

TOWN OF RICHMOND
FRAUD RISK LIST
6/6/2022

IDENTIFIED FRAUD RISKS AND SCHEMES	LIKELIHOOD	SIGNIFICANCE	EXISTING ANTI-FRAUD CONTROLS	RESIDUAL RISKS	FRAUD RISK RESPONSE
FINANCE DEPARTMENT					
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.
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.

Theft of Checks at the Town Center	Possible	Significant	Checks are locked in the vault and in an unlabeled cabinet. All bank accounts are reconciled every month.	A hacker could obtain our routing number and account number from our hardcopy checks and hack our bank account electronically or duplicate a hard copy check and cash it.	During the day when the vault is unlocked Town staff are in and out of the vault constantly so someone would be seen trying to get into the locked cabinet.
Check Fraud *	Possible	Significant	Positive Pay set up for the General And Water & Sewer checking accounts	File is not uploaded to bank	Anytime checks are cut a secure file is uploaded to the bank. The bank monitors the activity so that a check can not be cashed more than once.
Theft of money through payroll	Possible	Significant	Monthly reconciliation of all Town bank accounts.	An employee could take a picture of their check electronically and submit it more than once for the funds. If it is done on the last day of the month it may not be noticed until the bank statement is issued.	Upon discovering an unauthorized payment the bank is contacted immediately and the bank investigates and returns the money to the Town once it is verified that it is a duplicate payment.

<p>Invoice to warrant and warrant to check</p> <p style="text-align: center;">*</p>	<p>Possible</p>	<p>Significant</p>	<p>Selectboard, Water Commission, and Town Manager reconcile the warrant with the invoices. The Selectboard signs the Warrant(s). The Treasurer reconciles the Warrant & Invoices with the checks that have been cut. The Treasurer signs the checks.</p>	<p>Vendors do have very similar names. The wrong vendor may be selected.</p>	<p>If anything is questionable at any level it is discussed with the Finance Director and the Town Manager prior to a check being signed and sent to the vendor.</p>
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TOWN CLERK'S OFFICE					
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.
Absentee ballots	Possible	Not Significant	When ballot is sent out it is logged, when ballot is returned it is logged and stored in a sealed container in the vault.	Someone might complete a ballot that is not theirs.	If the Town Clerk receives more than one ballot for the same person the second one is not used.

TOWN ADMINISTRATION (TOWN MANAGER & ASSISTANT TO THE TOWN MANAGER)					
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.

PLANNING & ZONING					
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.

LIBRARY					
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 damaged/lost library materials	Unlikely	Not Significant	Patrons are issued receipts and any fines paid are noted in their record.	Checks are made out to the library. It would be difficult for staff to "make over" the checks to themselves.	Any funds received have a carbon copy of the receipt.
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.

FIRE DEPARTMENT					
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. Security Cameras and pass code locks installed.
Recording incorrect hours on call log	Possible	Not Significant	Firefighter enters time on timesheet. Fire Chief or Assistant Chief reviews Timesheet before submitting it to payroll.	Neither the Fire Chief or Assistant Chief are available to review the Timesheet before submission to payroll.	In the event the Timesheet was not reviewed prior to payroll, it is reviewed as soon as the Fire Chief or Assistant Chief is available. Correction can be made on the next payroll.

HIGHWAY					
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.
Building entry	Possible	Significant	All doors have a code lock and when employees leave employment the code is changed.	Criminals can still do a breaking and entry by smashing a window.	Our building has a pass code lock system and can be change at any time.

POLICE					
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	Significant	The Police Chief and assistant are responsible for office supplies & equipment are kept in a central location. Other police equipment is stored in a locked area and dispenses by serial number.	It is difficult to monitor office 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. Officer equipment at this station would be noticed if it disappeared or the use is abused.

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
Safe keeping	Possible	Significant	Personal belongings and evidence are temporarily kept in a locked evidence locker and logged in.	Someone could make an accusation of missing or property.	If an officer is on the road with evidence in the cruiser and the officer has a to attend to another call prior to going to the Police Station to lock up evidence, the evidence will be locked in the cruiser until the officer can get to the station. Personal belongings are returned to the owner upon release, or someone the owner designates will pick up their belongings such as a wallet. Evidence is moved into permanent storage.
Credit Cards ✱	Highly Possible	Not Significant	Single card, controlled access, limited use, only the Police Chief has physical access outside of the Police Station.	Internal theft, external theft, fraudulent use.	If fraud or theft is suspected it is reported to the Police Chief or Finance Director immediately and the incident is reported to credit card institution.
Misrepresenting Authority to place orders ✱	Highly Possible	Significant	Department and Town policies and procedures are implemented and followed.	Employee abuses the policy and procedures.	Disciplinary action, in accordance with the Personnel guidelines Collective Bargaining agreement.

WATER & SEWER					
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	Buildings are Locked and secure.	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.
Purchases at hardware store	Possible	Significant	Have a noted agreement with Richmond Home Supply to require ID from a Water & Sewer employee before purchase is made.	In the event an employee resigned/terminated employment Richmond Home Supply may not immediately know so they would still accept the ID.	In addition to an ID, an employee must have a Uniform, Town Vehicle, and purchase can only be made during an employees regular shift.
Septage Hauler volume discrepancies K	Possible	Significant	Hauler slips are checked for each load against level controls.	Employees may be absent	Data log is searchable if there are questions.
Septage Hauler access to WWTF K	Possible	Significant	WWTF locked when employees are absent.	Employees may forget to lock up.	Lock up is part of the daily routine and enforced.

June Heston

David Sander

Bard Hill

Jay Furr

Jeff Forward