
OFFICE OF INTERNAL AUDIT AND ETHICS

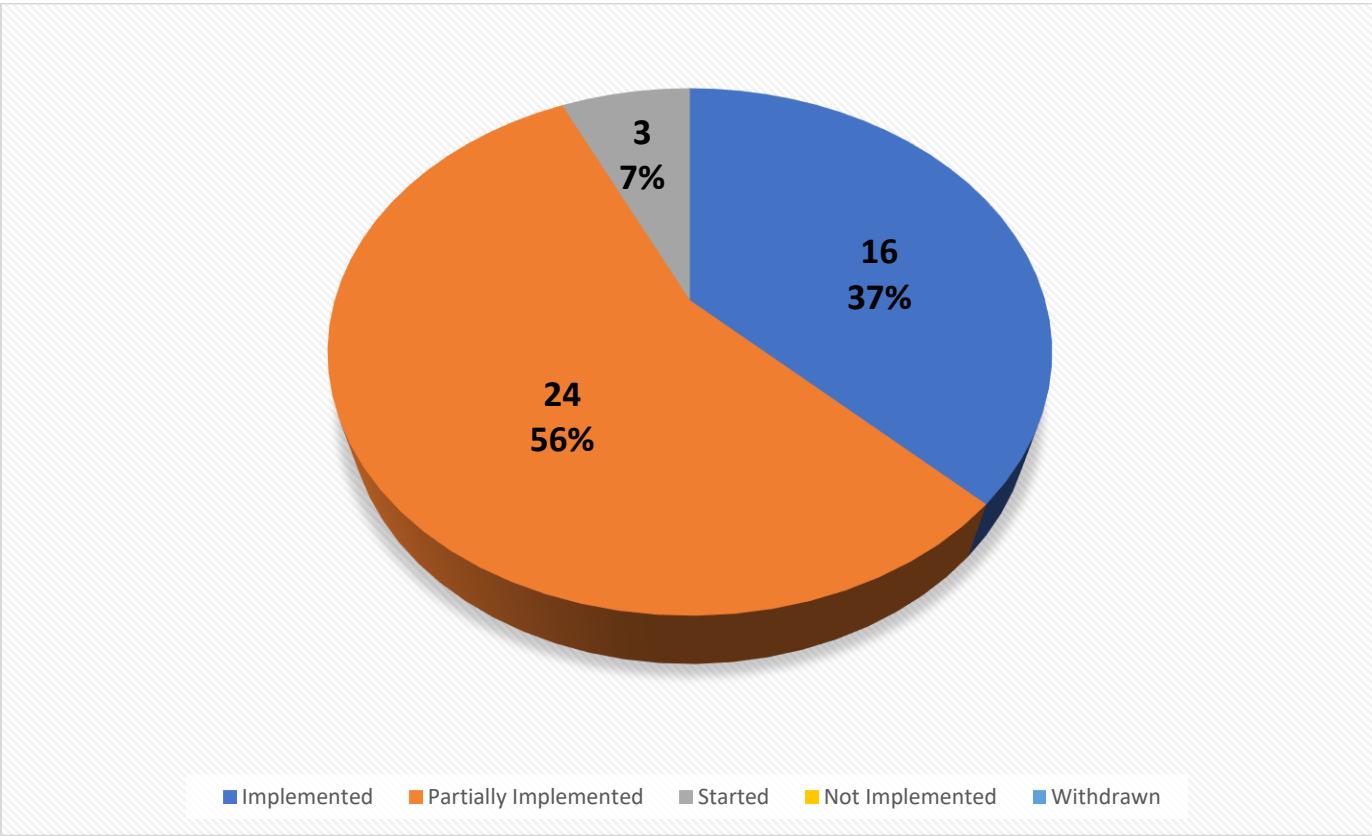
**Annual Follow Up
March 11, 2026**



EXECUTIVE SUMMARY

We conducted the annual follow up to review the open observations and recommendations from audit reports issued from fiscal year 2023 through 2025. The purpose of this review was to determine the status of audit observations and recommendations as implemented, partially implemented, started, not implemented, or withdrawn. The review did not include cycle audits or audits that were within the initial follow up period.

