

October 25, 2023

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

We conducted a follow up review on the Risk Management audit report 23-004, dated July 21, 2023.

This follow-up review determines the status of the observations and recommendations. There were 4 observations reported with recommendations made. The status is reported by management with one of the following categories:

- **Implemented** – adequately addressed by implementing corrective action that is in place and functioning.
- **Partially Implemented** – initiated with 50% or more progress.
- **Started** – initiated with less than 50% progress.
- **Not Implemented** – no action taken or started.
- **Withdrawn** – no longer exist because of changes in processes or the risk is accepted by management and approved by the Audit and Ethics Committee.

Limited audit work was performed on select findings to verify management's assertion. If it could not be verified, the status was adjusted accordingly. A summary of the reported status of the 4 recommendations is as follows: **2 (50%) Implemented, 1 (25%) Partially Implemented, and 1 (25%) Started**. The details of this follow up review can be found in the attached audit report summary.

The Risk Management staff's help is appreciated. Please 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  
Susie Wolfe, Interim Secretary of Treasury  
Joe Bernhisel, Risk Management Manager

EASTERN BAND OF CHEROKEE INDIANS  
OFFICE OF INTERNAL AUDIT AND ETHICS  
AUDIT REPORT SUMMARY

**Report Name:** Risk Management (23-004)

**Audit Type:** Internal Control Review

**Report Date:** July 21, 2023

**Follow up report date:** October 25, 2023

**Background and Scope:**

The scope of review includes worker's compensation, motor vehicle accident claims submitted, all new hire safety training from January 1, 2021 - December 31, 2022, and a review of various Tribal Safety Manual requirements were assessed for compliance.

**Overall Conclusions:**

Risk Management internal controls need improvement.

**Summary of Reportable Observations:**

Observation	Recommendation	Management Response	Rating	Implementation Status
<b>Claim Documentation</b>  Worker's Compensation  •3 of 15 claims did not have the Form 1 – Accident Report Form submitted to Risk Management within 24 hours of the accident occurring. •3 of 15 claims did not have Form 2 – Employee Statement properly completed. •2 of 15 claims did not have Form 3 – Authorization for Drug Testing and Release of Information form in the claim file therefore, we were unable to determine if it was obtained properly. •4 of 15 claims did not have the results of the drug tests in the claim file to support that the individual was not under the influence at the time the accident occurred.  Auto Claims  •1 of 10 auto claims did not have the police report documented in the claim file therefore, we could not determine if it was properly obtained. •1 of 10 auto claims did not have the Form 1 – Accident Report Form submitted to Risk Management within 24 hours of the accident occurring. •5 of 10 auto claims did not have Form 2 – Employee Statement submitted to Risk Management within 24 hours of the accident. •2 of 10 auto claims did not have Form 5 – Witness Statement included in the claim file.	Implement an electronic record retention process to ensure claim files are stored electronically on the network and can be easily referenced in the event of a dispute or question. Upon the closing of a claim file, a quality control check should be performed to ensure all applicable documentation is in the file. In addition, Risk Management should provide periodic reminders to all divisions regarding the importance of submitting claims timely to Risk Management to ensure claims can be timely filed with the insurance providers.	Agree. Respondent narrative: "Claims Check Off Form will be placed on C-WEB to help departments to understand what all needs to be turned with each claim. Workers Compensation claim or a Motor Vehicle Claim. We will also be generating shared files / folders for the Risk Management to update when needed. Reminders will be made during "NEW" Hire Training to help employees to know when all files need to be turned into Risk Management within a 24-Hour period ongoing process." Target implementation: 10/13/23	Med	Implemented
<b>Claim Oversight and Monitoring</b> There was no formal process in place for Risk Management to review the information provided by Tribal First to ensure claims activity was accurate, charges against the Tribe appeared appropriate, and the loss payment account balance appeared accurate.	Implement a monthly review process over the reporting provided by Tribal First to ensure claim activity and accounting appears accurate and reflective of active claims in process. Any potential errors should be discussed immediately and corrected. This process should be documented in the Risk Management Policies and Procedures to ensure it can be continued in the event of turnover. Timelines for when the review should be performed and who is responsible should be included.	Agree. Respondent narrative: "Risk Management will be reaching out to Tribal First to ensure that the claim activity processing is accurate and reflective in the claim processing moving forward. Reports will also be requested during this period if and when needed. Risk Management & Tribal First will discuss if and when needed to make any corrections when filing and monitoring all claims such as WC & MVA claims. The inspections will be reviewed as needed by our Claims Adim & Risk Manager should be performed as needed & periodicity to help out with any potential errors." Target implementation: 10/13/23	Med	Implemented
<b>Tribal Safety Training</b> There was no periodic safety training provided to ensure employees remained knowledgeable of safety protocols documented in the Risk Management Safety Manual as well as new and emerging safety risks to consider in the workplace.	Implement a bi-annual refresher training over key sections of the Safety Manual to ensure employees remain aware of proper protocols when a workplace accident occurs. Trainings can be provided in a live session format or, Risk Management should consider recording the trainings and uploading them to a training library where employees can reference them at anytime should they have a question on a process. Risk Management should also evaluate those departments who may have more claims than average and consider if additional safety training should be provided to help reduce the risk of workplace accidents in the future.	Agree. Respondent narrative: "Generate a time and date to implement a Bi- annual refresher class to help to insure employees are aware of any photocalls that could affect their department. This process is an ONGOING PROCESS for all "NEW Hire Employees during each "NEW HIRE CLASS. Risk Management would also like to implement a tool on Tribal CWEB for all new photocalls that may come out. Risk Management will also conduct per quarterly basses for those departments that seem to have a higher rate of Workers Compensation Claims. This will help out in defying any SAFETY TRAINING that the department may need." Target implementation: 10/13/23	Med	Partially Implemented

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**Summary of Reportable Observations:**

Observation	Recommendation	Management Response	Rating	Implementation Status
<b>Tribal Safety Manual</b> The Tribal Safety Manual had not been updated since 2012 to ensure it was reflective of current processes and safety protocols. In addition, it contained several sections that were not under Risk Management's authority including the Enterprise Risk Management process and Procurement and Property Control. Lastly, there was reference to a Safety Committee which was no longer a functioning committee within the Tribe.	Perform a review of the Manual and make revisions to ensure it is reflective of current processes. In addition, sections that are not under the authority of Risk Management should be removed to prevent confusion regarding which division is responsible for the administration of those policies and procedures. Risk Management also should implement a bi-annual review of the Manual to ensure it is periodically reviewed and updated. Any major changes that may impact divisions should be communicated to ensure they are aware.	Agree. Respondent narrative: "Review and update Manual." Target implementation: 10/13/23	Med	Partially Implemented