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October 14, 2025

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

We conducted an operational audit of the Tribal Childcare program in accordance with the FY25 annual audit plan.

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

REDW identified 5 observations. The details can be found in the attached report. Management's action plan is included as an attachment.

The assistance of the Tribal Childcare staff is appreciated. Please do not hesitate to contact our office with questions.

Sincerely,

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

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

cc: Lori Lambert, Audit and Ethics Committee Chair
Sky Sampson, Secretary of Community, Education, and Recreation Services
Ernestine Driver, Director – Early Education

Eastern Band of Cherokee Indians

Tribal Childcare

Internal Audit

September 18, 2025



Eastern Band of Cherokee Indians Tribal Childcare Internal Audit

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Eastern Band of Cherokee Indians Tribal Childcare Internal Audit

Report

Introduction

We performed the internal audit services described below solely to assist the Eastern Band of Cherokee Indians (EBCI) in assessing the processes and internal controls over key Tribal Childcare functions.

Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services.

Purpose and Objectives

The EBCI Tribal Childcare program – Qualla Boundary Head Start and Early Head Start (QBHS/EHS) – is responsible for providing early childhood education and comprehensive support services to eligible children and their families within the Qualla Boundary. Established in 1966 as part of the national Head Start initiative, the program aims to support low-income families by fostering self-esteem, goal setting, improving health and welfare, and building essential life skills for children and families. Head Start and Early Head Start services are provided to 166 enrolled children at the Big Cove Children's Center and Dora Reed Children's Center.

Our internal audit focused on assessing key processes and internal controls over QBHS/EHS to ensure compliance with Federal and State regulations and the program's internal policies and procedures. Specific areas tested included: child eligibility and enrollment requirements, child healthcare screenings, staff training and certifications, incident reporting procedures, and the implementation of safety plans and emergency drills.

Observations and Recommendations

As a result of our test work, we identified the following observations:

1. Staff Training & Certifications Documentation and Compliance

QBHS/EHS policy (Subject: Training) requires all staff and contracted personnel to receive at least 20 hours of annual training, complete pre-service onboarding prior to the start of each school year and attend monthly in-service trainings. All training certifications are submitted by the employee to the Education Curriculum Manager Staff to receive credit. Employees are also required to maintain current credentials appropriate to their role. Evidence of background checks, onboarding, credentials, and core trainings (including First Aid/CPR and safety drills) must be kept on file, with management review and logs maintained via ChildPlus.

Our testing determined there was no review control in place for management to periodically evaluate training records/background checks to ensure compliance with requirements. Further testing over 8 employees and 3 contracted personnel files from the 2024-2025 school year determined:

- 5 background checks were either not completed before the start date (2 employees), completed outside the 5-year renewal window (2 employees), or lacked a documented date (1 employee) therefore we could not determine compliance with timeline requirements.
- For 7 employees, the on-boarding checklists were missing from the employee file, making it unclear if all on-board training was completed within the first two weeks of employment as required by policy. In 1 instance, the on-boarding checklist was on file, however, the year was omitted on the dated initials, and the supervisor's initial date on the trainings was prior to the staff's signed training completion date.
- For 2 employees, documentation supporting completion of mandatory trainings, including First Aid/CPR and fire safety and evacuation protocols, was not provided. As such, we could not verify that the employees completed the required trainings.
- 1 contracted personnel did have evidence that a background check had been completed.

In addition, policy requires monthly In-Service trainings but based on a review of ChildPlus training report, only five training sessions were held during the school year. Finally, discussion with staff indicated there was potential configuration or reporting issues in the ChildPlus system that may affect the accuracy of training records. However, additional documentation was not provided to support compliance with training and background requirements.

Potential Risk – High: The absence of a process to ensure required trainings and background checks are performed increases the risk that staff may not have the required certifications and/or skills to ensure child safety. Since more than half the sample appeared to have training compliance issues, we have assessed the risk at high.

