



**Meeting Date:** 7/18/18  
**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**

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**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 #18-008 approving the amended City of Fernley Fraud Policy.  
**ACTION REQUESTED:**  Consent  Ordinance  Resolution  Motion  Receive/File

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**RECOMMENDED ACTION BY CITY COUNCIL**

**Staff recommends the following action:**

**To adopt Resolution #18-008.**

*"I move to adopt Resolution #18-008, approving the amended City of Fernley Fraud Policy."*

**Key Points:**

1. On 9/20/17, City Council adopted the City of Fernley Fraud Policy.
2. It is also best practice and a recommendation by auditors, ACFE, AICPA and others to implement a fraud reporting hotline.
3. City Council approved the contract for a hotline and it was implemented on 6/27/18.

**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**

City staff has been provided with the City of Fernley Fraud Policy, which was approved by City Council on September 20, 2018. A hotline, which was also approved by Council, has been implemented. City Council was informed that upon implementation of the fraud hotline, a revision to the fraud policy, to include language regarding the hotline, would be made and would go back to Council for approval. Staff recommends approving the amended City of Fernley Fraud Policy as set forth.

Fraud is a multi-billion dollar problem in the U.S. Fraud policies, training and hotlines are internal controls in and of themselves. It is best practice and awareness minimizes risk.

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. The City’s fraud policy shall be used as a tool 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. Fraud policies raise awareness amongst staff, they assign 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.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- 1. Is There A Fiscal Impact? Yes
- 2. Is it Currently Budgeted? Yes
- 3. If Budgeted, Which Line Item/Account?  
100-415-322

**FISCAL SYNOPSIS:**

**\$800 annually.**

## **BACKGROUND INFORMATION**

3<sup>rd</sup> annual Fraud Awareness Training done at City-wide staff meeting on 6/27/18

Fraud hotline implemented 6/27/18

On 9/20/17, City Council adopted the City of Fernley Fraud Policy

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

Cash management policy completed; yet to be implemented

## **PRIOR ACTION**

On September 20, 2017, City Council adopted resolution #17-015 (Resolution to adopt the City of Fernley Fraud Policy).

## **ATTACHED INFORMATION**

Resolution #18-008 Amended City of Fernley Fraud Policy

Resolution #17-015: City of Fernley Fraud Policy