

OFFICE OF INTERNAL AUDIT AND ETHICS

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September 11, 2026

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

We conducted a compliance audit of the General Fund in accordance with the FY26 annual audit plan.

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

REDW identified 4 observations. The details can be found in the attached report. Management's action plan is included as an attachment.

The assistance of the Finance 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: Monique Taylor, Audit and Ethics Committee Chair
Brandi Claxton, Secretary of Treasury
Susie Wolfe, Director of Accounting

Eastern Band of Cherokee Indians

General Fund Program

Internal Audit

August 21, 2026



**Eastern Band of Cherokee Indians
General Fund Program
Internal Audit**

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Eastern Band of Cherokee Indians General Fund 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 General Fund 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

The EBCI General Fund Program is used to fund a variety of Tribal operations, community initiatives, and donations authorized through the annual budget process and Tribal Council action. Over the first eight months of FY2026, the Program had processed approximately \$20.8 million in expenditures funding community organizations and other external entities.

Our internal audit focused on assessing expenditure allowability, compliance with approval requirements, and monitoring practices surrounding general fund expenditures to determine whether Tribal funds were expended and monitored in accordance with applicable fiscal policies and Council requirements. In addition, we evaluated community club donations to ensure required reporting over funding received and related uses was performed.

Observations and Recommendations

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

1) *Transaction Approval Workflows and Authority Requirements*

EBCI Fiscal Management Policy Manual, Section 400 – Procurement Policy, establishes approval authority thresholds and multiple approval levels based on transaction type and dollar amount. EBCI utilizes approval workflows in the financial system to ensure each required level of approval is obtained and documented. Our testing of 23 expenditures from the General Fund Program determined:

- For 1 transaction totaling \$15,500, the same individual approved both the Manager and Director level of approval within the system workflow. Although additional approvals occurred when the payment was routed through Accounts Payable, discussions with management indicated that due to staffing constraints the same

personnel could be assigned and selected at multiple steps within the transaction approval workflow system; however, management acknowledged a process to identify instances where the same individual was selected for approval at the program level did not appear to be in place.

- For 4 transactions exceeding the \$100,000 approval threshold, evidence of Principal Chief approval was not provided as required by policy. Discussions with management indicated that approval authority for non-contract transactions had been delegated to the Chief of Staff (Executive Leadership), and this is the approval process used in practice. However, the Fiscal Management Policy had not been updated to reflect this process.

Potential Risk – Moderate: When transactions are not approved in accordance with documented policy requirements, EBCI may be unable to demonstrate compliance with established approval controls and transactions may not receive the intended level of oversight. Since there are additional required approvals after program level approvals, we have assessed the risk at moderate.

Recommendation: EBCI should evaluate its current expenditure approval practices and update the Fiscal Management Policy, as appropriate, to align with current approval processes (i.e., when Chief of Staff approval is acceptable vs. Principal Chief). In addition, if system functionality permits, EBCI should consider implementing an automated control that identifies when the same individual has been selected for multiple approval levels. If automated controls are not available, management should perform periodic reviews of transaction approvals to identify patterns where the same individual routinely performs multiple approval functions and determine whether additional compensating controls are necessary. Finally, EBCI should evaluate the Fiscal Management Policy to determine if additional updates over other processes are required to ensure the policy is reflective of current processes.

2) Wire Transfer Approval Procedures

The EBCI Fiscal Management Policy Manual establishes approval thresholds for procurement and disbursement transactions to ensure transactions are properly approved and appropriate supporting documentation is maintained. Our testing over 5 wire transfers determined documentation supporting management review and approval was provided however, the approvals did not align with the approval structure established for standard disbursement transactions per the Fiscal Management Policy. Additional discussions with management indicated wire transfers are generally processed outside of the standard requisition and purchase order process and are handled differently than other payment methods however, the Fiscal Management Policy did not contain requirements governing wire transfer approvals and required documentation.

Potential Risk – Moderate: If policies and procedures are not in place over the wire transfer process, transactions may not be properly approved or have appropriate supporting documentation. Since wire transfer payments can often be for several hundred thousand dollars, we have assessed the risk at moderate.

Recommendation: EBCI should develop and formally document wire transfer procedures within the Fiscal Management Policy Manual and ensure required approval levels and documentation requirements are defined. Once complete, those who process wire transfers should ensure they are aware of the process requirements to ensure compliance.

3) Internal Transfer Account Reconciliations

EBCI Fiscal Management Policy Manual, Section 200 – Budget Policy, requires management to monitor budget activity throughout the year and ensure expenditures are appropriately recorded and reported. During testing, we identified one transaction recorded within the Minors Fund Reserve account that appeared to exceed the approved budget without an approved budget amendment.

Discussions with management indicated that the account is utilized as a clearing account to facilitate funding transfers between funding sources and is expected to reconcile to zero through periodic journal entries. Management further acknowledged that the account is not always reconciled timely, which has resulted in posting differences and challenges monitoring account activity. At the time of testing, the account had not been reconciled and reflected an apparent budget overage. As a result, we could not determine whether the overage represented an actual excess expenditure or a timing-related accounting difference associated with the transfer process.

