

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 22, 2024

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

We reviewed the supply inventory held by Qualla Housing Authority in accordance with the FY24 annual audit plan.

We tested the inventory of products on hand for the period ending September 30, 2024. Based on the count the inventory value of \$55,010.70 a decrease of \$11,932.30 (18%) over the prior year appears reasonable.

The current general ledger shows an inventory balance of \$66,943.00. An adjusting entry of \$11,932.30 is needed to decrease the inventory balance to \$55,010.70 for the period ending September 30, 2024

The following audit issue is updated and remains open: (1) Inventory management is ineffective.

The detail of this observation can be found on the next page.

Please contact our office with questions regarding this report.

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
Edwin Taylor, Secretary of Housing
Robert Welch, Construction Manager

OBSERVATION AND RECOMMENDATION:

1. Inventory management is ineffective.

There was a variance of \$2,148.96 of items that were included on the program's inventory that was not present during the count, including 4800 feet of wire that accounted for \$1,824.00 of this variance. There were two dishwashers and three vanities that were not included on the inventory report. Inventory on hand must be properly managed to accurately reflect the value for financial statement reporting. Management has not ensured effective inventory management which can result in unreliable valuation and can lead to loss of revenue and loss or theft of Tribal assets.

Management should develop an effective mechanism for managing inventory. This should include collaboration with the Division of Treasury to utilize the Tribal financial management system for inventory management.