



738 Acquoni Road  
PO Box 455  
Cherokee, NC 28719

March 20, 2023

Executive Office  
Tribal Council  
The Eastern Band of Cherokee Indians  
Cherokee, NC

We conducted an internal control review of the Transit program in accordance with the FY23 annual audit plan.

The overall objective of this audit was to obtain an understanding of key processes within the program, to evaluate the adequacy of internal controls and to identify opportunities for process improvements.

Overall, Transit's internal controls need improvement. OIA identified 3 findings and provided recommendations. The details of these findings along with the recommendations can be found in the attached report. Management's response is included as an attachment.

The assistance of Transit staff is appreciated. Please do not hesitate to contact our office with questions.

Sincerely,

Sharon Blankenship, CIA, CGAP, CFE, LPEC  
Chief Audit and Ethics Executive

cc: Lori Lambert, Audit and Ethics Committee Chair  
Jeremy Hyatt, Secretary of Operations  
Travis Sneed, Director of Support Services  
Kristin Lane, Transit Manager





**TRANSIT  
OPERATIONS DIVISION  
INTERNAL CONTROL REVIEW (23-006)  
FINAL REPORT  
March 20, 2023**

# **EASTERN BAND OF CHEROKEE INDIANS**



**OFFICE OF INTERNAL AUDIT AND ETHICS**  
738 ACQUONI ROAD • PO BOX 455 • CHEROKEE NC 28719



# HIGHLIGHTS

## Why We Did This Audit

The Transit program was identified for audit on the FY23 annual audit plan. The overall objective of this audit was to assess the control structure and business risk of the program to determine if improvement is needed.

## What We Found and Recommend

Overall, internal controls need improvement. There were 3 observations identified, and recommendations made to address the control weaknesses as follows:

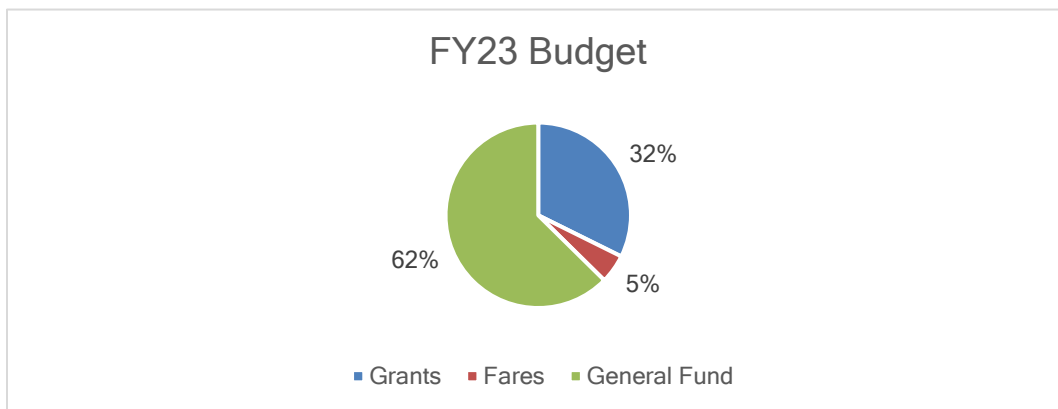
OBSERVATION	RECOMMENDATION
Training requirements are not met.	Establish a training schedule to ensure that all employees who require annual training complete the training.
Procurement practices needs improvement.	Adhere to the FMP.
Cash handling needs improvement.	Make deposits in accordance with the FMP.

The details of these observations and recommendations can be found beginning on page 4 of this report. Management's response, in which they concur with the observations and agree to implement the recommendations, is included as an attachment.

