



# Internal Controls and Best Practices for Solid Waste Authorities

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# OBJECTIVES

- Identify common causes of fraud and effective risk detection methods
- Understand the role of internal controls in promoting accountability
- Review key expectations and criteria for Performance Reviews
- Explore how internal controls and Performance Reviews work together
- Learn how the SWMB is changing to assist you



# Importance of Internal Controls

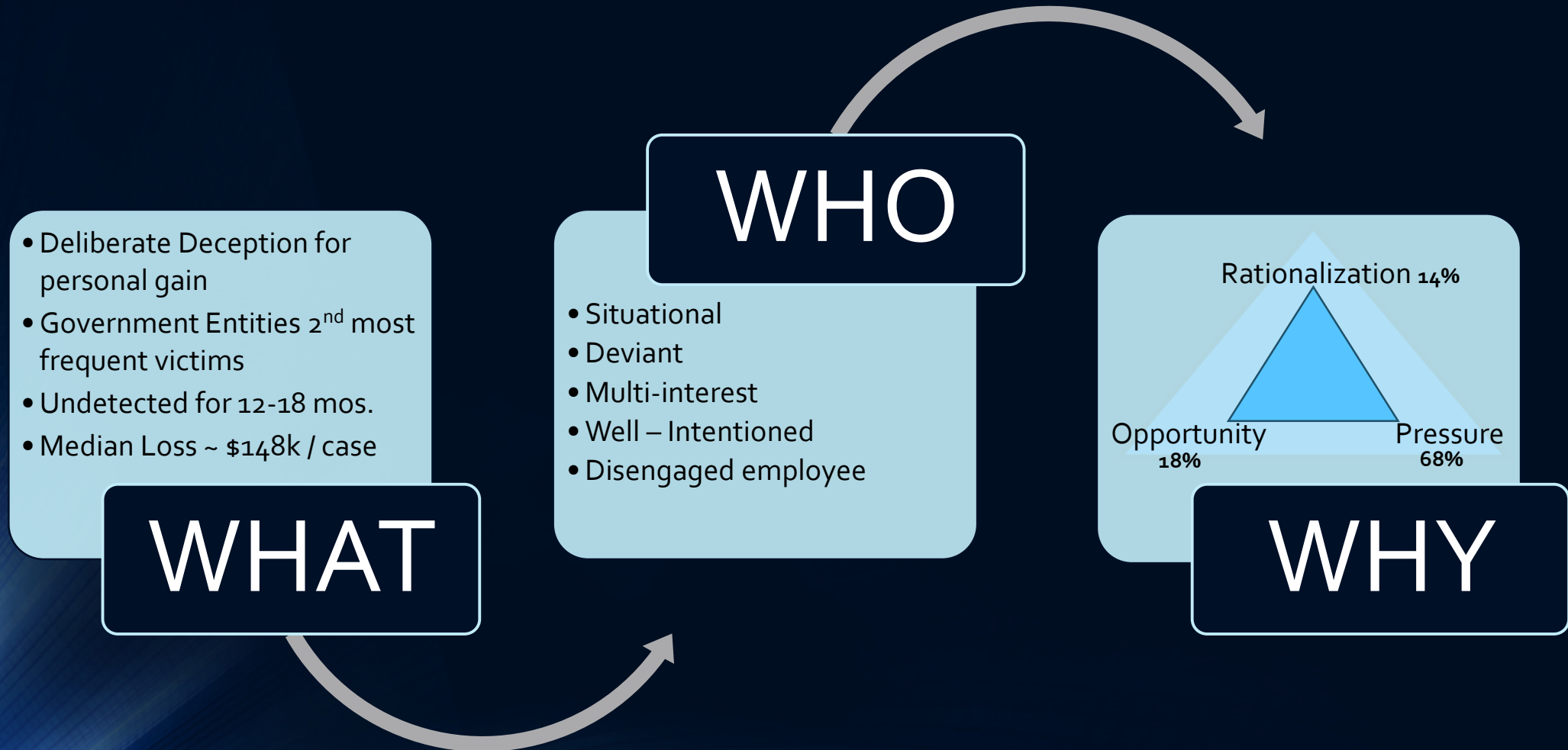
- ❑ COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS
- ❑ ACCOMPLISHMENT OF THE ENTITY'S MISSION
- ❑ RELEVANT AND RELIABLE FINANCIAL REPORTING
- ❑ EFFECTIVE AND EFFICIENT OPERATIONS
- ❑ SAFEGUARDING OF ASSETS

INTERNAL CONTROLS ARE THE KEY TO ACHIEVING DESIRED OUTCOMES WITHOUT EXPERIENCING UNDESIRABLE EVENTS.

