OFFICE OF INTERNAL AUDIT AND ETHICS

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April 23, 2025

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

We conducted an audit of Information Technology Change Management in accordance with the FY25 annual audit plan.

This audit was designed to assess governance and oversight of the IT change management process. The review is intended to be used as a tool to determine the effectiveness of controls, compliance, and if improvement is needed.

There are opportunities for improvement in the IT change management process. Protiviti identified 2 observations. The details can be found in the attached report. Management's response and action plan are included as an attachment.

The assistance of the IT 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
        Paxton Myers, Chief of Staff
        Kevin Jackson, Director of Information Technology

IT Change Management

Internal Audit Report

April 2025

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> ***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

Change management is a critical IT general control process that ensures changes to systems, applications, and infrastructure are requested, reviewed, approved, implemented, and documented in a controlled and consistent manner. Effective change management reduces the risk of unauthorized or unintended changes that could impact system availability, data integrity, or security.

The Eastern Band of Cherokee Indians utilizes a centralized IT function to manage changes to its core systems and applications. Changes may include software updates, configuration modifications, patch deployments, and other enhancements. The change management process is typically supported by a ticketing or IT service management (ITSM) system that helps track and document change requests throughout their lifecycle.

During fiscal year 2025, the IT Change Management program was selected for review as part of the annual plan. The Internal Audit team conducted a comprehensive audit on internal controls, concentrating on existence of change logging and monitoring, segregation of duties, change testing, and change management governance.

Scope & Objectives

Through the planning and risk assessment process, IA determined that the key risks related to the change management program were change monitoring and logging, governance, and change implementation workflows. The audit was designed to identify and evaluate the internal controls related to these processes, including:

- Governance and Oversight: Controls over the existence and periodic review of change management policies, clearly defined roles and responsibilities, and regular reporting of KPIs to ensure adequate oversight of the program.
- Change Request and Approval Process: Controls to ensure all change requests are documented, risk-assessed, and approved by appropriate personnel based on risk and impact levels, including expedited procedures for emergency changes.
- Testing, Deployment, and Monitoring: Controls to confirm changes undergo structured testing, are deployed through a controlled process with rollback procedures, and are logged and monitored for unauthorized activity, followed by post-implementation reviews.
- Third-Party and End-User Communication: Controls to ensure vendors comply with internal change management requirements and that end-users are appropriately informed and trained on relevant system changes.

Summary of Audit Procedures

Internal audit's approach included:

- Conducting interviews to walkthrough and gain an understanding of the change management processes.
- Conducting testing procedures highlighted in the work program.
- Identifying potential areas for risk mitigation and control design improvement.

High-Level Conclusions & Observations:

The audit identified two finding(s) summarized below. Additional details, including remediation recommendations, can be located within the "Detailed Observations" section of this audit report.

Observation Category	Detailed Observation
Gaps in Change Management Policy Governance and Consistency	**Observation Description:** Internal Audit (IA) reviewed the organization's Change Management Policy and Application Change Management Policy to assess their adequacy, consistency, and governance practices. IA confirmed that both policies exist, are documented, and have been effective since January 1, 2023. Upon review, IA noted that the policies contain key elements such as scope, responsible parties, change classifications, testing and approval requirements, and documentation standards. IA identified the following gaps in the governance and consistency of these policies: 1. Lack of Documented Periodic Review and Approval: While IT management stated that the policies are reviewed and updated annually, IA was unable to verify any documented evidence of periodic review or approval since the policies' effective date. No approval records, meeting minutes, or version history were available. 2. Inconsistencies in Change Type Definitions and Approval Processes: The Change Management Policy states that Standard Changes are pre-approved and do not require individual review by CAB (Change Advisory Board). The Application Change Management Policy states that Standard Changes still require CAB approval, while Normal Changes can bypass CAB approval. 3. Outdated Policy References: The Change Management Policy references required fields based on ServiceNow, which has been decommissioned, making portions of the policy obsolete. **Observation Recommendations:** IA recommends that management: 1. Implement a formal review and approval process for change management policies, ensuring documented evidence of periodic review (e.g., version history, sign-offs, and/or meeting minutes). 2. Align change type definitions and approval requirements across both policies to ensure consistency in classification and required approvals. This may involve revising policies to use uniform terminology and ensuring that CAB approval thresholds are clearly defined and consistently applied. 3. Update the Change Management Policy to remove outdated references to ServiceNow and align it with the current/planned (Dynamics) change management system and processes. If a replacement system has not yet been implemented, management should establish clear guidelines for tracking and approving changes outside of ServiceNow.