There were 20 audit reports with 43 open observations and recommendations. A summary of the status is reflected in the chart below.



The table below shows the reports covered in this review and references the page number where the detail can be found:

Report #	Report Title	No. of Open Observations	Page Reference
23-001	Cherokee Fitness Center	2	A-1
23-004	Risk Management	2	A-1
23-005	TERO	1	A-2
23-007	Housing (Admin, Production, Rental)	1	A-2
23-010	Fleet Management – Tribal Wide	1	A-3
23-012	Family Safety	1	A-3
23-013	Civil Law	1	A-3
24-002	Investments	1	A-4
24-003	Senior Citizens	1	A-4
24-005	Cherokee Bottled Water	3	A-4
24-006	Solid Waste Management	3	A-5
24-008	Realty	3	A-5
24-013	Security & Surveillance	1	A-6
24-014	Governmental Affairs	1	A-6
25-003	Fixed & Sensitive Assets	3	A-7
25-004	Water & Sewer	8	A-8
25-005	IT Change Management	1	A-9
25-006	Domestic Violence	3	A-10
25-008	Wastewater Management	2	A-10
25-009	Cherokee Youth Center	4	A-11

OBJECTIVES & SCOPE

The purpose of this review is to follow up on progress made and to determine the status of open observations and recommendations. This included a review of 20 reports released in fiscal year 2023 through 2025. This review did not include cycle audits, such as cash counts, supply inventories and Per Capita/GenWell, or audits that were within the initial follow-up period.

The 20 reports were reviewed, and a summary of the open observations, recommendations and managements' corrective action was prepared. Each summary was used as a guide to request the status of managements' corrective action. The program was asked to give an update and gage the percentage complete. The status was then categorized as follows:

- **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 exists because of changes in processes or acceptance of risk by management and approved by the Audit & Ethics Committee.

A risk rating of low, medium, or high was assigned to each observation. The status of managements' corrective action was reported as asserted by management. For observations rated as high, when necessary, we performed limited audit work to verify managements' assertion. If we could not verify managements' assertion, the status was adjusted accordingly.

CONCLUSION

In the 20 reports reviewed, there were 43 open observations and recommendations; 27 were high risk.

A summary of the status, as reflected in the table below, is as follows:

16 (37%) Implemented,
24 (56%) Partially Implemented
3 (7%) Started

Report #	Report Title	Report Issue Date	Observations			Open Observation Status					Remaining Observations	
			Reported	Closed ¹	Open	I	PI	S	W	NI	Open	High Risk
23-001	Cherokee Fitness Center	January 3, 2023	4	2	2		2				2	0
23-004	Risk Management	June 26, 2023	4	2	2		2				2	0
23-005	TERO	March 17, 2023	3	2	1		1				1	1
23-007	Housing (Admin, Production, Rental)	September 8, 2023	5	4	1		1				1	0
23-010	Fleet Management - Tribal Wide	June 6, 2023	4	3	1	1					0	0
23-012	Family Safety	August 28, 2023	3	2	1		1				1	0
23-013	Civil Law	August 29, 2023	2	1	1	1					0	0
24-002	Investments	May 6, 2024	6	5	1	1					0	0
24-003	Senior Citizens	February 6, 2024	3	2	1	1					0	0
24-005	Cherokee Bottled Water	April 5, 2024	4	1	3	3					0	0
24-006	Solid Waste Management	June 12, 2024	4	1	3	1	2				2	2
24-008	Realty	August 23, 2024	3	0	3	1	2				2	1
24-013	Security & Surveillance	December 4, 2024	1	0	1		1				1	1
24-014	Governmental Affairs	October 16, 2024	1	0	1			1			1	0
25-003	Fixed and Sensitive Assets	February 18, 2025	3	0	3	1	2				2	1
25-004	Water & Sewer	April 23, 2025	8	0	8		6	2			8	1
25-005	IT Change Management	April 23, 2025	2	1	1	1					0	0
25-006	Domestic Violence	June 3, 2025	3	0	3	3					0	0
25-008	Wastewater Management	June 20, 2025	2	0	2	2					0	0
25-009	Cherokee Youth Center	November 19, 2025	5	1	4		4				4	3
Totals			70	27	43	16	24	3	0	0	27	10
			100%	39%	61%	37%	56%	7%	0%	0%	63%	23%