Recommendation: QBHS/EHS management should establish a systematic process for regularly reviewing staff and contracted personnel files to ensure all required documentation is present and up to date. This review should occur at semi-annually and include verification of background checks, onboarding checklists, and evidence supporting completion of mandatory trainings such as First Aid/CPR and fire safety. Any missing trainings or background checks should be followed up on immediately to ensure compliance with requirements. QBHS/EHS management should work with the ChildPlus software vendor to determine if configuration and/or reporting issues are impacting the accuracy of training records and ensure the issue is resolved timely to prevent errors in training reports. Finally, QBHS/EHS management should ensure monthly in-service trainings are scheduled at required frequencies to prevent non-compliance with policy requirements. Attendance should be tracked and recorded in the ChildPlus software to ensure employees receive credit for trainings attended.

2. *Children's Health Screenings Monitoring and Documentation*

In accordance with QBHS/EHS policy (Subject: Data Tracking) as well as North Carolina Early and Periodic Screening, Diagnostic, and Treatment guidelines, all enrolled children must get health screenings (dental, vision, hearing, and physical exams) within the first 45 to 90 days after they enroll. Screening documentation is maintained in the ChildPlus system

and periodic monitoring (weekly for the first 45 days of enrollment and quarterly thereafter) via health screening monitoring reports is required to be documented to ensure any missed screenings are identified in accordance with policy. While discussions with the department indicated monitoring is occurring, QBHS/EHS was unable to produce documentation of the weekly or quarterly health screenings monitoring reports required by policy. As such, we could not determine whether on-going monitoring was performed or whether exceptions were identified and addressed on a timely basis.

Further comparison between the current year's enrollment listing and the health status summary reports identified that 1 child did not have any health screenings for the current year on file, while 26 children received some, but not all, required health screenings. In addition, discussion with staff indicated there was potential configuration or reporting issues in the ChildPlus system that may affect the accuracy of health screening records; however, we did not receive any additional documentation to support these children identified were properly screened.

Potential Risk – Moderate: If health screenings are not properly monitored to ensure enrolled children receive all screenings timely, the QBHS/EHS program may have non-compliance with federal and state requirements, leading to sanctions, loss of funding, or other corrective actions. Since approximately 17% of the enrolled population appeared to be missing some or all their health screenings, we have assessed the risk at moderate.

Recommendation: QBHS/EHS management should ensure that weekly and quarterly monitoring of health screenings is consistently conducted, and documentation maintained to demonstrate compliance with policy. In addition, a process should be implemented to ensure screenings occur at required frequencies after initial enrollment. Finally, QBHS/EHS management should work with the ChildPlus software vendor to determine if configuration and/or reporting issues are impacting the accuracy of health screening records and ensure the issue is resolved timely to prevent errors in the health screening reports.

3. *Safety Plans & Drills Documentation and Review*

QBHS/EHS policy requires all classrooms to regularly participate in emergency safety drills following federal and programmatic guidance, including monthly fire drills (with one within the first 30 days of the school year), tornado/shelter-in-place/lockdown drills three times per year, and bus evacuation drills twice per year. Each drill should be documented by staff using standardized forms, including analysis of drill time, attendance tracking, and drill outcome analysis. Documentation should be reviewed by the Operations Manager, with any identified issues addressed by the Director. Our testing of the 2024-2025 Emergency Drill Log & Report determined:

- Drill records consisted of summary documentation only; classroom-level or teacher-specific details, such as attendance tracking or individualized drill reports, was not available, limiting our ability to confirm participation by all staff and students as required by policy. In addition, while a sign-off from the Operations Manager was reflected indicating a review was performed, without detailed level reporting demonstrating compliance with drill requirements, we could not determine if the review was effective.
- At both the Dora Reed and Big Cove centers, the third required tornado, shelter-in-place, and lockdown drills were not completed, nor was evidence provided to demonstrate completion of the required bus evacuations.

- At the Big Cove center, fire drills for June and July 2025 were not conducted, and the January 2025 fire drill documentation was missing the specific day of the month that the drill was completed.

Potential Risk – Moderate: If emergency safety drills are not completed in accordance with requirements, teachers and students may not be prepared in the event of an emergency situation. Since they do appear to be performing most drills, we have assessed the risk at moderate.

Recommendation: QBHS/EHS management should ensure that each classroom and teacher complete and submit required individual drill documentation according to the policy – including attendance, analysis of drill timing, and specific drill outcomes – for all required safety drills. In addition, QBHS/EHS management should establish a process to review, track, and file all reported drill documentation, confirming completion for each classroom and ensuring that all regulatory requirements are met. Results and any corrective actions should be reviewed and communicated at regular intervals to improve preparedness and staff response.

