

# TOWN OF RICHMOND

## FRAUD RISK LIST

IDENTIFIED FRAUD RISKS AND SCHEMES	LIKELIHOOD	SIGNIFICANCE	EXISTING ANTI-FRAUD CONTROLS	RESIDUAL RISKS	FRAUD RISK RESPONSE
<b>FINANCE DEPARTMENT</b>					
Cash/checks for Utility and Property Tax payments	Highly Possible	Significant	Checks are received by the Town Clerks office, posted by the Finance Department and the Delinquent Tax Collector, and deposited by the Town Clerk. Shut off notices and late payment notices are issued for unpaid accounts so if an account was paid and not noted as such the property owner will pick up on the discrepancy.	If the Clerk or Assistant Clerk are not available the Finance staff member has to receive payments. If the Town Clerk is absent the Finance staff member has to write up the deposit and deliver to the bank.	Every effort is made so that either the Town Clerk or the Assistant Clerk are available to receive payments. If the Town Clerk is not available to make a deposit, the deposit is confirmed by the Cash Receipts report, printed from the software, and is attached to the deposit book.
Electronic funds	Highly Possible	Significant	Transfer of funds from one bank account to another can only be done with a signed warrant by the board related to the bank account that the funds are being moved out of.	The Finance Department staff could move funds without the approval. The Bank software has no mechanism in place that would monitor approval from the boards.	This issue is resolved by the finance person and the delinquent tax collector reconciling the bank statements each month.
Checks received for purposes other than tax or utility payments	Highly Possible	Significant	Clerk/Asst Clerk receive the mail. Checks are given to the Finance Director. A direct entry is made into the General Ledger. A report is printed showing the entry, a copy of the check is attached and filed in a binder for review by external auditors. The check and a copy of the report is given to the Town Clerk for deposit.	Checks can get lost in the mail or posted to incorrect accounts.	Most checks have documentation ahead of time so payment is anticipated and the department that it pertains to will ask if it has come in. Monthly reports are given to Department Heads to review accounts and verify that expenses and revenues are posted where they should be. Some examples are insurance proceeds, loan proceeds, reimbursement for materials returned. In all these cases there are multiple people involved in the generation and processing of the money.

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Unauthorized use or misuse of town property	Possible	Not Significant	Supplies are kept in a central location and the Town Clerk is responsible for ordering stock. The only equipment and supplies are the computer, printer, and small paper products.	It is difficult to monitor inventory on items such as pens and pencils and paper.	Although there is stock on the shelves, there is not an overabundance of stock and the Town Clerk would notice fluctuations in usage of supplies. The limited equipment at this station would be noticed if it disappeared or the use is abused. The content on the monitors and coming out of the printer is highly visible to others.

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<b>TOWN CLERK'S OFFICE</b>					
Cash/checks received for anything	Highly Possible	Significant	Cash Receipts policy	Cash could be pocketed	There are three people involved in the process of receiving and posting money so it is unlikely that theft would not be detected. If money was mishandled it would be caught by a property owner when there bill was marked unpaid.
Deliberate miss-assessment of property (Assessors)	Possible	Significant	Assessors are contracted and have their own rules to follow.	An Assessor could be influenced one way or the other.	Property owners have the right to appeal their values. The Assessors are not residents, and a different person may be here from one week to the next so bias is not likely.
Unauthorized use or misuse of town property	Possible	Not Significant	None	Someone could use equipment for personal use.	The only equipment is a desk top computer, printer, and minor office supplies which are in full view of anyone in the office.