¹ Observations implemented or withdrawn in prior periods

Status

I = Implemented - adequately addressed by implementing corrective action that is in place and functioning.

PI = Partially Implemented - initiated with 50% or more progress.

S = Started - initiated with less than 50% progress.

NI = Not Implemented - no action taken or started.

W = Withdrawn - no longer exists because of changes in processes or acceptance of risk by management and approved by the Audit & Ethics Committee

There are 27 observations and recommendations that remain open. This includes 10 rated as high risk. We will continue to follow up on observations and recommendations not fully implemented on an annual basis unless otherwise escalated or removed.

The details of the follow up can be found in Attachment A. We appreciate the assistance of all management and staff.

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report	Cherokee Fitness Center
Report #	23-001
Audit Type	Internal Control Review
Report Date	January 3, 2023

Observation	Recommendation	Status	Risk Rating
File maintenance needs improvement.	Reevaluate the current membership policy, make any necessary updates, and ensure staff follow the membership policy. All required documents must be filled out completely prior to filing. Any deviations must be addressed and documented by management.	Partially Implemented	Medium
24-hour membership needs improvement.	Evaluate the system for 24- hour membership and the feasibility to implement a gym management software to efficiently operate the growing fitness complex and allow for better tracking of gym memberships.	Partially Implemented	Medium

Audit Report	Risk Management
Report #	23-004
Audit Type	Internal Control Review
Report Date	June 26, 2023

Observation	Recommendation	Status	Risk Rating
Tribal Safety Training There was no periodic safety training provided to ensure employees remained knowledgeable of safety protocols documented in the Risk Management Safety Manual as well as new and emerging safety risks to consider in the workplace.	Implement a bi-annual refresher training over key sections of the Safety Manual to ensure employees remain aware of proper protocols when a workplace accident occurs. Trainings can be provided in a live session format or, Risk Management should consider recording the trainings and uploading them to a training library where employees can reference them at any time should they have a question on a process. Risk Management should also evaluate those departments who may have more claims than average and consider if additional safety training should be provided to help reduce the risk of workplace accidents in the future.	Partially Implemented	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

<p>Tribal Safety Manual The Tribal Safety Manual had not been updated since 2012 to ensure it was reflective of current processes and safety protocols. In addition, it contained several sections that were not under Risk Management’s authority including the Enterprise Risk Management process and Procurement and Property Control. Lastly, there was reference to a Safety Committee which was no longer a functioning committee within the Tribe.</p>	<p>Perform a review of the Manual and make revisions to ensure it is reflective of current processes. In addition, sections that are not under the authority of Risk Management should be removed to prevent confusion regarding which division is responsible for the administration of those policies and procedures. Risk Management also should implement a bi-annual review of the Manual to ensure it is periodically reviewed and updated. Any major changes that may impact divisions should be communicated to ensure they are aware.</p>	<p align="center">Partially Implemented</p>	<p align="center">Medium</p>
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Audit Report TERO
 Report # 23-005
 Audit Type Internal Control Review
 Report Date March 17, 2023

Observation	Recommendation	Status	Risk Rating
<p>The TERO strategic plan needs to be updated.</p>	<p>The program develop a new strategic plan along with a policy and procedure to review the strategic plan annually and update as needed. This process should be documented within the internal policy and procedures.</p>	<p align="center">Partially Implemented</p>	<p align="center">High</p>