STRONG INTERNAL  
CONTROLS LEAD TO.....

**FRAUD PREVENTION**

# THE FRAUD MENTALITY



# HOW DO WE FIND FRAUD?

## HOW FRAUD IS FOUND



## BEHAVIOR RED FLAGS

- Living beyond means (39%)
- Financial Difficulties (25%)
- Unusually close with vendors
- Excessive control issues
- Recent personal issues



# FRAUD HOT SPOTS

Procurement	Payables	Credit Card / Pcard
Shell Companies	Check Fraud / Reimbursements	Missing / Non-Itemized Receipts
False Quotes	Falsified Invoices	Delayed Reconciliation
Kickbacks / Collusion	Cash Skimming	Co-mingling accounts
Change Orders	Ghost Employees	Unapproved Merchants

*Look out for...*

- Round Number, Split, or Repeat Transactions
- Sole-Source Contracts or Bypassed Processes
- Inconsistent Receipts and Transactions Outside Business Hours
- Access to Vendor Records and Employee Files

HOW DO  
WE STOP  
FRAUD?



# INTERNAL CONTROLS

## Segregation of Duties

- Separate purchasing, approvals, and payment duties
- Define roles to ensure no one person controls all steps

## Written Policies and Procedures

- Maintain updated, board-approved financial & operational policies
- Train staff on procedures and revise as needed

## Scale House & Cash Reconciliation

- Reconcile receipts daily & verify against billing and tonnage
- Separate duties of receiving, reconciling, and auditing

## Budget & Expenditure Approvals

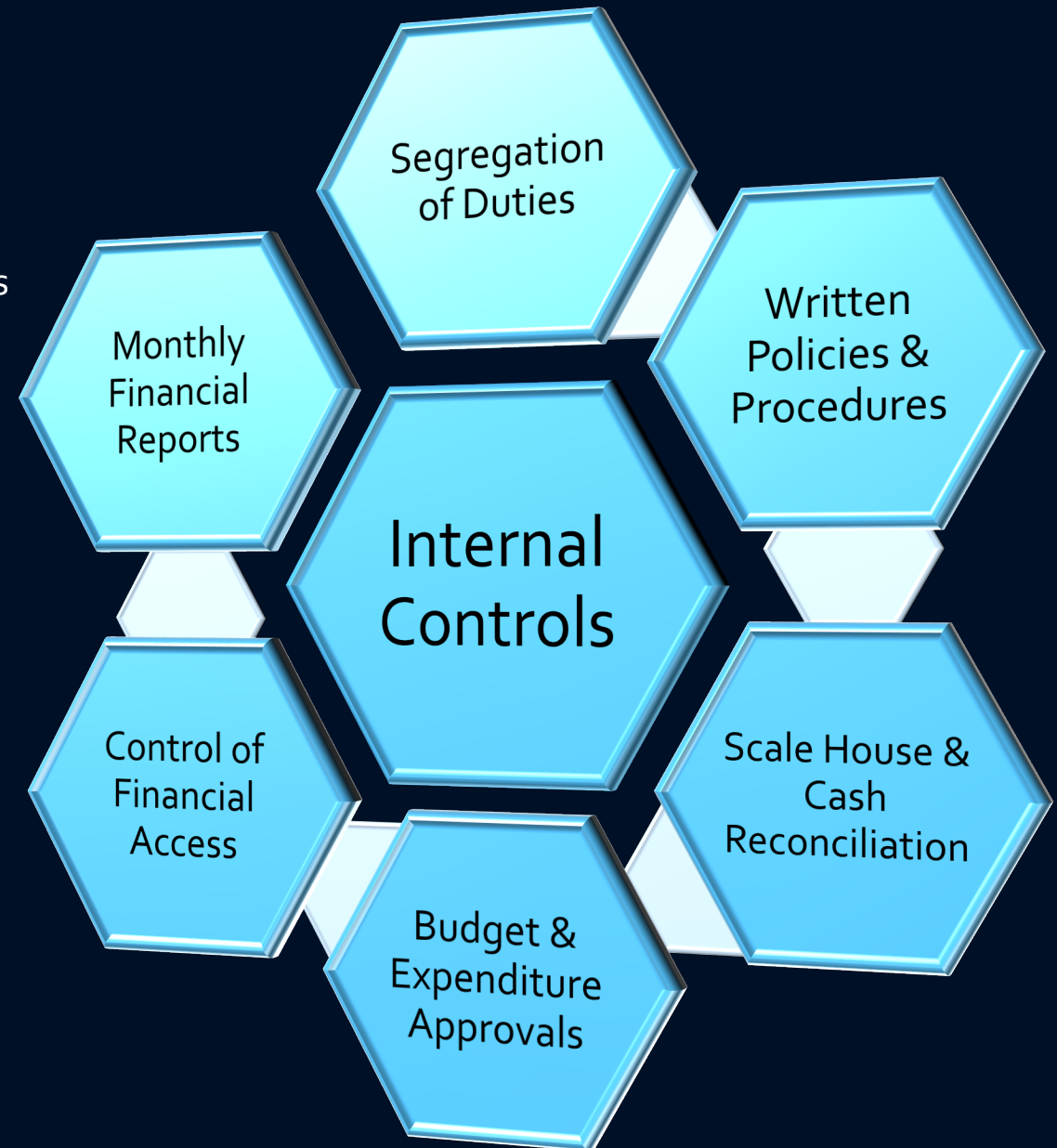
- Require prior approval and board-adopted budgets
- Set dollar thresholds and review variances monthly

