursuant to Chapter Resolution #TDLA/TGH-10-08-08-05; the Toadlena/Two Grey Hills Chapter Property Management Policies and Procedures Manual (hereafter “Property Manual”) is hereby approved.

II. PURPOSE AND SCOPE OF POLICY

- A. These policies sets forth the authority, principles and policies governing the accounting for all chapter property in terms of dollar value, units and their location(s); and prescribes the chapter administrative functions and chapter officials' policy-making functions within the Chapter. 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 property.
- B. This Property Manual is applicable to all employees and members of the Chapter, including Chapter officials, who shall monitor property management to ensure that property records are maintained and that this policy is enforced.
- C. This Property Manual shall apply to all employees and members of the chapter, including Chapter officials, who shall ensure that all handling of Chapter property is done accordance with the principles detailed in the manual.
- D. These policies and procedures are intended to 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 maintenance of Chapter property.
- E. These policies and procedures shall ensure that all activities are supported with proper and accurate documentations, serve as an efficient and effective tool to minimize duplication of property acquisition, and provide adequate safeguards for Chapter property.

III. APPLICABLE LAWS

The Chapter shall comply with all applicable State, Federal and Navajo Nation law.

IV. GENERAL STATEMENT OF POLICIES

- A. The Chapter staff and Chapter Officials shall be charged with 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 property is for Chapter business only.
- B. An individual will not be assigned to a duty that will separate him from property for which he is responsible. Individuals may be required to assume accountability for property remotely located. In such instances, they 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. The sale, gift, loan or exchange or other disposition of any chapter property not specifically authorized by applicable Navajo Nation law, the Chapter's Five Management System or other directives issued by the Chapter is illegal.
- D. 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 punished pursuant to Navajo Nation law.
- E. All Chapter property shall be identified by marking and/or tagging unless such marking would impair the utility of the item.
- F. The Chapter property records will include serial numbers, quantity, condition and insurance for proper identification of items and to ensure proper reporting of any losses.
- G. All Chapter property shall be kept on the Chapter premises, except where it has been approved for other locations by the Chapter Manager.
- H. All property discovered upon annual inventory (tagged or not) shall be accounted for and recorded as Chapter property. It shall be the duty of the Chapter Manager to report the existence or discovery of property as indicated to safeguard and secure such property until any legally responsible individual or proper authority assumes possession of said property.
- I. No rewards, favors, gifts or other form of remuneration shall be received from any vendors, contractors, individual or firm, or any other sources having relations with the Chapter.
- J. All property and equipment of a value of more than \$5,000 shall be capitalized and recorded in the Chapter's Capital Asset ledger.
- K. All non-Capital expenditures shall be included in a Chapter-approved budget and recorded as an expense in the year of their purchase. At year-end, the capitalized asset shall be transferred to the Capital Assets Account Group ledger.

- L. All individuals shall comply with the Procurement Policies and Procedures Manual for any and all acquisitions of property.

V. GENERAL DUTIES AND RESPONSIBILITIES

A. Chapter Administrative Responsibilities:

The Chapter administrative staff shall follow the duties and responsibilities prescribed in their Property Manual or other applicable policies and plans of operation and shall comply with all administrative policies and procedures enacted by the Chapter, in accordance with applicable law.

1. The Chapter Manager shall:
 - a. Be entrusted 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 if the Secretary/Treasurer is not available.
 - c. Verify all purchase requisitions to assure purchase costs are reasonable, that materials as suitable, and that the quantity and intended use of any property purchased by the Chapter is in the best interest of the Chapter.
 - d. Keep both general and subsidiary ledgers for all Capital Assets owned, and which should permit a reconciliation of the detailed subsidiary ledger account amounts with the summary amounts and other accounts in the general ledger.
 - e. Reconcile the chapter inventory list maintained by the Administrative Assistant on an annual basis, and the re-sale inventory on a monthly basis.
 - f. Have the discretion of maintaining a separate inventory for assets not meeting the capitalization requirements, which will be expensed when purchased.
 - g. Acquire Chapter property on an installment plan, with the approval of the Chapter membership.
 - h. Be responsible for assuring rental equipment is used for its approved purpose and that the Chapter approved rental fees are enforced.
2. The Administrative Assistant shall:
 - a. Prepare the paperwork necessary for the acquisition of property and equipment including:

- (1). Obtain advance approval from the Chapter Manager and Chapter officials for transactions regarding Chapter property.
 - (2). Prepare purchase requisitions, issue purchase orders, conduct inspections of equipment purchased, verify complete orders per invoices, receive reports and process payments.
 - b. Conduct a physical inventory count for property and equipment on an annual basis, and for resale inventory, a physical inventory on a monthly basis.
- B. Chapter Official oversight responsibility:
 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 and expending funds according to conditions of the Budget Instructions Manual and/or the Chapter's annual budgetary objectives on a quarterly basis, and will report to the Chapter membership.
 - b. In the absence of the Secretary/Treasurer, may co-sign chapter checks with a justification memorandum.
 - c. Sign all contracts, resolutions and other documents on behalf of the Chapter after approval by the Chapter membership.
 - d. Monitor and review property management and activities of the Chapter administration on a quarterly basis.
 - e. Help resolve any discrepancies, irregularities or illegalities in the property control process.
 2. The Chapter Vice-President shall:
 - a. In the event of an unforeseen situation, 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 Secretary/Treasurer shall:
 - a. Monitor the maintenance of an accounting system to ensure accountability of all funds and expenditures, and shall report all financial activities to the Chapter President and membership on a monthly basis.

- b. Ensure that the chapter administration prepares monthly financial reports of all transactions and expenditures of the chapter by categories.
- 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, irregularities, or illegalities in the property control process.

VI. PROPERTY ACQUISITION

A. Policy:

- 1. The Chapter may acquire personal and real property through purchase, donation, transfer, or abandoned property found within the Chapter's premises or jurisdiction.
- 2. All property purchases shall follow the Chapter's Procurement Policies and Procedures Manual where applicable.

B. Procedures:

The following procedures will apply for all property acquisitions:

1. Property:

a. Procedures:

- (1). The Chapter Manager may acquire or purchase property and equipment through use of cash and/or credit, or on an installment/lease plan, with the approval of Chapter Officials and membership.
- (2). The Administrative Assistant shall prepare all the necessary documents (Refer to Procurement Policy and Procedures) to initiate the purchase of property and equipment.
- (3). The Chapter Manager and Chapter President shall sign property acquisition documents on behalf of the Chapter upon approval of the Chapter membership.
- (4). The Administrative Assistant shall obtain advanced approval by the Chapter Manager, prepare the fund approval form and purchase requisition, issue any purchase order(s), inspect goods,

complete the receiving report, maintain a complete property identification sheet, and process payments.

- (5). The Chapter Manager shall review all documents for completeness and co-sign the check for payment, along with the Secretary/Treasurer.
- (6). When a service, maintenance, or purchase agreement is set up with a vendor, installment payments may be made. The Administrative Assistant shall prepare and process a Fund Approval Form (FAF) in accordance with the Procurement Policies and Procedures, Section VII (C). Subsequent payments will be made in the same manner.
- (7). Upon acquisition of any property, the Chapter Manager shall immediately update the property records/inventory to reflect the acquisition.

2. Acceptance of donation or gifts:

a. Policy:

All donations of items or gifts of property and equipment shall be addressed in writing to the Chapter Manager and/or the Chapter President.

b. Procedures:

It shall be the responsibility of the Chapter Manager to accept or reject the donated property or equipment offered to the chapter.

- (1). The Chapter Manager shall assess the proposed offer or donation, and advise and consult with the Chapter Officials concerning the costs or benefits of accepting the proposed offer or donation.
- (2). Upon acceptance, the Chapter Manager shall estimate the value of the donated property or equipment based on fair market value at the time of the donation.
- (3). Upon acceptance, the Administrative Assistant shall tag and record the property in the appropriate general and subsidiary ledgers along with all Capital Assets owned.

