



OFFICE OF THE
STATE AUDITOR

Auditor Alert 2020-01

Date: February 13, 2020

Subject: Annual Fraud Risk Assessment

Background

The Office of the State Auditor (Office) has developed a [Fraud Risk Assessment](#) (Assessment) to help local government board members understand best practices in fraud detection and prevention. The Assessment assigns an overall risk level of undetected fraud based upon points earned for the implementation of the identified best practices.

We emphasize the following:

- The best practices identified in the Assessment are not required, but are highly recommended.
- All of the best practices identified in the Assessment may be implemented at a low or no cost.
 - See the [Implementation Guide](#) for resources and suggestions.
- The Assessment is not a replacement or duplication of the internal control assessment performed by an independent auditor as part of a financial statement audit. While they are both risk assessments, their methodologies and purposes are distinct.

Requirements

Beginning in 2020, all local governments will complete the Assessment internally.

- The Assessment must be completed and presented to the governing board before the end of the 2020 fiscal year.
- The Chief Administrative Officer and Chief Financial Officer must certify the results of the Assessment.
- The Assessment must be submitted to the Office within six months after the end of the fiscal year.