## Control of Financial Access

- Limit access by job role and apply dual oversight
- Monitor activity for unauthorized or unusual access

## Monthly Financial Reports

- Prepare Income Statement, Balance Sheet and budget reports
- Include account activity, tonnage data, and capital project updates



Why does  
this matter  
to you?



# Performance Measures & Reviews

## SWMB Code §54-6

- Quarterly Measures

- Regulatory and Statutory Compliance
- Financial Records
- Business Operations Management
- Employees – titles, classification, wages
- Program outcomes & outputs

- Biennial Reviews

- Gauge productivity & operational health and identify serious impairments
- Board appointments, vacancies & attendance
- Compliance with applicable Code
- Financial accountability
- General business procedures, safety and training programs

## Strong Controls

Prevent fraud, protect public funds, and ensure regulatory compliance

Drive accuracy in records used for quarterly reports & performance reviews

Ensure consistency and accountability across all operations

## Successful Compliance

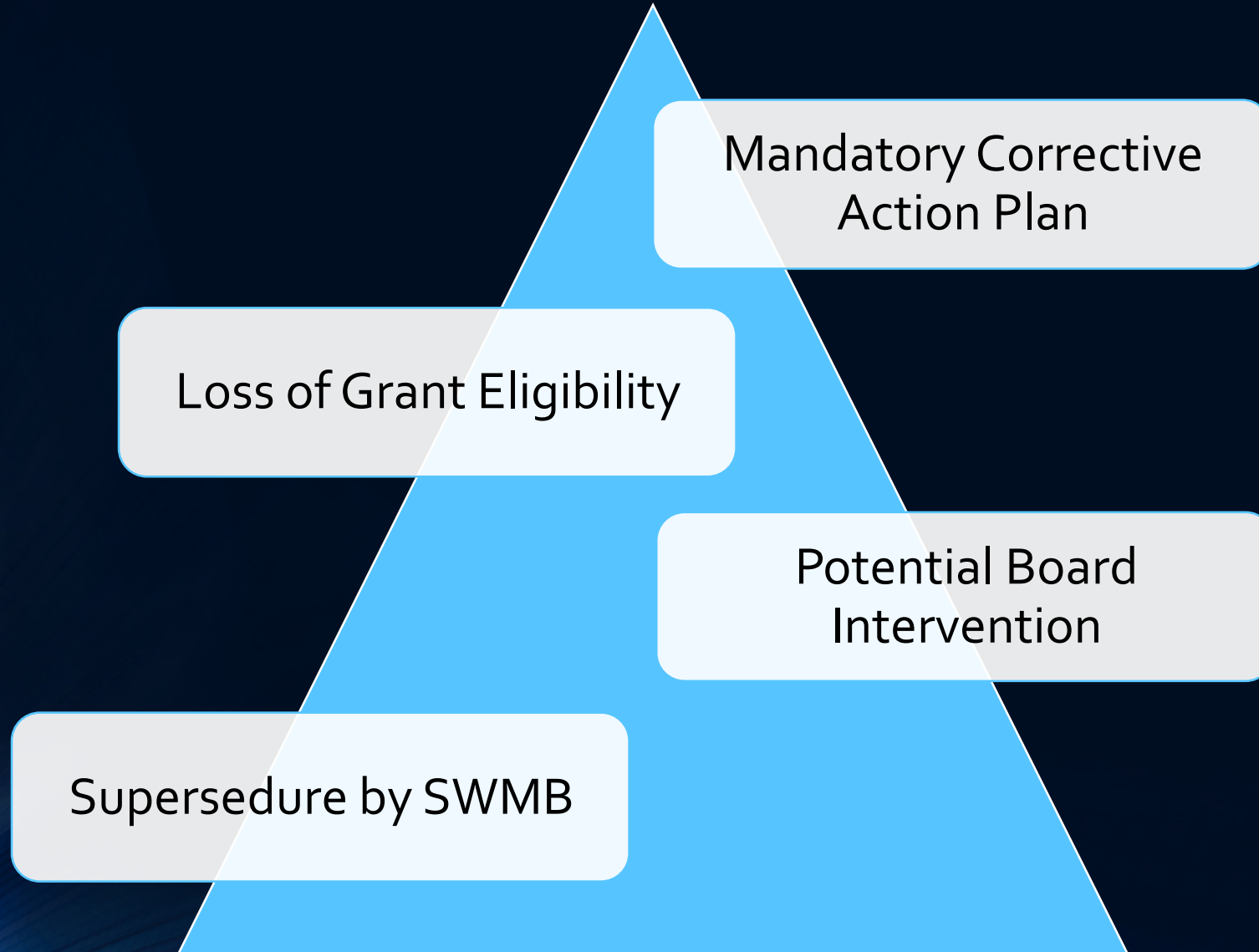
Accurate financial reporting, audits, and cash management