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<b>Town Administration (Town Manager &amp; Manger's Assistant)</b>					
Insurance	Possible	Significant	None	False claims could be made	The Town Manager, Town Managers Assistant, Department head, and outside parties are all involved so the likelihood of false claims is slim.
Contracts	Possible	Significant	Purchasing & Purchase order policy.	Favoritism toward a particular vendor could exist.	Quotes from vendors are attached to the purchase order and approved by the Selectboard.
Unauthorized use or misuse of town property	Possible	Not Significant	None	Someone could use equipment for personal use.	The only equipment is a desk top computer, printer, and minor office supplies which are in full view of anyone in the office.
FEMA Claims	Possible	Significant	FEMA Policy/Procedure	Labor and materials could be misrepresented.	All claims have Employee Timesheets, Equipment usage sheets, and Invoices to back the expenses.

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<b>Planning &amp; Zoning</b>					
Cash/checks received	Possible	Not Significant	P& Z Staff take checks or cash/checks to clerks for deposit and receipt within a day.	Cash/Checks could be misplaced if Clerk's office is closed when received.	A copy of the receipt is given to the property owner and one put in their file.
Unsecure office/files provides opportunity for records tampering	Possible	Not Significant	None	The potential for information being removed, such as receipts, from a file is high.	Town staff employees other than the Planning/Zoning administrators have access to files during business hours and non business hours.
Deliberate inaccurate approval/disapproval of permits	Possible	Not Significant	ethics policy/personnel policy	An employee could be influenced to be supportive of a permit when it is not warranted.	Approval/Disapproval of permits is made by either the DRB or the Planning and Zoning Commission.
Unauthorized use or misuse of town property	Possible	Not Significant	None	Someone could use equipment for personal use.	The office is locked during non business hours so aside from desk top computer's, printers, copiers, non material paper supplies there is little chance of fraud.
Writing regulations	Possible	Significant	Town Planner writes policies and determines fee schedules. Selectboard and Planning Commission approves.	Policies could be written to allow or disallow activities not approved by the boards.	Town Planner must justify content, present the policy, and assure the Selectboard and Planning Commission that there is no personal conflict of interest involved with the writing of the policies and fees.

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<b>Library</b>					
Cash received for room rentals	Highly Possible	Not significant	Cash is rarely used. Funds are regularly collected, given to Town Clerk, posted Finance Officer.	Checks are made out to the library. It would be difficult for staff to "make over" the checks to themselves.	Every room rental has a contract indicating money owed and rates set. Date of funds receipt is noted on contract as well the date funds are given to town.
Cash received for memberships	Highly Possible	Not significant	Cash receipts are issued. Funds are regularly collected, given to and posted by Town Clerk into the cash receipts module.	Checks are made out to the library. It would be difficult for staff to "make over" the checks to themselves.	Non-resident memberships have date when membership was activated. A report can be generated to be matched to funds given to Town Clerk. Date and amount of submission to town is recorded.
Cash received for printing/copying	Highly Possible	Not significant	Small amounts are collected but deposited regularly	Staff could write checks to themselves from the fund	Missing or cleared checks would be evident.
Unauthorized use or misuse of town property	Possible	Not significant: The library uses donated material for internal work: donated office stationery, donated pens, etc.	There is a very small inventory of goods: paper, toner, computers.	Equipment could be abused by staff or Library customers.	Library Director orders stock and any depletion would be noted.

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<b>Fire Department</b>					
Cash/Checks received as donations	Highly Possible	Not Significant	The Fire Department treasurer keeps records of deposits in QuickBooks and the checkbook. The account is reconciled by the Towns Finance Department.	Anyone receiving money for donations could potentially not report it.	The only cash/checks received by the Fire Department are for donations and expenses which are minimal. This is a small account which is less than \$5,000. All other business is handled through the Town's budget.
Cash/Checks paid out of checking account	Possible	Not Significant	The Fire Department treasurer keeps records of expenses in QuickBooks and the checkbook. The account is reconciled by the Towns Finance Department.	Purchases could be made for personal consumption rather than for the Fire Department.	This is a small account which is less than \$5,000. Less than a \$1,000 worth of purchases are made all year. All other business is handled through the Town's budget.
Unauthorized use or misuse of town property	Possible	Not Significant	None	The potential exists for supplies that are normally used on the fire trucks to be taken for personal use.	The Chief or Assistant Chief would notice if supplies turned up missing or if someone was using the facility to work on their vehicles.

