

OFFICE OF INTERNAL AUDIT AND ETHICS

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October 16, 2024

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 Tribal-wide Ethics audit report 24-004, dated June 10, 2024. The purpose of the follow up is to determine the status of the findings 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- **Withdrawn** – no longer exist because of changes in processes or the risk is accepted by management and approved by the Audit and Ethics Committee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: **4 (100%) Implemented**. The details of this follow up review can be found in the attached audit report summary.

The assistance of the Ethics and Employee Relations staff is appreciated. Please do not hesitate to contact our office with questions.

Sincerely,

A handwritten signature in blue ink that reads "Blankenship".

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

cc: Lori Lambert, Audit and Ethics Committee Chair
Tasheena Parker, Ethics Officer
Sarah Teesateskie, Secretary of Human Resources
Reva Ballew, Employee Relations Manager



Tribal-wide Ethics (24-004)

Compliance

June 10, 2024 Follow Up Date: October 16, 2024

Background and Scope:

The EBCI Office of Internal Audit and Ethics is responsible for reviewing and investigating potential violations of the EBCI Tribal Official Code of Ethics and determining appropriate methods of resolution based on the nature of the complaint. The Office of Internal Audit and Ethics works with all EBCI divisions as well as public citizens to ensure complaints and violations can be addressed in accordance with the EBCI Ethics Rules of Procedure.

The EBCI Human Resources Division and Employee Rights Department are responsible for reviewing and investigating potential violations of the EBCI employee Code of Ethics. The Human Resources Division and Employee Rights Department work with all EBCI divisions as well as public citizens to ensure complaints and violations can be addressed in accordance with the EBCI Personnel Policy and EBCI Employee Rights Standard Operating Procedures.

The objective of the audit was to evaluate the processes and internal controls over the complaints process to ensure complaints were resolved timely, officials and employees received required Code of Conduct Training, and elected/appointed officials filed financial

Overall Conclusion:

REDW made 4 observations and recommendations regarding the ethics controls and processes.

Initial Follow Up:

4 of 4 or **100%** implemented.



Observation	Recommendation	Management Response	Risk	Implementation Status	Percent (%) Complete	Explanation
<p>1) Corrective Action and Compliant Approvals/Tracking - Our testing determined that documentation is not maintained to support review of corrective actions or approval of DLWP. Further inquiry determined that reviews were conducted in a variety of formats, compiling documentation that the review occurred was difficult to ensure. In addition, the employee complaint tracking mechanism determined that the spreadsheet did not contain fields to ensure approval dates could be tracked. Additional evidence obtained through other documentation did support compliance with procedural requirements in these areas.</p>	<p>The EBCI Employee Rights Department should implement a more comprehensive tracking mechanism over complaints, corrective actions and other employee grievance processes to improve tracking of the various required tasks according to the EBCI Personnel Policy and EBCI Employee Rights Standard Operating Procedures. Specific elements that should be added to the tracking mechanism include the date each review was conducted, the method of review utilized (such as email correspondence, phone call, or in-person meeting), and the full names and job titles of the reviewers involved. Additionally, a detailed record of the recommendations and decisions made should be included. HR and Employee Rights personnel should be trained on the updates to the tracking mechanism to ensure awareness of the revised documentation requirements and the functionality of the new tracking mechanism. Lastly, the EBCI Employee Rights Department should perform periodic reviews at regular intervals to confirm that procedures are being followed and to identify any areas that may require further attention or improvement.</p>	<p>Agree. "Develop centralized tracking system." "Develop a tracking form that includes the date of review, signatures, and correspondence regarding corrective actions. Long term we are working to develop an electronic tracking mechanism to track this process." Target implementation: 9/7/24</p>	Medium	Implemented	100%	"We have begun a casewide system that utilizes a document that is completed at the beginning of every employee contact. This document follows the issue till its completion."
<p>2) New Tribal Official Training Deadline - Our testing of 10 new Tribal Officials determined 2 did not complete the training within 10 business days (with variances ranging from 6 to 8 days after the deadline) nor was a Code of Ethics violation issued. Further inquiry determined 1 Tribal Official requested an extension due to scheduling conflicts however, no documentation of the extension approval was maintained in the Tribal Official's file. In the other instance, no extension was granted.</p>	<p>The EBCI Office of Internal Audit and Ethics should remind Tribal Officials of the importance of attending Code of Conduct training timely. In the event scheduling conflicts arise, Tribal Officials should continue to work with the EBCI Office of Internal Audit and Ethics to determine if extensions can be granted. These decisions should be maintained in the Tribal Official's file to support why a Code of Conduct violation did not occur. If a Tribal Official does not attend training timely, the violation policy should be enforced or extenuating circumstances for why the violation was not issued should be documented.</p>	<p>Agree. "To address this observation, we will implement the following: Communication Log: We will implement a communication log to document all interactions with Tribal officials. This log will track the date, time, subject matter, and key points of each communication. Extension Requests: All extension requests will be documented in the communication log, outlining the reason for the request, the date of approval or denial, and the revised deadline. File Management: All communication logs related to the specific Tribal official will be maintained within their designated file. Tribal Council Resolution Language: We have developed and submitted language for inclusion in Tribal Council's resolution for the confirmation process. This language will require all newly confirmed Tribal officials to contact our office within three business days of their confirmation hearing." Target implementation: 8/31/24</p>	Low	Implemented	100%	"We implemented and are utilizing a communication log to document all interactions with Tribal officials. Tribal Council's resolution for the confirmation process now includes language requiring all newly confirmed Tribal officials to contact our office within three business days of their confirmation hearing."

