

OFFICE OF INTERNAL AUDIT AND ETHICS

738 Acquoni Road
PO Box 455
Cherokee, NC 28719

p. (828) 359-7030
w. oia.ebci-nsn.gov
e. oia@ebci-nsn.gov



October 25, 2024

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

We conducted an internal control review of Tribal Council in accordance with the FY24 annual audit plan. Protiviti was engaged to conduct the audit.

This review was designed to assess the effectiveness of controls and to determine if improvement is needed.

Protiviti identified 1 observation. The details can be found in the attached report. Management's response is included as an attachment.

The assistance of Tribal Council 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
Michael Parker, Tribal Council Chairman
David Wolfe, Tribal Council Vice Chairman
Kelly Sampson, TOP Manager



Tribal Council

Internal Audit Report

September 2024

Table of Contents

Background, Scope and Objectives, and Summary of Audit Procedures.....3
High Level Conclusions and Observations4

Disclaimer: This report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel will impact these risks and internal controls in ways this report cannot anticipate. This document is intended for management use and should not be relied upon by any third party.

Background

During fiscal year 2024, the Tribal Council was selected for an audit as part of the annual plan. The Internal Audit team conducted a comprehensive audit on internal controls, concentrating on cash disbursements, travel and entertainment expenditures, financial reporting accuracy, and the associated budget.

Scope & Objectives

Through the planning and risk assessment process, IA determined that the key risks related to Tribal Council were the proper and accurate use of funds. The audit was designed to address the internal controls related to these processes. In analyzing disbursement activity, the primary expenses incurred by the Tribal Council were travel related. We did not examine the execution of Tribal Council activities.

The scope of the audit included a review of the Tribal Council's internal controls for the period ending June 30, 2024.

The overall objectives of this audit are to evaluate key controls within the Tribal Council regarding the following attributes:

- Controls over cash disbursements, focusing on authorization.
- Controls over the accuracy of recording of transactions by appropriate personnel.
- Overall spend monitoring controls (primarily the annual budget).

Summary of Audit Procedures

Internal Audit's approach included:

- Reviewing updated policies and procedures related to the current processes.
- Conducting interviews to walk-through and gain an understanding of the current processes.
- Conducting testing procedures to verify the current processes performed and if necessary, assist in providing detailed remediation steps.

High-Level Conclusions & Observations:

The audit identified one finding summarized below. Additional details, including remediation recommendations, can be located within the “Detailed Observations” section of this audit report.

1. **Inaccurate Recording of Travel Expenses:** Internal Audit examined 25 transactions and identified one transaction that misclassified five expenses totaling \$7,374.86 to the Travel National GL Account rather than the correct Public Relations GL account.

Observation Category	Detailed Observation
<p>1. <u>Inaccurate Recording of Travel Expenses</u></p>	<p>During our review of the Tribal Council disbursements, Internal Audit tested a sample of 25 transactions and identified one transaction had five expenses totaling \$7,374.86 that were inaccurately recorded. Expenses including dinners and an invoice for clay pots were erroneously allocated to the "Travel – National" general ledger (GL) account rather than the correct "Public Relations" GL account. Although the Tribal Council's internal documentation correctly denotes these charges as pertaining to Public Relations activities, they were misclassified in the EBCI Munis system.</p>
<p><u>Recommendation:</u> Internal audit recommends reclassification of the transaction. Additionally, given the manual nature of review and recording expenses incurred on credit cards, consider performing regular independent reviews of expenses and related classification to ensure expenses are recorded correctly.</p>	

OFFICE OF INTERNAL AUDIT AND ETHICS


738 Acquoni Road
PO Box 455
Cherokee, NC 28719

p. (828) 359-7030
w. oia.ebci-nsn.gov
e. oia@ebci-nsn.gov



MEMORANDUM

TO: Executive
Tribal Council

FROM: Sharon Blankenship, Chief Audit and Ethics Executive 

CC: Lori Lambert, Audit and Ethics Committee Chair
Michael Parker, Tribal Council Chairman
David Wolfe, Tribal Council Vice Chairman
Kelly Sampson, TOP Manager

DATE: October 25, 2024

RE: Responses to Report 24-011 – Tribal Council Audit Report

The 1 observation and recommendation identified in the Tribal Council audit report 24-011 was sent to Tribal Council for a response. The responses as provided are stated below. The original response forms are on file with this office.

1. Inaccurate Recording of Travel Expenses

Response: Agree, Target implementation 10/25/2024

Respondent narrative: “Manager and Assistant Manager will perform regular independent reviews of expenses and related classification to ensure correct recording.”