

Midway City Council
6 June 2023
Work Meeting

Fraud Risk
Training



Memo

Date: 30 May 2023
To: Mayor, City Council and Staff
Cc: File
From: Brad Wilson, City Recorder
RE: Fraud Risk Training

Each year the Utah State Auditor requires that local governments complete a fraud risk assessment. The assessment has various questions and assigns points for each question that is answered positively. A maximum of 395 points can be obtained. Midway City obtained 330 points in 2022 which indicated a low fraud risk level (A copy of the 2022 assessment is attached).

The Utah Local Governments Trust (ULGT), the City's insurer and risk manager, now requires that its members have a score of 356 on the assessment. After reviewing the assessment requirements in detail, the City's current IT & computer security policy qualifies for 5 points. The services provided by Child Richards CPAs and Advisors qualifies as an internal audit function and an additional 20 points. The City is also implementing a hotline for 20 points. These additions will meet the ULGT requirement.

The City can obtain the full 395 points if the governing body members complete Introductory Training for Municipal Officials at www.training.auditor.utah.gov. This training must be completed every four years. You can complete the training before June 30th and provide a copy of the certificate to Mayor Johnson.

Please contact me if you have any questions.

Fraud Risk Assessment

Continued

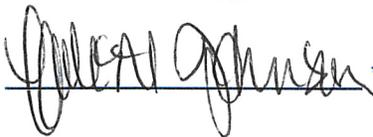
*Total Points Earned: 330/395 *Risk Level: Very Low Low Moderate High Very High
 > 355 316-355 276-315 200-275 < 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	X	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest?	X	5
b. Procurement?	X	5
c. Ethical behavior?	X	5
d. Reporting fraud and abuse?	X	5
e. Travel?	X	5
f. Credit/Purchasing cards (where applicable)?	X	5
g. Personal use of entity assets?	X	5
h. IT and computer security?		5
i. Cash receipting and deposits?	X	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	X	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	X	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	X	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?		20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	X	20
7. Does the entity have or promote a fraud hotline?		20
8. Does the entity have a formal internal audit function?		20
9. Does the entity have a formal audit committee?	X	20

*Entity Name: Midway City

*Completed for Fiscal Year Ending: 30 June 22 *Completion Date: 7 September 22

*CAO Name: Celeste Johnson *CFO Name: Brad Wilson

*CAO Signature:  *CFO Signature: 

*Required

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	X			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?	X			
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check "N/A".		X	X	
4. Are all the people who have access to blank checks different from those who are authorized signers?		X	X	
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	X			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?	X			
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check "N/A".		X	X	
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check "N/A".		X	X	
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check "N/A".	X			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?		X	X	
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			

* MC = Mitigating Control