Observation	Recommendation	Management Response	Risk	Implementation Status	Percent (%) Complete	Explanation
<p>3) Gift Reporting Penalties - Our testing of 10 gift reports that were submitted late determined that 1 Tribal Official filed their gift report 3 days after the grace period and was not issued a written reprimand in accordance with the progressive penalty policy.</p>	<p>EBCI should reiterate the importance of reporting deadlines and grace periods for gift report submissions to ensure Tribal Officials are aware of their responsibilities. The EBCI Office of Ethics and Internal Audit should enforce the defined penalties for late submissions to maintain accountability and compliance with policy. Documentation should be maintained in each Tribal Official's file for any extenuating circumstances that contribute to departures from the policy.</p>	<p>Agree. "To address this observation, we will implement the following: Communication Log: We will implement a communication log to document all interactions with Tribal officials. This log will track the date, time, subject matter, and key points of each communication. Extension Requests: All extension requests will be documented in the communication log, outlining the reason for the request, the date of approval or denial, and the revised deadline. File Management: All communication logs related to the Tribal official will be maintained within their designated file. Enforcement of Penalties: We will consistently enforce the policy for Tribal officials who fail to report within the allotted timeframe unless a documented extension has been granted." Target implementation: 8/31/24</p>	<p>Low</p>	<p>Implemented</p>	<p>100%</p>	<p>"We are utilizing the communication log to document all interactions with Tribal officials. Notices will be sent out to any Tribal official who fails to submit a report within 3 business days of the reporting deadline. A reminder to send out notices has also been added to the Ethics Specialist's and the Ethics Officer's outlook calendar."</p>
<p>4) Attestation and Disclosure Statements-Our testing of 10 A&D submissions determined:</p> <ul style="list-style-type: none"> • 1 Tribal Official submitted the A&D statement 53 days after the end of the grace period. Further inquiry determined there was a miscommunication about whether this Tribal Official would remain in office during an administration change in October 2023. Upon discovery that the Tribal Official was still in the position, the A&D statement was requested and submitted; and • 1 Tribal Official submitted the A&D statement timely, but the statement was not complete as the Tribal Official did not initial next to 2 of 3 A&D acknowledgements. 	<p>The EBCI Office of Internal Audit and Ethics should remind Tribal Officials of the importance of submitting completed A&D statements. In the event a statement is submitted incomplete, it should be returned to the Tribal Official for completion.</p>	<p>Agree. "To address this observation, we will implement the following: Enforcement of Completeness: We will implement a process to ensure that all A&D statements are complete and accurate upon submission. Incomplete statements will be returned to the Tribal Official for completion before being accepted. Additionally, we will require Tribal Officials to complete the A&D statement within 10 business days of their appointment/election. Documentation of Extensions: All extension requests will be documented in the communication log, including the reason for the request, the date of approval or denial, and the revised deadline."</p>	<p>Low</p>	<p>Implemented</p>	<p>100%</p>	<p>"The Ethics Specialist is thoroughly reviewing all Attestation & Disclosure Statements. Once the review is complete, he stamps the document with a "Reviewed" stamp to indicate it has been reviewed. Incomplete documents are returned to the Tribal officials, who are asked to resubmit them. This process is documented in the communication log."</p>