

Fraud Risk Assessment

MARCH 2021

Continued

*Total Points Earned: 250/395 *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?	✓	200
2. Does the entity have governing body adopted written policies in the following areas:		
a. Conflict of interest? <u>policies and procedures</u>	✓	5
b. Procurement? <u>policies and procedures</u>	✓	5
c. Ethical behavior? <u>employee policy manual</u>	✓	5
d. Reporting fraud and abuse?		5
e. Travel?		5
f. Credit/Purchasing cards (where applicable)?		5
g. Personal use of entity assets? <u>employee policy manual</u>	✓	5
h. IT and computer security? <u>policies and procedures</u>	✓	5
i. Cash receipting and deposits? <u>policies and procedures</u>	✓	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	NO	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	NO	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior? <u>employee policy manual</u>	✓	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?		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?		20

*Entity Name: Cleveland TOWN

*Completed for Fiscal Year Ending: 2021 *Completion Date: _____

*CAO Name: _____ *CFO Name: _____

*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? <i>Mayor Taylor, Nichole, Brydi</i>	✓			
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? <i>Receive: Brydi pay out: Nichole</i>	✓			
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". <i>collect: Brydi adjust: Nichole</i>	✓			
4. Are all the people who have access to blank checks different from those who are authorized signers? <i>pay out: Nichole signers: Mayor Brydi</i>	✓			
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? <i>COUNCIL</i>	✓			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts? <i>COUNCIL (check detail)</i>	✓			
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". <i>card holders: Nichole and Brydi</i>		✓		
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". <i>COUNCIL</i>	✓			
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". <i>COUNCIL</i>	✓			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services? <i>COUNCIL</i>	✓			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A". <i>Mayor and Treasurer</i>	✓			
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". <i>Mayor and Council</i>	✓			

* MC = Mitigating Control