



## KAMAS CITY

# FRAUD PREVENTION POLICY

This Fraud Prevention Policy has been prepared and adopted to help protect the public money, resources, and property of Kamas City. This policy outlines the various actions that the City and its employees and officers can take or have taken to report, prevent, and investigate fraud and abuse. All employees and officers of Kamas City should receive a copy of this Policy. This policy may also be shared with the public.

1. Anti-Retaliation and Whistleblowing. The City had adopted anti-retaliation policies regarding whistleblowing and other activities that report or investigate fraud, abuse, misuse of public resources, violations of law, and similar conduct. Employees should receive a copy of the City's personnel policies and procedures manual, which describes the options for reporting potential violations, fraud, and abuse, and a copy of the Whistleblower Act (Utah Protection of Public Employees Act, Utah Code Title 67, Chapter 21).
2. Ethics Pledge. All officers and employees are required to execute an ethics pledge at least annually to commit to avoiding and disclosing conflicts of interest, properly using their official position, properly using and protecting non-public information, avoiding nepotism, unlawful gifts, and unlawful political activity using city resources or on-the-clock time, and committing to provide fair and equal treatment and service to all persons.
3. Fraud Hotline. ~~Steve Davis, 801-678-9589~~ **David Rogers, CPA at Davis & Bott Certified Public Accountants, L.C., 435-723-5224** (independent CPA not employed by the City)
  - a. The City has contracted with an independent CPA in order to serve as a resource for independent review and audits of City financial systems and as a hotline potential fraud or abuse ("Hotline"). Any employee, officer, or member of the public may call the Hotline to report potential fraud or abuse, as described below.
    - i. The Hotline can be called, and the caller can provide a name or provide a complaint anonymously.
    - ii. The Hotline shall gather details as reasonably necessary to understand the alleged complaint and to further investigate whether fraud or abuse has occurred.

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- iii. The Hotline shall screen the report to determine whether there is a reasonable probability that fraud or abuse has occurred. If so, the Hotline shall forward the complaint to the Audit Committee, described herein, for further investigation and action.
  - iv. If a report involves the Audit Committee, the Hotline may also contact the City's general legal counsel or other law enforcement, as appropriate, for further investigation and action.
  - v. If a report involves the Hotline, the person may instead contact the City Mayor or any member of the City Council, who shall forward the complaint to the other members of the Audit Committee, described herein, for further investigation and action.
  - vi. If the Audit Committee determines that further investigation is merited, they shall set the scope of the audit, the budget, and a timeline. The City shall provide resources and allow the use of and access to all City resources and records as necessary to support such investigation.
  - vii. Upon completion of the audit and investigation, the Audit Committee shall issue a report, with approved findings and recommendations. The report shall be provided to the public and to the City Council. The Audit Committee and the City Council shall ensure that findings and recommendations are addressed and implemented.
  - viii. If desired, the reporter shall be contacted and provided with the results of the investigation and audit.
- b. The City will promote the hotline and this policy on the City's website.
4. Internal Audits. The City has contracted with an independent CPA to provide internal audit functions, who shall be free of conflicts of interest, including familial relationships and business or financial interests, related to the City's elected officials and employees. The City's internal audit function plan is as follows, to be performed by the CPA:
- a. Review quarterly financial statements;
  - b. Scan general ledger for unusual or unexpected entries;
  - c. Review bank reconciliations and cash receipting function randomly throughout the year;
  - d. Review budget to actual on a quarterly basis;
  - e. Review for compliance with State of Utah Compliance Guide;
  - f. At end of year, assist with any needed end of year accounting and adjustments.

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### 5. Audit Committee.

- a. The City has created an audit committee (“Audit Committee”), consisting of the mayor, a council member chosen by majority vote of the council, and an independent CPA contracted by the City. Such CPA shall be free of conflicts of interest, including familial relationships and business or financial interests, related to the City’s elected officials and employees.
- b. The Audit Committee shall ensure and assist with the following:
  - i. Management develops and enforces systems that ensure the entity accomplishes its mission effectively and efficiently while complying with laws and regulations.
  - ii. The internal audit function objectively assesses the effectiveness of management’s internal control program.
  - iii. Financial statement audits are performed by a qualified, independent accounting firm and issues identified during those audits are reviewed and resolved as appropriate.
  - iv. Hotline complaints are investigated, and findings and recommendations are addressed by the City Council.

### 6. Credit/Purchasing Cards.

- a. The use of any credit/purchasing card shall comply with the City’s purchasing policies.
- b. Credit/purchase card issuance, and the persons who have access to and are authorized to use any card, must be approved by the City Council in advance.
- c. The cardholder must retain receipts for all transactions.
- d. Another person, other than the person authorized to use the card, shall approve purchases made with the card and shall review and reconcile each card and each statement.
- e. A person who misuses a card shall lose card privileges, shall be subject to discipline, up to and including immediate termination as described in the City’s personnel policies and procedures manual, may be personally responsible for any lost or misused funds, and may also face criminal penalties.
- f. All cards shall be kept secure and immediately report any lost or stolen credit card and/or account information to the City Recorder.

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### 7. IT and Computer Security.

- a. Use of the internet through City computers and equipment, and access to City records, computers, servers, and other city equipment is subject to the City's personnel policies and procedures manual. Misuse and unauthorized personal use of such equipment is prohibited.
- b. The City may monitor all activities and actions on any City IT system or equipment, and the privilege of using City computers and other equipment may be revoked for violations of this policy and the City's personnel policies and procedures manual. Employees may lose computer privileges, may be subject to discipline, up to and including termination as described in the City's personnel policies and procedures manual, and may also face criminal penalties for misuse of City IT systems and equipment.

### 8. Cash Receipting and Deposits.

- a. The Treasurer should receipt all funds immediately (cash, checks, credit cards, etc.), provide customers with a receipt, and retain a duplicate copy in the daily receipt or register detail. The safe where funds are stored should be locked and secured at all times.
- b. Funds should be deposited daily if practicable but no later than three banking days after receipt, in compliance with Utah Code.
- c. Bank reconciliation(s) should be performed on all Kamas City accounts on a monthly basis. Bank statements should be opened, reviewed, and approved by the mayor before given to administration for reconciliation.
- d. The mayor shall review and approve all account adjustments.
- e. Administration shall provide for separation of duties to the extent possible.