Audit Report Housing (Admin, Prod, Rental)
 Report # 23-007
 Audit Type Operational
 Report Date September 8, 2023

Observation	Recommendation	Status	Risk Rating
<p>Delinquent Accounts - The Cherokee Indian Housing Division Collections Policy requires delinquency notices to be sent and if payment is not received, payment plans are not established or eviction procedures commence.</p>	<p>The Cherokee Indian Housing Division should establish and maintain consistent collections processes, which may include clear payment and delinquency schedules, increased frequency and proactive communication with tenants/owners, effective tracking systems, and when necessary, following appropriate legal action to recover outstanding debts.</p>	<p align="center">Partially Implemented</p>	<p align="center">Medium</p>

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report Fleet Management Tribal Wide
 Report # 23-010
 Audit Type Internal Control Review
 Report Date June 6, 2023

Observation	Recommendation	Status	Risk Rating
Proper fleet documentation is not maintained in tribal vehicles.	Evaluate the need of required documents in tribal vehicles, update policies and procedures if needed and enforce the policy.	Implemented	High

Audit Report Family Safety
 Report # 23-012
 Audit Type Internal Control Review
 Report Date August 28, 2023

Observation	Recommendation	Status	Risk Rating
The payment of financial assistance is not efficient.	Management should consult with the Office of Budget and Finance to create a more efficient process for the payment of financial assistance to the caregivers.	Partially Implemented	Medium

Audit Report Civil Law
 Report # 23-013
 Audit Type Internal Control Review
 Report Date August 29, 2023

Observation	Recommendation	Status	Risk Rating
The process of publishing legislation should be evaluated	Civil Law Department, TOP staff, and Legislative branch, work together to determine who will process documents for public notice.	Implemented	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report Investments
 Report # 24-002
 Audit Type Compliance
 Report Date May 6, 2024

Observation	Recommendation	Status	Risk Rating
Trade Authorization Internal Controls - did not receive supporting documentation to test trade authorizations to ensure proper segregation of duties were in place.	Ensure that the trade authorization process is fully documented for all transactions and complete records should be retained to support the transactions. The department should document trade authorization procedures in each of the investment policies or as an appendix to each of the investment policies that align with custody bank procedures.	Implemented	High

Audit Report Senior Citizens
 Report # 24-003
 Audit Type Internal Control Review
 Report Date February 6, 2024

Observation	Recommendation	Status	Risk Rating
Security measures are not sufficient: A) Proper camera coverage and access protection is needed. B) Employees' credentials must be protected.	A) The program work with the Security & Surveillance team to ensure that the proper areas and access points have the proper coverage and security of access in place. B) Management should ensure compliance with the Office of Information Technology policies and procedures.	Implemented	High

Audit Report Cherokee Bottled Water
 Report # 24-005
 Audit Type Internal Control Review
 Report Date April 5, 2024

Observation	Recommendation	Status	Risk Rating
There is not a valid contract with the bottler.	Execute a formal written contract or agreement with the bottler. The contract or agreement must be reviewed and amended as needed.	Implemented	High
Security measures are not sufficient.	Work with the Security and Surveillance team to identify the areas and access points to establish the proper coverage and security.	Implemented	High
Procurement practices need improvement.	Ensure the review of procurement steps to ensure compliance with Tribal rules, regulations, and laws.	Implemented	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report Solid Waste Management
 Report # 24-006
 Audit Type Internal Control Review
 Report Date June 12, 2024

Observation	Recommendation	Status	Risk Rating
Standard operating procedures are not developed.	Develop comprehensive written standard operating procedures. Consider a framework or industry standards to establish the most effective and efficient processes and operations.	Partially Implemented	High
The Tribal Waste Management Plan has not been implemented.	Complete the Tribal Waste Management Plan in accordance with Cherokee Code. Implement, monitor, and update as needed.	Partially Implemented	High

