OFFICE OF INTERNAL AUDIT AND ETHICS

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October 14, 2025

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

We conducted an internal control review of the Higher Education program in accordance with the FY25 annual audit plan.

An internal control review is designed to assess the program's operations and effectiveness of internal controls to determine if improvement is needed.

REDW identified 2 observations and offered 2 process improvements. The details can be found in the attached report. Management's action plan is included as an attachment.

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

Sincerely,

SBlankenship

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

cc: Lori Lambert, Audit and Ethics Committee Chair
Sky Sampson, Secretary of Community, Education, and Recreation Services
Renissa McLaughlin, Director of Youth and Adult Education
Brittany Beck, Higher Education Manager

Eastern Band of Cherokee Indians

Tribal Education – Higher Education Program
Internal Audit

September 19, 2025

redw
Advisors & CPAs

Eastern Band of Cherokee Indians
Tribal Education – Higher Education Program
Internal Audit

Table of Contents

redw
Advisors & CPAs

Eastern Band of Cherokee Indians
Tribal Education – Higher Education Program
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 Higher Education Program 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

EBCI, through its Higher Education Program, supports enrolled members of the Tribe in pursuing post-secondary education, as well as non-degree seeking programs, by providing guidance and financial assistance for tuition, housing, meals, computers, and books. On an annual basis, approximately 500 students receive funding from the Tribe with average expenditures of approximately $9 million for educational assistance.

Our internal audit focused on assessing the processes and internal controls over new program admissions, unmet needs calculations, and annual renewals to ensure funding requests were properly supported, documentation was submitted timely, and packets were properly reviewed and approved in accordance with policy. In addition, we tested reimbursements issued to students and universities were properly supported and approved. We also tested the process for placing students in payback status to ensure the student was properly notified and payback calculations were correct, justified, and approved per policy. Lastly, we tested to ensure that no student placed in payback status was receiving programmatic funding.

Observations and Recommendations

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

1. *Student Reimbursements*

The Higher Education Funding Policy requires students to submit book receipts and/or a syllabus to justify a reimbursement payment and ensure expenses are allowable. Our testing of 15 student reimbursements identified 1 student who submitted receipts totaling $1,085.05; however, the reimbursement payment was issued for $985.05, resulting in a $100 underpayment to the student. Further discussion with the department indicated the request consisted of multiple receipts/charges that were initially tallied by the Student Specialist and were not verified in review to ensure the calculation was correct.

Potential Risk – *Low*: Errors in calculations and missing paperwork can result in incorrect payments and potential policy violations. However, because this issue was small, we have assessed this risk at low.

Recommendation: When multiple receipts are submitted for reimbursement, the reviewer/approver should manually recalculate the total of the receipts rather than relying on the calculation performed by the Student Specialist to ensure reimbursement amounts are correct.

2. *Denial Appeals*

The Higher Education Funding Policy sets forth an appeal process for any student who believes that a decision denying them funding or placing them in payback status did not adhere to current, approved guidelines. If determined to be a valid appeal, it is forwarded to the Education Committee for final decision. Our testing determined funding denials, related appeals, and decisions were not tracked by the Program. In addition, the Education Committee did not maintain minutes where appeal decisions could be documented. As a result, we were unable to determine compliance with the appeal process and ensure denied appeals were properly documented and justified.

Potential Risk – *Low*: The absence of a tracking process to ensure appeals follow the required processes increases the risk of deviations from policy. Since appeals are rare, we have assessed the risk at low.

Recommendation: The Higher Education Program should implement a tracking mechanism to ensure any appeals and related decisions can be tracked and monitored to ensure compliance with policy. Additionally, the Education Committee should document their meetings in minutes to ensure decisions reached are documented and memorialized.

Process Improvement Opportunity

1. *New Student Admission Applications*

According to the Higher Education Funding Policy, after submitting intake documents, students must provide additional funding process documentation within 60 business days of submitting their application. Our testing determined 1 of 15 students sampled signed and submitted the forms 29 business days after the policy deadline; however, all documents were still received two months before the semester started. Discussions with program staff revealed that the 60-day timeline is not adhered to and as long as the funding process documents have been signed and submitted before funding is provided, that is acceptable. We recommend the policy be updated to remove the deadline to reflect current processes of requiring documentation to be submitted prior to funding.

