

October 25, 2023

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

The Office of Internal Audit and Ethics conducted a follow up review on the Cherokee Courts audit report 23-014, dated August 4, 2023.

The purpose of this follow up review is to determine the status of the findings and recommendations. There was 1 observation 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- **Withdrawn** – no longer exist because of changes in processes or the risk is accepted by management and approved by the Audit and Ethics Committee.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 1 recommendation is as follows: **1 (100%) Implemented**. The details of this follow up review can be found in the attached audit report summary.

The assistance of the Cherokee Courts' 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
Kirk Saunooke, Chief Justice
Amber Shuler, Administrative Officer of the Court

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

Report Name: Cherokee Courts
Audit Type: Fee Collections Audit
Report Date: August 4, 2023

Follow up report date: October 25, 2023

Background and Scope:

The EBCI Cherokee Court judges preside over court cases in which they assess judgements for filing fees, fines, restitution, and bond payments. The Clerk of Courts collects these fees and fines and deposits them to the EBCI Office of Budget and Finance. Our internal audit focused on evaluating the controls over collection and recording of these fees to ensure amounts assessed agreed to judgements and fee schedules, were properly recorded, and garnishments had appropriate documentation. In addition, we tested daily cash reconciliations to ensure they agreed to the deposit and proper approval was obtained. We also evaluated cash handling and cash control procedures to ensure they aligned with the EBCI Fiscal Management Policy and sound internal controls were followed. Lastly, we determined if bond, restitution, and estate payments were allowable.

Overall Conclusions:

Overall the processes and internal controls over collections and recording of fees needs improvement.

Summary of Reportable observations:

Observation	Recommendation	Management Response	Rating	Implementation Status
5 of 15 deposits were not prepared by two Cherokee Court clerks as required per policy. For all 5, only one clerk prepared the deposit; and Receipts were not received by Cherokee Court for any of the 15 deposits. Training conducted over the Fiscal Management policies to ensure employees who had cash handling duties were aware of policy requirements was informal training by supervisors of the Cherokee Court.	Require each employee with cash handling duties to review and acknowledge the cash handling section of the Fiscal Management Policy to ensure they are aware of and adhere to the requirements including but not limited to having two individuals prepare and sign off on deposits. In addition, the EBCI Office of Budget and Finance should ensure a receipt is issued to the depositor for each deposit received, in accordance with the Fiscal Management Policy. Lastly, the EBCI Office of Budget and Finance should consider developing a formal cash handling training and requiring all relevant employees both within Cherokee Court and Tribe-wide to complete the training on an annual basis to ensure that all individuals with cash handling duties remain up to date on cash handling policies and procedures	Agree: "Heather has already discussed this policy with the Clerks and they have signed an acknowledgement that they have read the policy and understand." The Office of Internal Audit and Ethics will communicate with the Office of Budget and Finance regarding the issuance of receipts and cash handling training.	Med	Implemented