4. Child Enrollment & Eligibility Controls

QBHS/EHS policy (Subjects: Application Process; Enrollment; Re-Enrollment; Data Tracking), consistent with 45 CFR Subpart A, 1302.12 and internal ERSEA requirements, mandates that children's eligibility for enrollment be thoroughly documented through proof of age, income, residency, and custody, verified by ERSEA-trained staff. Additional requirements include avoiding dual enrollment, the use of complete eligibility checklists, and final review/approval by the Family Services Manager or delegate. Our testing over 10 enrollment files determined:

- For 2 files, there was no evidence that the assigned Family Service Coordinator, or designee, nor Family Service Manager completed the required review of current family records as stipulated by policy.
- For all 10 files, dual enrollment verification was not performed during the enrollment process as required by policy. Instead, staff rely on absence reports and parent communication after the program has started to identify potential dual enrollment situations.

Potential Risk – Moderate: If enrollment reviews are not properly performed, including dual enrollment verifications, the QBHS/EHS program may experience non-compliance with eligibility requirements which can impact program funding.

Recommendation: QBHS/EHS should ensure that all enrollment and reenrollment files contain clear documentation of final review and approval by the Family Services Manager or designated Family Service Coordinator to comply with program policy and federal requirements. QBHS/EHS should consider adding spaces for staff initials and management review sign-offs on the enrollment checklist to help document who performed the reviews. In addition, QBHS/EHS should ensure dual enrollment verifications are performed during the enrollment process.

5. Incident Reporting and Documentation Controls

QBHS/EHS policies requires that all staff immediately document and report any child related incidents—including suspected abuse, injuries, or behavioral issues—using standardized written reports. Policies further require that custodians of involved children are notified within 24-hours of the incident and resulting follow-up actions are to be

thoroughly documented and securely retained in compliance with agency and legal requirements. Our testing of 5 incident reports determined for 4 incident reports, either the child's custodian's signature was present without a date, or documentation of both the custodian's name and signature was missing. As such, we could not confirm that notification to the custodian was completed within the required 24-hour timeframe as required by policy.

Potential Risk – Low: The absence of complete documentation for timely custodian notification and management review increases the risk that QBHS/EHS may not be able to demonstrate compliance with incident reporting policies. Since it does appear QBHS/EHS is communicating with custodians and documenting incidents that occur, we have assessed the risk at low.

Recommendation: QBHS/EHS should revise its incident reporting procedures and forms to ensure that staff record both custodian signatures and dates of notification and identify the notifier.

Scope and Procedures Performed

In order to gain an understanding of the process, we interviewed the following personnel:

- Sky Sampson, Secretary of the Division of Community, Education & Recreations Services
- Ernestine Driver, Director of Qualla Boundary Head Start
- Tina Saunooke, Early Education Director
- Brynn Jackson, Financial Analyst
- Candy Ross, Family Service Manager

In order to gain an understanding of the processes and controls in place we read relevant portions of:

- Qualla Boundary Head Start and Early Head Start, Dora Reed Children's Center and Big Cove Children's Center Policies and Procedures 2025 - 2026
- Cherokee Code Chapter 7B Children's Code

We performed the following test work:

Child Enrollment and Eligibility – We obtained the complete child enrollment listing as of June 2025. From a total population of 166 children, we sampled 10 and obtained the enrollment packet and the completed eligibility checklist and tested to determine:

- Child was between the age of six-weeks to four-years-old at time of enrollment via birth certificate
- Proof of income was on file
- Proof of residency was on file
- Proof of child custody/guardianship was on file
- Evidence that the review for dual enrollment was completed prior to application approval

- Eligibility checklist was completed by the appropriately trained staff member
- Eligibility packet was reviewed and approved by the Family Services Manager or designated Family Support Coordinator prior to enrollment

Child Health Screenings – We obtained the Health Event Status reports from August 1, 2024 through July 2, 2025, for Qualla Boundary Head Start and Early Head Start which report of all services received by children enrolled in the program for the 2024-2025 school year and tested to ensure:

- Weekly monitoring was performed in the first 45 days of school year
- Quarterly monitoring was performed thereafter
- Any instances of non-compliance were followed up on to ensure the child received timely services

Furthermore, we performed a comparison between the enrollment listing versus the Health Event Status reports to ensure completeness.