Audit Report Realty
 Report # 24-008
 Audit Type Internal Control Review
 Report Date August 23, 2024

Observation	Recommendation	Status	Risk Rating
Policies and Procedures - Policies and procedures were not formalized and there were no desktop procedures.	Update draft policies and procedures to include review and approval requirements and all applicable state, Federal, and BIA requirements. Also develop and implement desktop procedures.	Partially Implemented	High
Quality Control Procedures - Quality control activities were not consistently performed.	Review draft Activity Sheet to ensure it includes all relevant information and steps needed and implement into daily practice.	Implemented	High
Document Storage/Centralized Documentation - Complete documentation was not maintained within the document management system (Cott) and some records were only stored in a physical location. Also records were not uniformly named.	Identify all physical records that are not digitally backed and scan into the document management system. Create uniform filing convention and requirements.	Partially Implemented	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report	Security & Surveillance
Report #	24-013
Audit Type	Internal Control Review
Report Date	December 4, 2024

Observation	Recommendation	Status	Risk Rating
<p>Lack of key program governance documentation and/or policies - The Security & Surveillance program does not have a formal policy governing the acquisition, deployment, and use of surveillance hardware and software. Additionally, the program lacks a formal review and monitoring process of contracts or licenses associated with the security and surveillance technology.</p>	<p>Lack of key program governance documentation and/or policies - The Security & Surveillance program does not have a formal policy governing the acquisition, deployment, and use of surveillance hardware and software. Additionally, the program lacks a formal review and monitoring process of contracts or licenses associated with the security and surveillance technology.</p>	Partially Implemented	High

Audit Report	Governmental Affairs
Report #	24-014
Audit Type	Internal Control Review
Report Date	October 16, 2024

Observation	Recommendation	Status	Risk Rating
<p>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.</p>	<p>The Governmental Affairs Office should consider expanding the following areas within the draft policies and procedures:</p> <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. <p>The policies and procedures should be formalized and reviewed annually to identify any changes.</p>	Started	Low

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report Fixed & Sensitive Assets
 Report # 25-003
 Audit Type Compliance
 Report Date February 18, 2025

Observation	Recommendation	Status	Risk Rating
<p>Non-Capitalized and Sensitive Assets - oversight needs improvement to ensure assets are properly safeguarded.</p>	<p>Assign and document responsibility to one or more specific individuals in each Program over non-capitalized and sensitive assets and periodically review the list to ensure any necessary changes to assignments are captured. Policy requirements should be disseminated at least annually to those assigned responsibility over non-capitalized/sensitive assets to ensure they are aware of the requirements.</p>	<p>Partially Implemented</p>	<p>High</p>
<p>Capital Asset Inventory - while EBCI policy establishes that capital asset inventory must occur once annually, it does not establish when annual inventory procedures are to occur at the department level or when the Office of Budget & Finance performs their procedures</p>	<p>Evaluate the capital asset inventory policy and procedure to identify areas to enhance clarity and effectiveness. Inventory listings should be sent to the programs prior to or at the close of the fiscal year to initiate the annual inventory and physical count process earlier. Initiating this process sooner can help ensure that subsequent activities, such as the annual inventory reconciliation, can be performed more timely.</p>	<p>Implemented</p>	<p>Medium</p>
<p>Fixed Asset Listings - the manual is silent on when fixed assets should be added/removed from the fixed asset listing to ensure asset listings and records are accurate and updated in a timely manner, as well as who is responsible for updating the listings. In addition, our testing determined assets are not being recorded or updated in Munis in a timely manner.</p>	<p>Develop standardized procedures for timely recording of asset acquisitions, disposals, and transfers to ensure fixed asset listings are updated timely throughout the fiscal year. Such procedures should be integrated into the EBCI Fiscal Management Policy Manual. Specific personnel to be responsible for entering asset data at the time of acquisition, disposal, or transfer should be identified, and roles and responsibilities should be documented in policy to ensure accountability within the asset management processes</p>	<p>Partially Implemented</p>	<p>Medium</p>