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<b>Highway</b>					
Diesel Fuel	Possible	Significant	New accounting measures and better recordkeeping.	Because multiple departments use the diesel fuel it is hard to pinpoint a certain person if the reconciliation is off at the end of the month.	The fuel system is locked and usage is logged immediately after using.
Tools & materials	Possible	Not significant	Keep building locked and secure	The potential exists for tools or supplies to disappear without proof of who may have taken them.	Tools are inventoried annually. Supplies are located in designated spots where quantities can be checked.
Unauthorized use or misuse of town property	Possible	Not significant	Town equipment is marked.	Property could be taken and not returned.	Our building has a pass code lock system and can be change at any time.



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<b>Police</b>					
Parking Tickets	Possible	Insignificant	Checks are generally mailed to the Town Clerks office and not handled by the Police Department.	On occasion parking tickets are mailed directly to the police department with either a check for the fine or in rare incidents with cash. Receipt of those by the police department are turned over to the Town Clerks Office.	All parking tickets issued by the police are tracked by number. One copy goes to the involved vehicle one to the police records where they are tracked in a data base. When a ticket is paid it is recorded.
Funds for informants	Possible	Insignificant	Funds kept at the police department (\$500) are secure in a locked bankers bag and in a locked cabinet. Distribution of funds are controlled by the Chief of Police and their use is controlled by Richmond Police Department rules and regulations #602. When utilized, processing funds are required and a quarterly review of cash flow.	Department members could remove cash without the Chief's consent but the quarterly review would discover this.	Multiple checks are in place between the Police Department and the Finance Department.
Unauthorized use or misuse of town property	Possible	Insignificant	Supplies are kept in a central location and the PD Assistant to the Chief is responsible for ordering stock. The only equipment and supplies are the computer, printer, and small paper products.	It is difficult to monitor inventory on items such as pens and pencils and paper.	Although there is stock on the shelves, there is not an overabundance of stock and the Assistant to the Chief would notice fluctuations in usage of supplies. The limited equipment at this station would be noticed if it disappeared or the use is abused.

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Checks received for Police reports and videos	Possible	Insignificant	When checks are received they are put in the PD mailbox. PD mails the requested information and makes a copy of the check. PD then brings the check to the Clerk/Asst. to enter into the cash receipts module. The Town Clerk deposits the check.	Checks can get lost in the mail or misplaced as they go from one department to another.	If a check does not get processed as it should upon going to the PD department we would hear from the party requesting the report/video that they had sent a check and not received the material. If the check does not get processed as should after PD has sent the report/video then PD would see that the check did not show up in their budget revenue line.

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<b>Water &amp; Sewer</b>					
Cash/checks received	Possible	Not Significant. It is possible that a check would be given to a W&S worker, but the amount would be minimal.	Cash receipts policy	Checks/Cash could be misplaced or taken.	All checks/cash are processed through the Town Clerks Office and there are multiple step checks are in place between Finance and Water Resources. It is possible that a check may be given to a W&S employee, but this happens very rarely.
Tool & materials	Possible	Significant	None	Someone could remove or break tools and not put them back.	The tools and materials are specialized so it is unlikely that anyone would take them. They are also kept in a locked area so anything missing would be noticed Immediately.
Unauthorized use or misuse of town property	Possible	Not Significant	None	Someone could remove or break tools and not put them back.	Facilities are locked with limited access. Specialized tools and materials not applicable to e employee use. Missing equipment would be I immediately noticed.
Unsecure office/files provides opportunity for records tampering	Possible	Not Significant	None	The potential for information being removed from a file is high.	Humans other than Town staff are supervised during business hours and non business hours.

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Bard Hill

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David Sander

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Katie Mather

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Roger Brown

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Christy Witters