2. *Payback Status*

The EBCI Higher Education Program Reimbursement and Refund Policy states that "students will not be funded again until all charges have been paid back in full." Our testing determined 3 of 55 students in payback status as of August 2025 also appeared to be current students receiving funding. Further discussions with Program personnel indicated that this was an administrative error on the part of a new employee. Each Student Specialist maintains a secondary tracker in Excel to assist in managing new admission and re-enrollment processes, but the master data is maintained within the student portal. These students were in garnishment and were properly flagged as in garnishment in the student portal which would prevent funding from being provided; however, related Excel trackers were not updated accordingly. The Program should remind staff to update all related records to ensure they are reflective of the student's current status and reconcile to other records.

Scope and Procedures Performed

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

- Renissa McLaughlin, Director of Youth and Adult Education
- Brittany Beck, Higher Education Program Manager

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

- EBCI Higher Education Funding Policy (August 1, 2024)
- EBCI Higher Education Program Reimbursement and Refund Policy

We performed the following test work:

New Student Admission Applications – We obtained a listing of all current students as of August 12, 2025. From a listing of 168 students attending an MOU school, and 269 attending a non-MOU school (437 students total), we selected 15 (ensuring a mix of MOU and non-MOU students) and obtained the new admissions packet. We tested to determine if:

- A completed application was filled out and maintained on file.
- Student submitted all applicant intake documentation by the new student deadline.
- Student submitted all funding process required documentation within 60 days of submittal of the online application.
- Application was properly reviewed and approved by the relevant parties prior to issuing payments/reimbursements.

Unmet Needs Calculations – Utilizing the same sample selection as New Student Admission Applications, we obtained the most recent completed unmet needs calculation. We tested to determine if:

- Funding awarded was based on the student's enrollment status as a full-time, part-time, or less than part-time status.
- Bills and award letters from the university were submitted by the deadline.
- Funding provided was supported with a unique, approved Purchase Order that agreed to amounts requested/not covered by other financial aid.
- Calculation was reviewed and approved by appropriate individual.

Annual Renewal Applications – Utilizing the same sample selection as New Student Admission Applications, we obtained the most recent annual renewal packet (if applicable), and tested to determine if:

- An Annual Renewal Application, FAFSA Confirmation Page, proof of one scholarship, and financial aid information were submitted by the June 1st deadline.
- Application was properly reviewed and approved prior to issuing payments/reimbursements.

Student & University Reimbursement Payments – We obtained a listing of all reimbursement payments issued to students from October 1, 2024 through August 11, 2025. Utilizing the same sample selection as above, we identified payments issued to each student and obtained supporting documentation (purchase order, syllabi, receipts, university bills, etc.). We then tested to determine if:

- The student submitted documentation to support the reimbursement request no later than 45 days after the first day of classes and was maintained on file.
- A bill was provided by the University for eligible fees/tuition/etc., and if a non-MOU school, documentation was submitted 45 days before the semester started.
- The Student Specialist reviewed and approved the information prior to payment (approved Purchase Order).
- Reimbursement was for an allowable cost and was applied to the correct Purchase Order.
- If the student did not submit documentation or documentation submitted triggered payback status and was added to the garnishment listing.

Payback Status – We obtained the most recent garnishment report from EBCI Treasury as of June 2025. From a listing of 37 new garnishments processed in June 2025, we selected 5 and tested to determine if:

- The student had a signed copy of the Reimbursement & Refund Policy (Garnishment Form) maintained on file.
- The student submitted the necessary documentation timely.
- At the end of a semester an Account Summary was submitted to the Student Specialist and reconciled against the original bill submitted at the beginning of the semester, and discrepancies identified were properly documented on the Payback Cover Sheet by the Student Specialist.
- A Payback Cover Sheet was filled out completely and accurately by the Student Specialist and approved by the Student Specialist Supervisor to support amounts due back to the Tribe.
- The student was properly notified of the reimbursement/payback status via email and certified mail before being placed in garnishment.

In addition, we compared the listing of active garnishments as of June 2025 to the listing of students receiving funding reimbursements to ensures no students who were on the garnishment listing were continuing to receive higher education funding.

* * * * *

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

REDW LLC

Albuquerque, New Mexico
September 19, 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
Renissa McLaughlin, Director of Youth and Adult Education
Brittany Beck, Higher Education Manager

DATE: October 14, 2025

RE: Action plan for 25-013 – Higher Education

The 2 observations and recommendations identified in the Higher Education audit report 25-013 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. **Student Reimbursement**

   Response: Agree, Target implementation 9/25/25

   Respondent narrative: "Student was sent an additional $100 on 8/27/25. Specialist and Manager will ensure receipts are legible when received, ensuring that there are no errors when submitted to finance."

2. **Denial Appeals**

   Response: Agree, Target implementation 11/1/25

   Respondent narrative: "Will create a tracking log for all incoming appeals. Will appoint a secretary to the Education Committee to keep meeting minutes and send out monthly reports."