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report Water & Sewer
 Report # 25-004
 Audit Type Internal Control Review
 Report Date April 23, 2025

Observation	Recommendation	Status	Risk Rating
Commercial Inspections - not completed since July 2024.	Implement a systematic approach for inspections to ensure they are completed timely. This should include a more robust tracking mechanism to ensure due dates for inspections (including any required follow up inspections) can be tracked easier. In the event of non-compliance, the department should establish procedures for how notification and penalties will be handled.	Partially Implemented	High
Inventory Management Internal Controls - periodic inventory reconciliations are not performed.	Establish a periodic inventory reconciliation protocol with regular spot audits for warehouse and truck inventories. In addition, technicians should be trained on the importance of ensuring inventory is properly signed out and documented on the work orders to help facilitate complete and accurate reconciliations	Partially Implemented	Medium
Billing Review Processes - no policies and procedures in place to ensure timely and consistent billing reviews,	Expand policies and procedures to include more specific steps on how the billing review process will be performed. Areas to include should ensure how billing dates will be validated to ensure they are accurately captured from the end of the previous period to the next.	Partially Implemented	Medium
Past Due Accounts - unable to determine if shut-offs and late fees are properly applied.	Reiterate the importance of timely water service disconnections and instruct technicians to resolve report, and document any on-site issues preventing them from completing their duties to appropriate Tribal management to ensure timely resolution. In addition, the Fiscal Management Policy should be updated to include who is authorized to waive or delay required fees or penalties. When this occurs, documentation should be maintained supporting the approval.	Partially Implemented	Medium
Refundable Deposits - not consistently refunded or applied in accordance with policy.	Standardize procedures to guarantee consistency in refundable deposit fund processing and handling upon termination of utility services. The department should evaluate recent utility service terminations and ensure any refundable deposits are returned to the customer in accordance with policy.	Started	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

<p>Repair and Maintenance Work Orders - no policies and procedures over the work order process</p>	<p>Establish policies and procedures over the work order process to ensure processes are performed consistently. Areas to cover include how work orders are submitted and assigned, what documentation is required and by whom on the work order to ensure the work order is properly completed, and the importance of ensuring that the appropriate individual is completing relevant sections of the work order.</p>	<p>Partially Implemented</p>	<p>Low</p>
<p>Utility Billing Exception Clearing - no policies and procedures governing the exception clearing process</p>	<p>Implement policies and procedures for documenting how various exceptions will be cleared to ensure consistent processing. Additionally, the Department should identify and train additional staff to provide a reliable backup, thereby reducing dependency on one individual.</p>	<p>Started</p>	<p>Low</p>
<p>New Water Utility Accounts - no policies and procedures in place over new account activations</p>	<p>Establish policies and procedures over new utility accounts to ensure consistent processes are followed. The policies and procedures should address the application process, how applicable connection fees and deposits will be obtained, and processes to ensure timely turn on services. Finally, the department should evaluate the document retention processes to ensure all required documents, including fees that were assessed and why, are maintained for new customers.</p>	<p>Partially Implemented</p>	<p>Low</p>

Audit Report IT Change Management
 Report # 25-005
 Audit Type IT
 Report Date April 23, 2025

Observation	Recommendation	Status	Risk Rating
<p>Gaps in Change Management Policy Governance and Consistency</p>	<ol style="list-style-type: none"> 1. Implement a formal review and approval process for change management policies. 2. Align change type definitions and approval requirements across both policies to ensure consistency in classification and required approvals. 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. 	<p>Implemented</p>	<p>High</p>

