

November 30, 2023

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

We conducted a limited scope audit of the Cherokee Boys Club (CBC) garage at the request of management.

This audit was designed to assess the CBC garage's cash receipts process. The review is intended to be used as a tool to determine the effectiveness of internal controls and if improvement is needed.

Overall, internal controls can be improved. We identified 3 observations and provided recommendation to improve internal controls.

The details of the observations along with recommendations can be found in the attached report. Management's response is included as an attachment.

The assistance of the CBC 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  
Aaron Bradley, CBC Board of Directors Chair  
Greg Owle, CBC General Manager  
Donnie Owle, CBC Garage Manager



## CHEROKEE BOYS CLUB GARAGE LIMITED SCOPE AUDIT (23-009) FINAL REPORT

November 30, 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 Cherokee Boys Club (CBC) garage was identified for a limited scope audit at the request of management. The overall objective of this audit was to review the CBC garage's cash receipt process and financial transactions and to assess the control structure and business risk of the program to determine if improvement is needed.

## What We Found and Recommend

The CBC garage's internal controls over the cash receipt and deposit processes can be improved. There were 3 observations with recommendations to improve internal controls.

FINDING	RECOMMENDATION
Management oversight needs improvement	Document review and verification
Deposits are not timely	Submit deposits daily to the bank
Duties are not properly segregated	Segregate or implement compensating controls

The details of these findings and recommendations can be found beginning on page 3 of this report. Management's response, in which they concur with the findings and agree to implement the recommendations, is included as an attachment.

# BACKGROUND

The Cherokee Boys Club (CBC) garage is a full-service garage providing services to the CBC fleet as well as to the general public. The garage uses NAPA TRACS shop management system for workorders and payment transactions. Deposits are typically prepared daily by the garage's administrative assistant and submitted to the CBC finance office for deposit at the bank. The grants and financial coordinator posts the deposits to the financial system, prepares the deposit slip, and delivers the deposit to the bank.

# OBJECTIVES & SCOPE

The audit objectives were to obtain an understanding of the CBC garage's cash receipt process, to evaluate the adequacy of internal controls and to identify opportunities for improvements.

The scope of the audit was limited to a review of the CBC garage's cash receipts process and financial transactions processed through NAPA TRACS for the period July 1, 2021 through February 28, 2023.

# AUDIT CONCLUSIONS

Overall, the CBC garage's internal controls can be improved. The following observations were identified:

1. Management oversight needs improvement.
2. Deposits are not timely
3. Duties are not properly segregated

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

# FINDINGS AND RECOMMENDATIONS

## 1. Management oversight needs improvement

There is no documented management review and verification throughout the cash receipts and deposit processes. Adequate internal controls for management oversight require management to conduct reviews and verification documented by signature and date. Management did not document review and verification of the collection and deposit of cash receipts which can result in errors, loss, or theft.

Management must provide proper oversight throughout the cash receipts and deposit processes by signing and dating reviews of the cash receipts collected and deposited daily. Any discrepancies identified must be promptly resolved. This control should be documented in policy and procedure and adhered to.

## 2. Deposits are not timely

Deposits of cash receipts are typically prepared daily within the garage and then delivered to the finance office for submission to the bank. However, the deposits are not submitted to the bank daily. Adequate internal controls for the proper processing of deposits must include daily preparation and submission to the bank. Management did not ensure the timely deposit of cash receipts which can result in errors, loss, or theft.

Management must require the timely preparation of deposits and submission to the bank with management review and verification. This control should be documented in policy and procedure and adhered to.


## 3. Duties are not properly segregated

Cash receipts are collected and prepared for deposit by the administrative assistant. Other CBC garage personnel collect cash receipts when the administrative assistant is not available and assist in the preparation of the deposit. Adequate internal controls for the cash receipts process must include segregation of duties or compensating controls. Management did not ensure segregation of duties or compensating controls in the cash receipts and deposit processes which can result in errors, loss, or theft.

Management must establish segregation of duties or compensating controls in the cash receipts and deposit processes to reduce the risk of errors, loss, or theft. This control should be documented in policy and procedure and adhered to.

## MEMORANDUM

**TO:** Executive  
Tribal Council

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

**CC:** Lori Lambert, Audit and Ethics Committee Vice Chair  
Aaron Bradley, CBC Board of Directors Chairman  
Greg Owle, CBC General Manager  
Donnie Owle, CBC Garage Manager

**DATE:** November 30, 2023

**RE:** Responses to Report 23-009 Cherokee Boys Club Garage

The 3 observations and recommendations identified in the Cherokee Boys Club Garage audit report 23-009 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. Management oversight needs improvement.**

**Response: Agree, Target implementation 11/1/2023**

Respondent narrative: "Donnie (Mgr.) or Jay (Asst.Mgr.) will review the cash receipts and verify deposits amount and sign the deposit bag before submitting to Finance."

**2. Deposits are not timely.**

**Response: Agree, Target implementation 11/1/2023**

Respondent narrative: "We have put a process in practice to make daily deposits. Cassie (AR) or Barry (Asst. Finance Director) make daily bank deposits consisting of shop receipts and other payments received in the mail. "

**3. Duties are not properly segregated.**

**Response: Agree, Target implementation 11/1/2023**

Respondent narrative: "Shauna processes payments and prepares the daily deposit with cash receipts and Donnie or Jay will verify deposits and sign the deposit bag before submitting to Finance. Then Finance staff will verify deposit amounts and submit to the bank."