3. Abandoned or found property:

a. Policy:

It shall be the policy of the Chapter that any and all property found and/or abandoned shall become the property of the Chapter, at the discretion of the Chapter Manager in consultation with the Chapter Officials.

b. Procedures:

- (1). The Administrative Assistant shall inform the Chapter Manager and Chapter Officials about the found property immediately, and if the owner can be identified, request that the owner claim the property within thirty (30) calendar days.
- (2). The Chapter Manager, in consultation with the Chapter Officials, shall determine whether the property or equipment found or abandoned within the boundaries and jurisdiction of the Chapter shall become the property of the Chapter in the event there is no claim.
- (3). Upon acquisition of any abandoned or found property, the Chapter Manager shall estimate the value of said property based on its fair market value at the time of discovery.
- (4). If the property or equipment is unacceptable as Chapter property, the property will be turned over to the local police department or otherwise disposed of by the Chapter.
- (5). The Administrative Assistant shall tag and record the property in the appropriate general and subsidiary ledgers along with all Capital Assets owned.

1. Property and/or Equipment Transfer:

a. Policies:

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

b. Procedures:

- (1). The Chapter Manager shall 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 shall estimate the value of the transferred property or equipment based on its fair market value at the time the transfer is proposed and accepted.
- (3). If accepted and transferred, the Administrative Assistant shall tag and record the transferred property or equipment in the appropriate general and subsidiary ledgers including the Capital assets.

VII. PROPERTY IDENTIFICATION, CLASSIFICATION AND RECORDS

A. Policy:

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 or upon a change of the Chapter Manager within the chapter administration.

1. All updates or reviews shall take place upon the hiring, new elected terms, resignation, or termination of the Chapter Manager, Chapter Officials or Chapter Administration to account for all property and equipment.
2. All properties of the Chapter shall be identified, classified and recorded on the Chapter Physical Equipment Inventory form.
3. All properties of the Chapter shall be tagged with the Chapter's property number.

B. Procedures:

The following procedures shall ensure all property is identified, classified and recorded in the Chapter Physical Inventory form.

1. The Administrative Assistant shall be responsible for classifying all chapter property into the following categories:
 - a. Expendable
 - (1). Supplies
 - (2). Materials
 - b. Non-expendable (Capitalized, value of more than \$500):
 - (1). Tool
 - (2). Furniture
 - (3). Equipment
 - c. Property (Capital Asset, value at \$5,000 or more):
 - (1). Tools
 - (2). Furniture
 - (3). Equipment

- d. Real property (Capital Assets, value at \$5,000 or more):
 - (1). Improvement
 - (2). Building
 - (3). Land

2. The Administrative Assistant shall record the proper classification of chapter property on the Capital Asset Inventory sheet which shall contain the following information:

- | | | |
|---------------------|--------------------------|--------------------------|
| a. Property numbers | g. Condition | m. Fund Source |
| b. Description | h. Last inventory | n. Date of disposition |
| c. Classification | i. Date acquired | o. Method of disposition |
| d. Serial number | j. Procurement documents | p. Amount of proceed |
| e. Acquisition cost | k. Invoice number | q. Account credited |
| f. Value | l. Vendor | r. Deposition posted by |

3. The Administrative Assistant shall assure that the property identification, availability, and location of Capital Assets are recorded on the Capital Assets Inventory Sheet, and filed securely in a locked safe.

4. If the date of purchase or purchase price is unknown, the beginning fiscal year date shall be utilized, with a specific notation regarding the substituted date. If the date of purchase price is unknown, it will be estimated at the current fair market value. Also the value of donated equipment shall be estimated based on fair market value at the time of acquisition and the total value of all listed property and equipment shall be recorded in the Capital Asset account.

