

# Memo

**To:** Mayor & Council

**From:** Laurie Johnson – HR/Finance Director 

**cc:** John Geilmann – City Manager

**Date:** June 10, 2020

**Re:** Resolution to Accept the FY 2019-20 Fraud Risk Assessment

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Per requirements of the Utah State Auditor, Millcreek is required to complete a “Fraud Risk Assessment” which is attached to this memo. Based on the assessment and associated policies, etc., it has been determined that Millcreek falls within the “Very Low Risk” category. This assessment needs to be presented to the Council, accepted by resolution and certified by the Mayor and City Manager. I will review this assessment with the you in more detail at the Council Meeting on June 22, 2020.

Thank you,

# Millcreek Fraud Risk Assessment

## FY 2019-20



**Total Points Earned** **355**

Risk Level:	Very Low	Low	Moderate	High	Very High		
	>355	316-355	276-315	200-275	<200	Yes	Points
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the Basic Separation of Duties Questionnaire?						200	200
2. Does the entity have written policies in the following areas:							
a. Conflict of interest ( <i>Employee Handbook Section 4-01-2</i> )						5	5
b. Procurement? ( <i>Employee Handbook Section 5-01-1</i> )						5	5
c. Ethical behavior? ( <i>Employee Handbook Section 4-01-3a</i> )						5	5
d. Reporting fraud and abuse? ( <i>Employee Handbook Section 4-01-3b</i> )						5	5
e. Travel? ( <i>Employee Handbook Section 5-02</i> )						5	5
f. Credit/Purchasing cards (where applicable)? ( <i>Employee Handbook Section 5-01-2</i> )						5	5
g. Personal use of entity assets? ( <i>Employee Handbook Section 4-01-9</i> )						5	5
h. IT and computer security? ( <i>Employee Handbook Section 4-01-10</i> )						5	5
i. Cash receipting and deposits?						5	5
3. Does the entity have a licensed or certified expert as part of its management team? (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO)							20
a. Do any members of the management team have at least a bachelor's degree in accounting?						10	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior? ( <i>Employee Handbook Section 4-01-2</i> )						20	20
5. Have all of the board members completed the State Auditor online training at least once in the last four years? ( <i>For this group it would be the "Open &amp; Public Meetings Act Training"</i> )						20	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?							20
7. Does the entity have promote a fraud hotline? ( <i>Employee Handbook Section 4-01-3b</i> )						20	20
8. Does the entity have a formal internal audit function? ( <i>Resolution 20-13</i> )						20	20
9. Does the entity have a formal audit committee? ( <i>Resolution 20-13</i> )						20	20

Total **355** **395**

Certified By: \_\_\_\_\_  
*Jeffrey Silvestrini, Mayor*

Certified By: \_\_\_\_\_  
*John H. Geilmann, City Manager*

# Millcreek Basic Separation of Duties

FY 2019-20

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