

NHTCA New Tax Collector Training Series

Internal Controls and
Personal Safety

What we will cover today...

- ▶ Internal Controls
 - Risk Assessment
 - Segregation of Duties
- ▶ Workplace Safety
 - Cash Security
 - Record Security
 - Control Environment

Internal Controls

▶ Responsibility

- Pursuant to RSA § 41:9, VI the selectmen and village district commissioners are required to establish and maintain appropriate internal control procedures to ensure safeguarding of all town assets (including cash) and properties.

▶ Control Environment

- How?
 - Identify Risks
 - Monitor
 - Segregation of Duties



Internal Controls: Risk Assessment

▶ Internal Risk Factors

- Lack of Segregation of Duties
- High Staff/Elected Official Turnover
- Lack of Personnel/Town Policies
- Limited Training Opportunities
- Computer System Conversions

▶ External Risk Factors

- Economic Factors (rising oil prices, decreasing revenues, such as, MV permit fees)
- Legislative Changes
- Technological Changes

Internal Controls: Risk Assessment

▶ Identify Risks

- Will accounting errors be detected?
- Have all items been properly classified?
- How do we know that anything has been omitted?
- How do we know that all recorded transactions and events actually took place or have been omitted?
- Cash receipts could be stolen without detection?
- The lack of passwords will allow undocumented access to fraudulently edit records?
- Unnecessary or unauthorized overtime will be incurred?

Internal Controls: Segregation of Duties

- ▶ **Custody of Assets** - If possible, no one individual is allowed to work alone with cash, negotiable securities, or other highly vulnerable assets.
- ▶ **Authorization/Approval of Transactions that Affect Municipal Assets** - No one individual is allowed to control all key aspects of a transaction or event.
- ▶ **Recording or reporting of related transactions** - The same person should not be allowed to authorize a transaction, record the transaction or maintain custody of the asset resulting from the transaction.

Internal Controls: Segregation of Duties

▶ Small Office?

◦ Compensating Controls

- Oversight procedures designed to reduce the risk of errors and increase the rate of fraud detection through the regular review of work performed by individuals performing financial duties

◦ Example

- Deputy Tax Collector functioning as the assessing clerk.

Personal Safety

- ▶ Work area arrangement
 - Segregated from public
 - View of waiting area
 - Cash draw location
 - Panic buttons

Difficult customers

listen

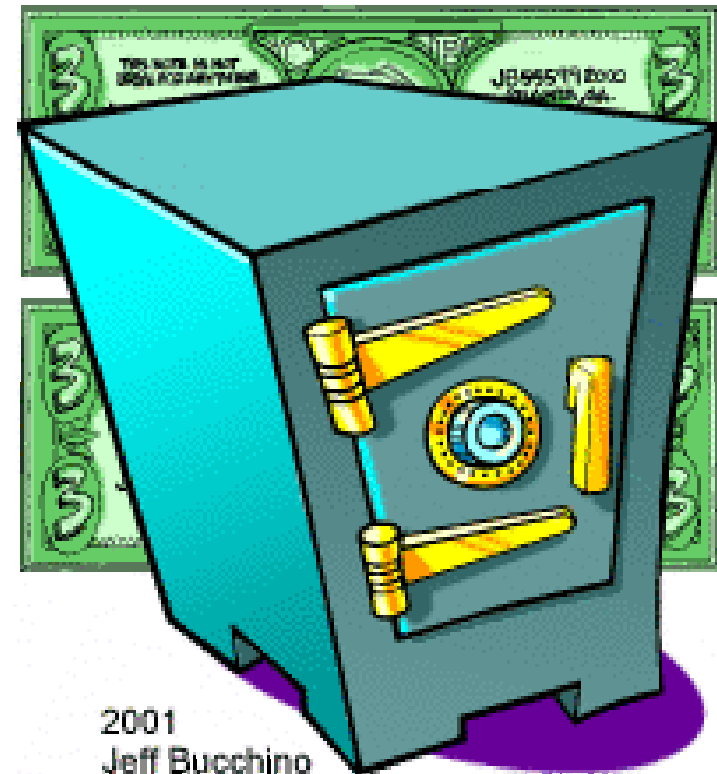
avoid argument

be aware of your triggers



Cash Security

- ▶ Periodic Reconciliations
 - Cash drawers/receipts - daily
 - Don't forget to reconcile petty cash, if any
 - Credit card receipts to disbursements
 - Reconcile with Finance – Monthly
- ▶ Cash Draw location
- ▶ Complete transactions
- ▶ Cash receipts
- ▶ Balance Daily
- ▶ Reconcile Monthly
- ▶ Deposit to Bank
- ▶ Bonded



2001
Jeff Buccino

Records Security

- ▶ Town Clerk are records keepers
- ▶ Tax Collector has responsibility to protect tax records, RSA33-A
- ▶ Warrant- permanent record
- ▶ Records accessibility/verification of Inventory
- ▶ Abatement Slips – permanent record
- ▶ Deposit tickets/Remittance advice slips
- ▶ Liens
- ▶ Deeds
- ▶ Computer Safety

Control Environment



QUESTIONS?