5. The Chapter Manager shall record in the Chapter's accounting records and financial report statements on the Chapter's Capital Assets in accordance with the following example:

a. The General Ledger – Capital Assets

DATE	ITEM	REF	DEBIT	CREDIT	BALANCE
12/1	Beg. Bal.				35,000
12/31	Machinery & Equipment	GF	45,000		
12/31	Office Equipment	GF	20,000		
					100,000

Subsidiary Ledgers are detailed records and amounts of individual property items listed as Capital Assets (buildings, infrastructure or improvements other than buildings, machinery and equipment, and construction in progress). These ledgers permit for the reconciliation between the General Ledger and Subsidiary Ledgers. The following are examples of Capital Assets 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	5,000		20,500

d. Fixed Capital Asset Inventory form:

Tdla/TGH Property #	NN Property #	Serial #	Desc.	Cond.	Date of Purc	Purchase Price	Date of Depo	Value	Salv. value	Location

The Capital Asset Inventory form is an accounting record which displays a summary of all capitalized property. Generally, this information is obtained from the Chapter's Physical Equipment Inventory Form.

VIII. INVENTORY OF PROPERTY

A. Policy:

The Chapter shall conduct and maintain a complete, detailed and accurate physical inventory of the Chapter property assigned and shall reconcile the entire property list annually, or upon a change of the Chapter Manager within the Chapter Administration.

1. An update and 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 shall conduct the physical inventory that will involve an actual observation and identification of each piece of property using the Chapter Physical Inventory Form. A property condition check is a part of the inventory count and shall be recorded on the Chapter Physical Equipment Inventory form.

2. The Administrative Assistant shall ensure that all pertinent records and documentation of all Chapter property are kept on file including invoices, warranties and titles.
3. At the beginning of each fiscal year the Chapter Manager shall provide a copy of the most current inventory listing to the Navajo Nation Risk Management Department, or whenever there is any new acquisition or disposition of any property covered by the Risk Management Department, including any equipment, vehicles, etc., and any real property such as land, buildings and improvements.
4. The Chapter Manager shall consult with the Navajo Nation Risk Management Department annually as part of the budget process, to determine insurance costs and available appropriations, and to ensure that the Chapter's entire inventory is properly insured at all times and that property identification requirements are sufficient to meet replacement requirements.
5. The Chapter Manager shall reconcile and adjust the inventory count and listing for accuracy and completeness on an annual basis or at the time of acquisition or disposition.

IX. LOST, STOLEN OR DAMAGED PROPERTY

A. Policy:

Pertinent records and documentation of all Chapter property shall be kept on file including invoices, warranties and titles to ensure protection against property lost, stolen or damaged.

1. To prevent loss, theft or damage of any Chapter property, all property shall be secured in its proper place at all times.

B. Procedures:

1. The Administrative Assistant shall check all locations to ensure the asset has not been misplaced, loss, stolen or damage.
2. The Chapter Manager or Administrative Assistant shall immediately notify law enforcement and obtain a written police report on the missing, stolen or vandalized asset.
3. The Chapter Manager shall immediately notify the chapter officials of the incident.
4. The Chapter Manager shall submit a memorandum and a copy of the police report along with all essential information regarding the property to the Navajo Nation Risk Management Department, Window Rock, Arizona.
5. The Administrative Assistant shall compile all information from the latest physical inventory for the purpose of providing an estimate of the cost of the items(s) that

were stolen, vandalized or damaged, to Risk Management Department for possible repairs or replacement.

6. The Chapter Manager shall take possession of damaged and/or recovered property from the Chapter and obtain any requisite cost estimate of (a) repair cost or (b) replacement cost. The Chapter Manager shall determine, based upon the estimated repair or replacement cost, the reasonableness to replace the damaged or recovered property.
7. The Chapter Manager shall review insurance records to ensure adequate insurance coverage for a new Capital Asset as acquired.
8. Any Chapter property that is stolen or damaged shall be treated in the same manner as outlined in Procedures #1 - 7, above, if the Chapter Manager determines the item to be of significant value.

X. PROPERTY MAINTENANCE AND STORAGE

A. Policy:

All property and equipment shall have a preventive maintenance/repair schedule and guidelines for the use of the property. The Chapter Manager shall be responsible for the development and implementation of this policy and for maintaining property on chapter premises *unless* temporarily relocated for repair or rental:

B. Procedures:

1. Maintenance of Facilities:

- a. Routine Maintenance: The Chapter Manager shall provide a maintenance and repair schedule for all Chapter facilities including, but not limited to, the Chapter Administrative Offices, Head Start building, Senior Citizen Center, warehouse, and any other building or structure within the acreage legally set aside for chapter government operation.
- b. The Chapter shall be liable and responsible for the maintenance and repairs of all Toadlena/Two Grey Hills Chapter owned facilities, unless there is a separate maintenance agreement for said Chapter owned facility with a Navajo Nation government program or a county, state or federal entity.
- c. The Chapter Manager shall ensure the provision of routine maintenance as a preventive measure against damage and wear.