Observation Category	Detailed Observation
Lack of Formal Change Tracking and Approval Process During Interim Period	**Observation Description:** Internal Audit (IA) identified gaps in the change management tracking and approval process during the interim period following the decommissioning of ServiceNow (SNOW) and prior to the implementation of Dynamics. During this period, changes were tracked using an Excel-based tracker maintained by department teams rather than a formal change management system. IA inspected the interim tracker and found that it lacked key documentation details including change type, impact assessment, and approvals. As a result, IA was unable to validate whether changes were appropriately categorized, assessed for risk, or approved before implementation. Additionally, IA confirmed through inquiry with OIT that CAB meetings have not occurred since November 2024, further limiting oversight and governance over changes during the audit period. While IA reviewed one sampled change and verified that it was discussed during a CAB meeting, explicit approval records were not documented, and IA was unable to verify who approved the change and when approval was granted. The interim tracker did not log approval dates, and CAB meeting minutes lacked explicit approval decisions. IA was unable to obtain documented test plans, execution results, or issue resolution tracking for the sampled change. Neither the interim tracker nor CAB meeting minutes included evidence that testing was conducted before deployment or that any issues identified were addressed prior to implementation. Furthermore, the Excel-based tracker is manually updated and relies on change implementers to self-report changes after they have been made, rather than being integrated into a structured workflow with pre-implementation approvals. This increases the risk of incomplete or inaccurate records, limiting visibility into change activity and reducing assurance that changes were appropriately reviewed and authorized before implementation. **Observation Recommendations:** IA recommends that management: 1. Implement a structured, centralized tracking mechanism to ensure all change requests are formally documented, categorized, and assessed before implementation. If a ticketing system is not yet in place, an interim standardized tracking template should be established with mandatory fields for change type, impact, risk assessment, and approvals. 2. Resume regular Change Advisory Board (CAB) meetings and ensure that all high-risk or significant changes receive documented review and formal approval prior to implementation. CAB meeting minutes should clearly document approval decisions, identifying the approving personnel and the date of approval to provide an audit trail. 3. Require that all changes have documented test plans and execution results before approval. Maintain issue tracking logs to ensure that defects or concerns identified during testing are properly reviewed and resolved. Ensure that evidence of testing and approvals is retained in a centralized location for audit and compliance purposes.

Observation Category	Detailed Observation
	4. Establish a control mechanism to enforce timely and accurate change tracking, reducing reliance on post-implementation self-reporting. This could include real-time logging of changes, periodic reconciliation, or mandatory submission workflows for approvals.

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MEMORANDUM

TO: Executive
Tribal Council

FROM: Sharon Blankenship, Chief Audit and Ethics Executive

CC: Lori Lambert, Audit and Ethics Committee Chair
Paxton Myers, Chief of Staff
Kevin Jackson, Director of Information Technology

DATE: April 23, 2025

RE: Responses to Report 25-005 – IT Change Management Audit Report

The 2 observations and recommendations identified in the IT Change Management audit report 25-005 were sent to the program for a response. The responses provided are stated below. The original response forms are on file with this office.

1. **Gaps in Change Management Policy Governance and Consistency**

   Response: Agree, Target implementation 6/26/25

   Respondent narrative: "Currently implementing new change management system (MS Dynamics) replacing the old system (ServiceNow). All policies and are being reviewed and amended to the new change management solution for tracking changes, definitions, approval process. Change management committee has reoccurring weekly meeting to review and discuss changes prior to the change."

2. **Lack of Formal Change Tracking and Approval Process During Interim Period**

   Response: Agree, Target implementation 5/30/25

   Respondent narrative: "Created Power app built in MS power apps to track changes during testing and migration phase. CAB meets weekly. Changes are discussed and tested properly prior to prod change."