Staff Training and Certifications – We obtained the staff and contracted personnel listing from the start of the 2024-2025 school year and sampled 8 employees from a total population of 71 and 3 of 32 contracted personnel. For the sampled personnel we obtained the background check, on-boarding checklist, and training records to test and determine:

Staff:

- Background check was completed prior to hire date and/or were periodically recertified and current
- Evidence that employee received all on-boarding training in the first two weeks of employment
- Employee holds an appropriate level of education (i.e. minimum of Child Development Associate [CDA] within two years of employment for teachers, RN license for nursing staff, etc.)
- Employee completed the required 20 hours of training during the school year (8/1/2024-7/31/2025)
- Employee records show that all required [1] First Aid/CPR, [2] role specific updated training (i.e. ERSEA, Food Handling, etc.), and [5] all safety drill trainings were completed
- Employee attended all monthly In-Service trainings
- Evidence of employee certifications and trainings is appropriately documented
- Evidence that tracking and checklist is reviewed to ensure information provided by employee is accurate and sufficient

Contracted Personnel:

- Background check was completed prior to contract service start date
- Records show that personnel hold an appropriate level of certification (i.e. counselor is certified)

In addition, we reviewed that quarterly certification check-ins were documented to ensure there were no lapses in certifications or trainings.

Incident Reporting and Response – We obtained all incident reports from March through May 2025. From a total population of 246 incidents, we selected 5 and tested to determine:

- Incidents were reported by staff within 24 hours
- A custodian of the involved child was notified within 24 hours
- The response to incident was documented including any need for a corrective action plan

Moreover, we reviewed that there were no gaps in the incident report number sequence to ensure reporting completeness.

Safety Plans and Drills – We obtained the 2024-2025 Emergency Drill Log & Report and reviewed that all required safety drills were conducted at the expected frequency for the school year through June 30, 2025 (fire drills conducted monthly with one within the first 30 days of the school year, tornado/shelter-in-place/lockdown drills conducted three times per year, and bus evacuation drills conducted twice per year).

* * * * *

We discussed and resolved minor observations with management and received cooperation and assistance from the EBCI Tribal Childcare during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW_{LLC}

Albuquerque, New Mexico
September 18, 2025

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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
Sky Sampson, Secretary of Community, Education, and Recreation Services
Ernestine Driver, Director – Early Education

DATE: October 14, 2025

RE: Action plan for 25-011 – Tribal Childcare

The 5 observations and recommendations identified in the Tribal Childcare audit report 25-011 were sent to the program for an action plan. The action plan as provided is stated below. The original response forms are on file with this office.

1. Staff Training & Certifications Documentation and Compliance

Response: Agree, Target implementation 11/24/25

Respondent narrative: "A general checklist with the above mentioned training items will be cross checked with the Professional Development, Health Manager's sign in and certificates printed for training."

2. Children's Health Screenings Monitoring and Documentation

Response: Agree, Target implementation 12/22/25

Respondent narrative: "The Health manager will monitor the implementation of screening and that the proper information goes into the CHILD PLUS data system for any reports needed."

3. Safety Plans & Drills Documentation and Review

Response: Agree, Target implementation 12/15/25

Respondent narrative: "The HR/Admin Assistant, Health Manager will cross train on running monthly fire drills and any emergency drills on a schedule. Documentation will be kept at the front desk."

4. Child Enrollment & Eligibility Controls

Response: Agree, Target implementation 12/15/25

Respondent narrative: "The FCP manager will draft a check list with the additional box for verification with an initial and management review signature."

5. Incident Reporting and Documentation Controls

Response: Disagree

Respondent narrative: "Our policy does not require a signature but only notification. We cannot require a parent to sign only to notify. Our program will document that the form was shared with parent and they did not sign the form. Staff will document on the bottom of form that a refusal or decline to sign the form. Policy will be changed to be reflective of this addendum. Regulatory and Compliance come by monthly and pick up the incident reports for that month."