



**Meeting Date:** 8/2/17  
**Agenda Item:** # \_\_\_\_\_

**Mission Statement**

To provide our growing dynamic community excellent municipal services to make Fernley a great place to live, work, and play.  
Together, we enhance the desirability, safety, friendliness, aesthetics and quality of life in our city.

---

**FERNLEY CITY COUNCIL MEETING - STAFF REPORT**

---

**REPORT TO:** Mayor & City Council  
**REPORT THRU:** Daphne Hooper, City Manager  
**REPORT FROM:** **Denise Lewis, Finance Director**  
**REVIEWED BY:** Brandi Jensen, City Attorney  
**AGENDA ITEM:** Discussion and possible action to adopt Resolution #17-015 approving the City of Fernley Fraud Policy.  
**ACTION REQUESTED:**  Consent  Ordinance  Resolution  Motion  Receive/File

---

**RECOMMENDED ACTION BY CITY COUNCIL**

**Staff recommends the following action:**

**To adopt Resolution #17-015.**

*"I move to adopt Resolution #17-015, approving the City of Fernley Fraud Policy."*

**Key Points:**

1. It has been recommended by the City's external auditors that the City implement a fraud risk management program.
2. It was recommended by Eide Bailly during the City's 2016 Internal Control Examination/Risk assessment that the City implement a fraud policy and whistleblower hotline.
3. It is critical that the City's "tone at the top" and stance on fraud is communicated.

**POLICY REFERENCE**

*Nevada Statutes:* Chapter 205  
*Fernley Municipal Code:* N/A  
*Policies & Procedure Manual:* N/A  
*Community Assessment:* N/A  
Other: N/A

**SUPPORTING INFORMATION**

Having a fraud policy is a critical tool in communicating the City’s stance and processes in respect to fraud and how it will be dealt with. It is an economical way of indicating that the fight against fraud is endorsed and supported at the most senior level. This fraud policy shall be established to promote consistent organizational behavior and to facilitate the development of controls that will aid in the detection and prevention of fraud against the City.

Fraud awareness is about prevention and detection. A fraud policy raises awareness amongst staff, it assigns responsibility and it provides direction for reporting. By defining actions that constitute fraud it will ensure that employees and third parties are aware of what is not acceptable.

The tone from the top is a key part of any fraud prevention and detection strategy. Employees need to know that the City takes the threat of fraud seriously and that the City will take appropriate action against staff and third parties who commit fraud. A simple, focused and easily understood fraud policy is a cost effective way of demonstrating a commitment to combating fraud and corruption. The development of an anti-fraud culture is a crucial part of the fight against fraud.

The policy, once approved, will be communicated to all staff and fully implemented and will be subject to a regular review. All employees will be made aware of the City’s fraud policy and the need for vigilance to prevent fraud.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- 1. Is There A Fiscal Impact? No
- 2. Is it Currently Budgeted? No
- 3. If Budgeted, Which Line Item/Account?

\_\_\_\_\_

**FISCAL SYNOPSIS:**

**No fiscal impacts.**

**BACKGROUND INFORMATION**

The City has not implemented a fraud policy in the past.

**BACKGROUND INFORMATION**

Internal Control Exam/Risk Assessment completed 7/12/16

Fraud awareness training done at City-wide staff meeting in April 2016 and June 2017

Cash management policy completed, yet to be implemented

Fraud hotlines researched, recommendations made, being discussed

**ATTACHED INFORMATION**

Resolution #17-015

City of Fernley Fraud Policy