Potential Risk – Low: When internal transfer accounts are not reconciled timely, management may be unable to accurately monitor account activity and distinguish actual budget variances from timing-related accounting differences. Since we did not identify evidence of actual overspending, we assessed the risk as low.

Recommendation: EBCI should formalize procedures for accounts utilized to facilitate transfers between funding sources and implement, at least, quarterly reconciliation requirements to ensure account activity is reviewed, reconciled, and resolved timely. Reconciliations should be documented, reviewed by appropriate personnel, and used to identify and correct any posting differences or outstanding reconciling items.

4) Tribal Credit Card Authorization Documentation

EBCI Fiscal Management Policy Manual, Section 2000 – Credit Card Policy, requires completion and approval of an Authorization for Use of Tribal Credit Cards form prior to the issuance and use of a Tribal credit card. The form is then signed by the Program Manager and Director indicating approval to access the Tribal credit card. Our testing of 23 General Fund Program expenditures identified one expenditure, for approximately \$5,400, was made using a Tribal credit card where the Authorization for Use of Tribal Credit Cards form did not contain the required Program Manager approval signature and only had the Director approval. Discussions with management indicated the form should have been signed by the Program Manager prior to issuance of the credit card.

Potential Risk – Low: If required credit card authorization forms are incomplete, EBCI may be unable to demonstrate that cardholders received proper approval before incurring expenses on behalf of the Tribe. Since Director approval was still obtained, we assessed the risk as low.

Recommendation: EBCI personnel responsible for reviewing the Authorization for Use of Tribal Credit Cards forms should ensure all required signature approvals have been obtained prior to releasing the credit card for use. In the event they have not, the form should be returned for signature by the required party.

Scope and Procedures Performed

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

- Brandi Claxton, Secretary of Treasury
- Susie Wolfe, Accounting Director
- Leigh-Ann Jackson, Finance Director
- Manuela Rutherford, Financial Analysis Manager

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

- EBCI Fiscal Management Policy (August 2019)
- FY2026 Approved Program Budget
- Council Resolution 729 (9.10.2019), 557 (4.6.2023), and 329 (10.23.2024)

We performed the following test work:

General Fund Expenditure Compliance – We obtained a listing of General Fund Program expenditures from October 1, 2025 through May 25, 2026. From a total population of 231 expenditures, we selected 23 and tested to determine:

- The expenditure was included in the approved budget or supported by an approved resolution.
- The expenditure was authorized in accordance with policy before payment was processed.
- The expenditure did not relate to grant-funded activity.

Community Club Monitoring and Reporting – We obtained the Council-approved resolutions setting the reporting and participation expectations for FY2026, the complete Community Club listing, and related participation monitoring records. For all 7 Community Clubs identified, we tested to determine:

- Required Community Club reporting and participation conditions were met before funding was released.
- Supporting documentation of compliance was received and retained.
- Monitoring performed was sufficient to show whether Council requirements were met.

* * * * *

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

REDW LLC

Albuquerque, New Mexico
August 21, 2026

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MEMORANDUM

TO: Executive
Tribal Council

FROM: Sharon Blankenship, Chief Audit and Ethics Executive 

CC: Monique Taylor, Audit and Ethics Committee Chair
Brandi Claxton, Secretary of Treasury
Susie Wolfe, Director of Accounting

DATE: September 11, 2026

RE: Action plan for 26-013 – General Fund

The 4 observations and recommendations identified in the General Fund audit report 26-013 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. Transaction Approval Workflows and Authority Requirements

Response: Agree, Target implementation 11/30/26

Respondent narrative: "The Fiscal Management Policy will be updated to reflect that approvers may delegate their approval authority to another employee. The Fiscal Management Policy updates will require Tribal Council approval via resolution."

2. Wire Transfer Approval Procedures

Response: Agree, Target implementation 11/30/26

Respondent narrative: "The Fiscal Management Policy will be updated to formally document the wire transfer procedures and required approval levels. The Fiscal Management Policy updates will require Tribal Council approval via resolution."

3. Internal Transfer Account Reconciliations

Response: Agree, Target implementation 11/30/26

Respondent narrative: "The Fiscal Management Policy will be updated to formally document procedures for accounts utilized to facilitate transfers between funding sources and will state that reconciliations must occur within thirty days after the end of each quarter. The Fiscal Management Policy updates will require Tribal Council approval via resolution."

4. Tribal Credit Card Authorization Documentation

Response: Agree, Target implementation 11/30/26

Respondent narrative: "The Fiscal Management Policy will be updated to formally document which signatures are required for credit card authorizations Purchasing will ensure the credit card authorization forms are not accepted unless all required signatures have occurred. The Fiscal Management Policy updates will require Tribal Council approval via resolution."