2. Maintenance of Equipment:

- a. Preventive Maintenance

- (1). The Administrative Assistant shall schedule and requisition for servicing of all equipment including, but not limited to, any computers, the photocopy machine, printer, fax machine, and vehicles.
- (2) All Chapter office equipment shall have a monthly preventive maintenance schedule. If the product is on lease to the Chapter, any agreement with the lessor shall provide that the lessor supply the routine maintenance.
- (3). The Chapter Manager shall monthly inspect all equipment for proper maintenance and compliance with the maintenance schedule.
- (4) The Chapter Manager shall ensure for reasonable security to safeguard Chapter property.
- (5) The Administrative Assistant shall date and log all maintenance performed on the Monthly Inspection and Maintenance form.

b. Repairs:

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

XI. LOAN, RENTAL AND USE OF CHAPTER PROPERTY

A. Policy:

No Chapter property or equipment shall be loaned or rented without the approval of the Chapter Manager on a Chapter House Usage Form and after establishment of a standard rental fee for each type of Chapter property and equipment. The Chapter shall also require a deposit to cover cleaning, damage or loss of equipment and shall not be responsible for any liability or damages whatsoever caused by the Lessee's negligence or failure to comply with the applicable standard of care for any activities under the Lessee's control, or for the Lessee's failure to comply with any applicable Chapter policies or Navajo Nation law. Any liability of the Chapter or the Navajo Nation shall be strictly limited to those damages available under the Navajo Sovereign Immunity Act, 1 N.N.C. §§ 551 *et seq.*

B. Procedures:

1. The Chapter Manager shall be responsible for ensuring the equipment is used for its intended purpose and for enforcing the standard rental fees established by the Chapter Membership, based on recommendations from the Chapter Manager and elected officials.
2. The individual(s), group or organization of the Chapter must fill out an Equipment Rental Form (Exhibit "C") at the Chapter Administration specifying which Chapter equipment the individual, group or organization wants to rent.
3. The Administrative Assistant shall be responsible for assisting and making sure all documents and information regarding the rental policies are transmitted and understood by the Lessee, including the deposit that is required. The documents shall be forwarded to the Chapter Manager.
4. The Chapter Manager shall approve or disapprove the rental request based on the available documents.
5. If approved, the Lessee shall assume responsibility for the equipment and its intended use, and shall return the equipment at the specified time agreed on.
6. If the equipment is returned dirty or damaged, or is lost, the Lessee shall forfeit the deposit up to the cost for any cleaning, repair or replacement; otherwise, the deposit shall be returned to the Lessee upon return of the equipment.
7. The Chapter Manager shall be notified immediately if the equipment has been damaged and shall follow those procedures provide in Section X (B) of the Property Manual.
8. The Chapter Manager shall have the sole authority to approve any waiver of fees based on appropriate documentation and policies for fee waivers adopted by the Chapter membership.

C. Use of the Chapter House.

1. Policies:
 - a. From time to time, Chapter and non-Chapter groups or organizations, or individuals,(the "Lessee") may wish to use the Chapter House facilities to conduct activities for charitable and non-charitable purposes. 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. If an individual(s) or group request to utilize the kitchen facility to sell food or other items, either on behalf of the Chapter or privately, the Chapter

Manager shall approve these requests on a Chapter House Usage Form (Exhibit "D"). No person shall handle food to be prepared for consumption by the public without a valid food handler's permit, a copy of which shall be filed with the Chapter Administration.