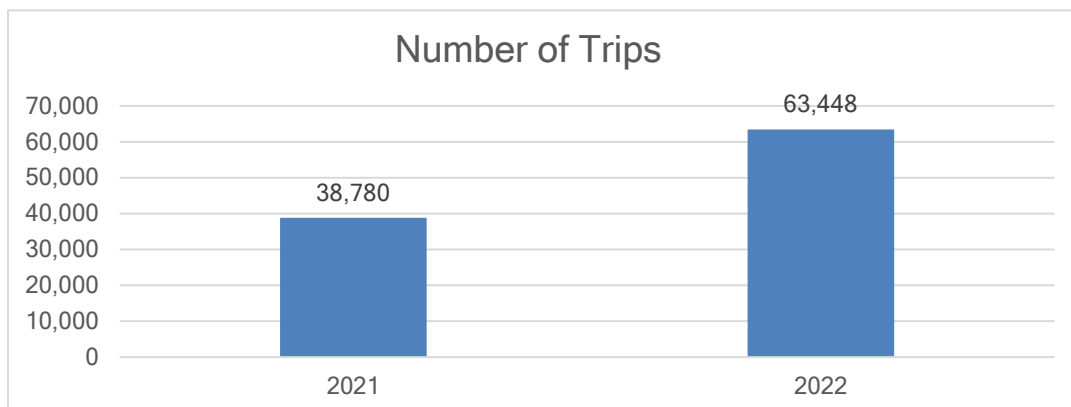
## BACKGROUND

EBCI Transit's purpose is to provide safe and dependable transportation at a reasonable cost to the residents and visitors of the Qualla Boundary and Snowbird. Public transit, which consists of two downtown routes, operates 18 hours per day, 5 days per week, with pickups scheduled every half an hour. Transit's Mobility service provides Non-Emergency Medical Transportation to area residents, including free transportation for the elderly and disabled who do not qualify for other assistance programs. This assists individuals with transportation to medical, health and human service appointments, and other essential activities in Cherokee and Snowbird. Transit also offers free transportation to those participating in recovery programs (i.e., Mother Town Project and Analenisgi), and shuttle services for special events.

For FY23 Transit is operating on a \$3.55 million budget made up of General Fund, grant revenues, and transit fares, as reflected in the chart below.



According to the transit annual reports, the number of trips provided by transit is shown in the chart below.



## OBJECTIVES & SCOPE

The audit objectives were to obtain an understanding of key fiscal processes within the entity, to evaluate the adequacy of internal controls and to identify opportunities for process improvements.

The scope of the audit included a review of the program's financial and operational information for the period 10/1/20-1/3/23.

## AUDIT CONCLUSIONS

Internal controls need improvement. The following observations were identified:

1. Training requirements are not met.
2. Procurement practices need improvement.
3. Cash handling needs improvement.

The details of these observations are on the following pages. The cooperation and assistance of the Transit staff is acknowledged and appreciated.

# OBSERVATIONS AND RECOMMENDATIONS

## 1. Training requirements are not met.

The tracking spreadsheet used by the Safety and Training Coordinator was reviewed and of the twenty-eight employees listed only 25% completed the required annual training for FY22. According to the EBCI Public Transit System Safety Program Plan (SSPP), employees are required to complete four trainings (bloodborne pathogens, Defensive Driving, Americans with Disabilities Act, Emergency Procedures for Vehicle Operators) annually. Management is not making this training a priority, which results in noncompliance and increases the risk to both employees and the public.

It is recommended that management adhere to the EBCI Public Transit SSPP and establish a training schedule to ensure that all employees complete their required training.

## 2. Procurement practices need improvement.

For the period under review there were forty-nine purchase records tested. Of those:

- A. 47% appear contractual in nature.
- B. 86% the invoice date is prior to PO creation.
- C. 18% of invoices were not paid within 30 days.

The Tribal Fiscal Management Policy (FMP) Section 400 sets the standards for procurement. Management is allowing purchases to be processed outside of the FMP, which results in noncompliance and increases the risk of fraud, waste, and abuse.

It is recommended that management adhere to the FMP when processing purchases.

## 3. Cash handling needs improvement.

For the period under review, 229 deposits were reviewed, 51% were not submitted to the Office of Budget & Finance daily.


The Tribal Fiscal Management Policy (FMP) Section 800 Cash Receipts Policy Subsection 2b sets the standard for the handling of cash receipts. Management is not ensuring that cash received is being submitted to the Office of Budget and Finance daily, which results in noncompliance with the FMP and increases the risk of loss of cash revenues.

It is recommended that management make deposits in accordance with the FMP.



## MEMORANDUM

**TO:** Executive  
Tribal Council

**FROM:** Sharon Blankenship, Chief Audit and Ethics Executive 

**CC:** Lori Lambert, Audit and Ethics Committee Vice Chair  
Jeremy Hyatt, Secretary of Operations  
Travis Sneed, Director of Support Services  
Kristin Lane, Transit Manager

**DATE:** March 20, 2023

**RE:** Responses to Report 23-006 – Transit

The 3 observations and recommendations identified in the audit report (23-006) were distributed to the program and responses prepared. The responses as provided are stated below. The original response forms are on file with this office.

**1. Observation 1: Training requirements are not met.**

**Response: Agree, Target implementation 4/10/23**

Respondent narrative: "On April 10<sup>th</sup> Transit will be closed to train all employees required training. All employees will sign documents that they have participated."

**2. Observation 2: Procurement practices need improvement.**

**Response: Agree, Target implementation 3/31/23**

Respondent narrative: "All current invoices will be entered into Munis and future purchasing will have PO generated and approved before invoices are received.:

**3. Observation 3: Cash handling needs improvement.**

**Response: Agree, Target implementation 3/15/23**

Respondent narrative: "Cash handling policy has been updated and supervisors have signed off on receiving policy. Fares will be deposited accordingly."

