

## SUMMARY OF FRAUD RISK ASSESSMENT MNP FORENSIC SERVICES SEPTEMBER 2018

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### SCOPE OF FRAUD RISK ASSESSMENT

MNP LLP was engaged to conduct a Fraud Risk Assessment for the County of Vermilion River. The focus of the Assessment was the design of anti-fraud controls within Finance, Human Resources, Information Technology, and at the Entity-Level (Senior Management).

The objectives for this review were to:

- ✓ Evaluate the design of anti-fraud controls against MNP's experience and leading industry guidance.
- ✓ Identify of gaps in the policy as stated and in internal controls, if any, from a design point of view.
- ✓ Develop recommendations for improvement to the identified policies and processes, as appropriate, and rank areas of potential improvement by priority.

### ENGAGEMENT APPROACH

The project approach consisted of the following work streams that aligned with deliverable expectations, including:

- ✓ High-level policy gap/best practice analysis;
- ✓ Policy review comparative to similar Alberta municipal jurisdictions;
- ✓ Interview of 11 people;
- ✓ Creation, circulation, and analysis of results of an anonymous employee survey;
- ✓ Assessment and analysis of existing successful practices and control gaps;
- ✓ Development of opportunities for improvement using a prioritization scale; and
- ✓ Reporting to Council.

### KEY OPPORTUNITIES FOR IMPROVEMENT

MNP has created prioritized recommendations for the County in the following key areas:

- ✓ Policy update, development, and implementation for all in-scope areas of review;
- ✓ Implementation of an Ethics Reporting Line;
- ✓ Revisions to Human Resources practices and procedures;
- ✓ Segregation of incompatible Finance duties;
- ✓ Updates to Finance software systems;
- ✓ Implementation of a robust procurement program; and
- ✓ Improvements to Information Technology practices.

### NEXT STEPS

The County of Vermilion River is committed to an efficient and effective Administration for the benefit of our rate-payers, stakeholders, and employees. Council has accepted MNP's recommendations with a number of the recommendations having already been addressed. We have developed a plan to address the remaining opportunities for improvement over the next several months.