- d. The Chapter shall not assume any responsibility for loss or theft of any valuables of the Lessees or their Invitees, nor for any liability or damages whatsoever caused by the Lessee's negligence or failure to comply with the applicable standard of care for any activities under the Lessee's control, or for the Lessee's failure to comply with any applicable Chapter policies or Navajo Nation law. Any liability of the Chapter or the Navajo Nation shall be strictly limited to those damages available under the Navajo Sovereign Immunity Act, 1 N.N.C. §§ 551 et seq.
- e. The Lessee is responsible for making sure that all Chapter property remains on the premises and that the area is clean before leaving. It will be the Lessee's responsibility to pay for any damaged property, and if the Chapter House is not cleaned, the Lessee will forfeit the deposits and future utilization of the Chapter house facilities. The Chapter Manager shall be responsible for making that determination depending on the circumstances and damage done.
- f. The Lessees shall abide by the maximum number of occupancy established for the facility.
- g. The Chapter administration staff shall be authorized to establish rules and regulations pertaining to telephone calls, water hauling and other incidentals for the community members.
- h. The Chapter Manager shall be the sole authority to approve any waiver of fees, based on proper documentation and policies for waiver of fees established by the Chapter membership.
- i. 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.
- j. Facility usage for any political functions shall be subject to all applicable fees and deposits with no refunds. .

2. Procedures:

- a. Potential Lessees shall contact the Chapter Administration at least ten (10) business days in advance in order to apply for Chapter house usage. The Administrative Assistant shall provide the Chapter facilities usage agreement form and explain the conditions and requirements.

- b. The Administrative Assistant shall prepare all documents and forward to the Chapter Manager for consideration.
- c. The Chapter Manager shall review all the documents for completeness and either approve or disapprove the request. If denied, the Chapter Manager shall provide justification for the denial upon request.
- d. The Chapter Manager shall return all documents to the Administrative Assistant t who shall notify the potential Lessee
- e. The Administrative Assistant shall record and file all documents into the appropriate ledgers and filing system.
- f. The Cash Receipt Control policy and procedures shall be applied for proper reporting and recording pursuant to Fiscal Section VIII, (B) (2) of the Chapter Fiscal Policy and Procedures Manual.
- g. The Chapter Manager shall have the sole authority to approve any waivers of fees, based on appropriate documentation and policies established by the Chapter membership.

XII. PROPERTY AND EQUIPMENT INSURANCE

A. Policies:

Liability insurance coverage for injuries to third parties shall be mandatory on all Chapter property and equipment. Other coverage including collision, fire/smoke damage, theft/vandalism and workman's compensation shall also be included.

1. The Chapter shall participate in the Navajo Nation Insurance Services for its insurance coverage pursuant to 26 N.N.C. § 2003.
2. The Chapter shall use the insurance premium schedule to determine premium rates in accordance with the Navajo Nation Budget Instructions Manual.
3. All property and equipment insurance shall be reviewed periodically for adequacy and filed in a secure place.

XIII. PROPERTY DISPOSITION

A. Policy:

It shall be the policy of the Chapter to properly dispose of its property and equipment that will involve not only the physical disposition, but also the reconciliation of the accounting records to reflect such disposal. Capital Assets may be disposed of in a sale, retirement, or replacement transaction.

1. The Chapter Manager shall update property records to reflect disposal and to ensure that insurance policies are updated as appropriate.
2. The Chapter Manager in consultation with the Chapter Officials shall approve any disposal of Chapter property and/or equipment.
3. All disposal of Chapter property shall be reported to the Chapter membership via public notice or at Chapter meetings by the Chapter Manager.

B. Procedures:

1. Types of Disposal:

- a. Ordinary disposal includes property disposed of through ordinary means (sales, trade-in, wear and tear, obsolete, etc).
- b. Extraordinary disposals include property that is stolen, lost, damaged or destroyed, and which require an inventory report.

2. Surplus Property:

Surplus property is supplies or equipment for which there is no longer a need within the Chapter. If the Chapter identifies surplus property, the Chapter Manager shall inform the Chapter membership that such property exists so that the Chapter membership may have first opportunity to purchase such surplus property.

