

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



January 30, 2025

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 Governmental Affairs audit report 24-014, dated October 16, 2024. The purpose of the follow up is to determine the status of the recommendations. 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- **Withdrawn** – no longer exist because of changes in processes or the risk is accepted by management and approved by the Audit and Ethics Committee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. The reported status of the **1** recommendation is as follows: **1 (100%) Started**. The details of this follow up review can be found in the attached audit report summary.

The assistance of the Governmental Affairs 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
Paxton Myers, Chief of Staff
Michael McConnell, Attorney General



Governmental Affairs (24-014)
Internal Control Review
October 16, 2024 Follow Up Date: January 30, 2025

Background and Scope:

EBCI makes political contributions to supportive state and federal officials, candidates, and causes, collectively termed "political contributions." The Governmental Affairs Office manages these contributions. This internal audit focused on assessing the processes and internal controls over the Tribe's Governmental Affairs Office, particularly regarding disbursement transactions, reporting, and compliance, and evaluating the Tribe's Governmental Affairs policies and procedures and recordkeeping of documents involved in the transaction process.

The objectives of this audit were to evaluate key controls for the period ending September 30, 2024.

Overall Conclusion:

REDW made 1 observations and recommendation regarding Governmental Affairs internal controls.

Initial Follow Up:

1 100%
Implemented
Partially Implemented
Started
Withdrawn

The objectives of this audit were to evaluate key controls for the period ending September 30, 2024.				Risk Rating			0 High			0 Medium			1 Low			1			Open Observation		
Observation		Recommendation		Management Response		Risk		Implementation Status		Percent (%) Complete		Explanation									
Policies and Procedures - Policies and procedures are crucial for ensuring that employees understand department processes and key requirements are performed consistently. While the Governmental Affairs Office had draft versions of its policies and procedures in place, our testing determined that these drafts have not been formalized. Additionally, key items were missing which should be included to ensure transactions are consistently approved, processed, and documented.		The Governmental Affairs Office should consider expanding the following areas within the draft policies and procedures: <ul style="list-style-type: none">• roles and responsibilities;• approval process;• non-monetary contributions;• conflict of interest management;• penalties and consequences for non-compliance; and• procedures for emergency contributions. The policies and procedures should be formalized and reviewed annually to identify any changes.		Agree. "Will work directly with our Attorney General to get policies drafted and approved." Target Implementation date 11/29/24		Low		Started		<50%		"The governmental affairs office is within the Principal Chief's office, and right now is being managed by Paxton Myers, Chief of Staff for Chief Hicks. Paxton is managing the office because the prior manager, Bill Taylor, resigned. The vacancy has not been filled yet by Chief (with confirmation by Council). Therefore, I am working with Paxton to flesh out the policies of the office regarding making financial contributions to federal and state elected officials and candidates, and multi-Tribal entities such as NCAI, USET, COLT, etc." Next steps: "My next steps are to continue discussions and revisions of the policy with input from Paxton and Chief Hicks." Target Implementation date: 2/11/25									