Attachment A

Annual Audit Observation Follow Up with Risk Rating

Audit Report	Domestic Violence		
Report #	25-006		
Audit Type	Internal Control Review		
Report Date	June 3, 2025		
Observation	Recommendation	Status	Risk Rating
Security measures are not sufficient. There are security concerns with key card access, camera obstructions and an exterior door being left open.	Remove the camera obstructions and ensure that all camera angles are appropriate to optimize camera coverage. Key card access to the building should be reviewed with the Health and Human Services Director. Lastly, employees and clients should receive regular safety training to ensure that security measures are understood and followed.	Implemented	High
Procurement practices need improvement. Of the purchases tested 18 of 20 (90%) did not have a purchase order created prior to the invoice date. Additionally, three purchases appear to be contractual in nature.	Educate staff on the procurement process and ensure that program purchases follow the procurement process per the Fiscal Management Policy.	Implemented	Medium
Standard operating procedures could be more comprehensive. Standard operating procedures (SOPs) cover the operations of the program for client services. There are no SOPs addressing administrative functions, emergency procedures, and staff training.	Develop comprehensive SOP or internal procedures that provide direction and fill the gaps in the current procedures.	Implemented	Medium

Audit Report	Wastewater Management		
Report #	25-008		
Audit Type	Internal Control Review		
Report Date	June 20, 2025		
Observation	Recommendation	Status	Risk Rating
Employee Certification and Training- There was no monitoring control in place to monitor employee certification statuses and track employee training completed to date to ensure certifications do not lapse. As a result, we identified 1 out of 10 employees tested who did not have a state certification on file.	Ensure that the employee obtains the appropriate state certification as soon as possible. In addition, the Wastewater Management Manager should implement a certification and training tracking mechanisms. This process should include proactive monitoring of certification status, scheduled reminders for license renewals and continuing education deadlines, and verification that all employees always maintain grade-appropriate and active certifications.	Implemented	Medium

Attachment A

Annual Audit Observation Follow Up with Risk Rating

<p>Maintenance Schedules and Reviews- Although regular maintenance appeared to be performed and documented in the logbook, there was no formalized maintenance schedule in place to guide when and who should perform which regular maintenance tasks, nor did there appear to be indication that a supervisor/manager reviewed the maintenance logs to ensure that the work completed was performed timely and accurately.</p>	<p>Develop and implement a formal, written maintenance schedule that outlines required maintenance activities, frequency of completion, and who should be performing each task (either internal personnel or external service providers). This schedule should be communicated and integrated into daily operations to help ensure no maintenance tasks are not inadvertently missed. In addition, the Wastewater Management Program should update the maintenance logs to include a section for supervisor/manager review and sign-off, ensuring all maintenance activities are accurately recorded and verified, and to strengthen accountability within the program.</p>	<p>Implemented</p>	<p>Low</p>
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Audit Report Cherokee Youth Center
 Report # 25-009
 Audit Type Internal Control Review
 Report Date August 21, 2025

Observation	Recommendation	Status	Risk Rating
<p>The corporate charter does not reflect current practices. a. The corporate charter has not been updated. b. Corporate members are not holding annual meetings as required.</p>	<p>a. Corporation members update the corporate charter to reflect current information and practices. b. Corporation members hold regular annual meetings as required by the corporate charter.</p>	<p>Partially Implemented</p>	<p>High</p>
<p>The Board of Directors is out of compliance with the bylaws.</p>	<p>The Board of Directors comply with the bylaws, hold regular meetings, and update the bylaws to reflect current practices in compliance with the corporate charter.</p>	<p>Partially Implemented</p>	<p>High</p>
<p>Safety measures are not adequate.</p>	<p>Work with Security and Surveillance to correct deficiencies with the surveillance system. Furthermore, management should work with the CIPD to assign a school resource officer when the facility is open for children.</p>	<p>Partially Implemented</p>	<p>High</p>
<p>There are no written standard operating procedures.</p>	<p>Develop comprehensive written standard operating procedures.</p>	<p>Partially Implemented</p>	<p>Medium</p>