3. Sale of Property:

- a. When a sale of Chapter property is to be made, the Chapter Administration shall post a notice of sale in conspicuous places for thirty (30) days prior to said sale. Such property shall be sold at a price reflecting the property's fair-market value.
- b. The Chapter Manager shall be responsible for assuring that all documents verifying the sale are provided in order that the proceeds of such a sale will be credited to Other Revenue in the fund that generated the original purchase. If information on the fund source is not available, the proceeds will be credited to Other Revenue in the General Fund. The Cash Receipt Control policy and procedures will be applied for proper reporting and recording pursuant to Section VIII (A) of the Chapter Fiscal Policy and Procedures Manual.
- c. The Chapter Manager shall remove the Capital Asset carrying value by debiting the Investment in the Capital Asset Accounts and by crediting the asset account(s) in the general and subsidiary ledgers.

d. The cost of retirement, as well as the proceeds received from the sale of salvage, shall be taken into account. The salvage costs will be temporarily recorded as expenditures then those are netted against the gross salvage proceeds. The net amount is then reported as Revenue - Salvage Proceeds.

1. Example: Asset Book Value of \$150,000; it cost \$10,000 to destroy it; the sale of salvage is \$15,000.

• <u>Capital Assets</u>		
Investment in Capital Assets	\$150,000	
Building		\$150,000
• <u>General Fund</u>		
Expenditures-others	\$ 10,000	
Cash		\$10,000
• <u>Cash</u>	\$ 140,000	
Revenue-salvage Proceeds		\$140,000

XIV. DEFINITIONS

The language contained in this section applies generally to this policy manual except as otherwise provided elsewhere in the Chapter's Five Management System.

- A. **Accountability** - involves the basic obligation of accounting for Chapter property, whereas responsibility for Chapter property arises from custody or possession of Chapter property and/or the obligation to supervise said property by Chapter staff or employees, Chapter officials and Chapter members who are in custody or possession of that property.
- B. **Acquisition Cost** - is the general accepted basis of accounting for general fixed assets used (fair-market value at the time of receipt, if asset is received by donation).
- C. **Chapter Manager** - is the individual responsible for administering the Chapter Five Management System and Chapter Administration.
- D. **Chapter Officials** - consists of the Chapter President, Chapter Vice-President, and Chapter Secretary/Treasurer.
- E. **Equipment in place** - is 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. It does not include installed building equipment.
- F. **Expendable Property** - is Chapter property that is of relatively low monetary value, 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, and so forth.

- G. **Fair Market Value** - is the price at which a willing seller will sell and a willing buyer will buy, in an arm's length transaction, when neither is under compulsion to sell or buy and both have reasonable knowledge of relevant facts.
- H. **General Fixed Assets** - is a classification of Chapter property that includes land, buildings, infrastructure, improvements other than building, machinery, equipment, and construction-in-progress, meeting items 1) and 2) or 3) of the following criteria: Non-expendable.
 - 1) Value of \$500.00 or more.
 - 2) Non-expendable.
 - 3) Classified as a Sensitive Property Item by the Chapter Manager or elected officials.
- I. **General Fixed Assets Account Group** - is a self-balancing group of accounts, set up by the Chapter to account for the general fixed assets of the Chapter.
- J. **Historical Cost** - is an accounting principle requiring all financial statement items to be based on original cost. It 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.
- K. **Installed building equipment** - are 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** - is an item of personal property of the Chapter of any dollar value that retains its identity throughout its 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, will be carried on the Chapter property records as general fixed assets until disposed of by the Chapter through transfer, sale or other means.
- M. **Real Property** - is any interest in Chapter land, together with improvements, structures and fixtures that are located on it. The Chapter Planning and Zoning Council, aka: Hoyee' Bikayah Binataha, may be consulted for property land and other real property information, descriptions and classifications administered by the Chapter.
- N. **Responsibility** - is the obligation of a Chapter staff or employee, Chapter Officials and Chapter members, with respect to the proper custody, care and safekeeping of property entrusted to that individual.
- O. **Property Record** - is a basic itemized record showing the Chapter's property.

XV. APPENDICES

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| A. | Property Identification Sheet | Exhibit A |
| B. | Property Assignment Sheet | Exhibit B |
| C. | Chapter Insurance Premium Schedule
Example | Exhibit C |