Transparency in payroll, grants, tonnage, and regulatory reporting

Board governance, budgeting, and operational oversight

# Balancing Controls and Compliance

# Consequences of Non-Compliance





# Strong Controls = Stronger Reviews

- Adopt & Follow Clear Procedures

- Maintain up-to-date financial, operational, and safety policies – and obtain Board approval.

- Segregate Duties

- Clearly define financial roles – no single person controls all steps! This includes external accounting services.

- Limit & Monitor Access

- Restrict access to bank accounts, credit cards and cash handling but make sure you have oversight.

- Reconcile Regularly

- Perform daily, monthly, and quarterly reconciliations of cash, scale, and accounts – and review with your Board!

- Maintain Updated Records

- Submit financials, tonnage logs, board minutes, and other documents on time.

- Track Board Actions & Approvals

- Ensure budgets, contracts, and board decisions are adopted and documented. Communicate with your board!

- Prioritize Safety

- Hold regular safety meetings, update safety plans, and document accident responses.

- Use Quarterly Reports to Self-Audit

- Treat each quarterly report as a mini audit to identify and fix issues early.

# Common Concerns

- Segregation of Duties
- No documented Board approval of policies
- Improper cash handling / untimely deposits
- Documented reconciliation of accounts – scale to tonnage, tonnage to fees, fees to payments
- Accrual vs. Cash based accounting
- Monthly accounting vs. Annual audits
- Appointment forms not submitted or updated
- Annual Reports not submitted
- Comp & Siting Plans not current

# Our Commitment to Your Success



## **Streamlined Reporting**

- Simplified quarterly reports with one fillable form and fewer required documents



## **Setting Clear, Measurable Standards**

- Performance reviews based on standardized benchmarks and quantifiable data



## **Building Stronger Partnerships**

- Ongoing support through meeting attendance and proactive assistance



## **Focusing on Guidance, Not “Gotcha”**

- Working with you to strengthen operations, not criticizing after the fact



## **Being Your Trusted Resource**

- Providing knowledge, tools, and best practices to help your authority succeed and grow



# Help Us Help You

- ❑ Be Proactive – Set the Tone!
- ❑ Identify weaknesses and take action
- ❑ Establish clear Policies and Procedures
- ❑ Maintain open communication between Board and staff
- ❑ Continually assess and adjust – finances, policies, and processes
- ❑ Acknowledge what you don't know and ask for assistance



# *Thank you!*

Visit us on the web:  
**SWMB.WV.GOV**

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