



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

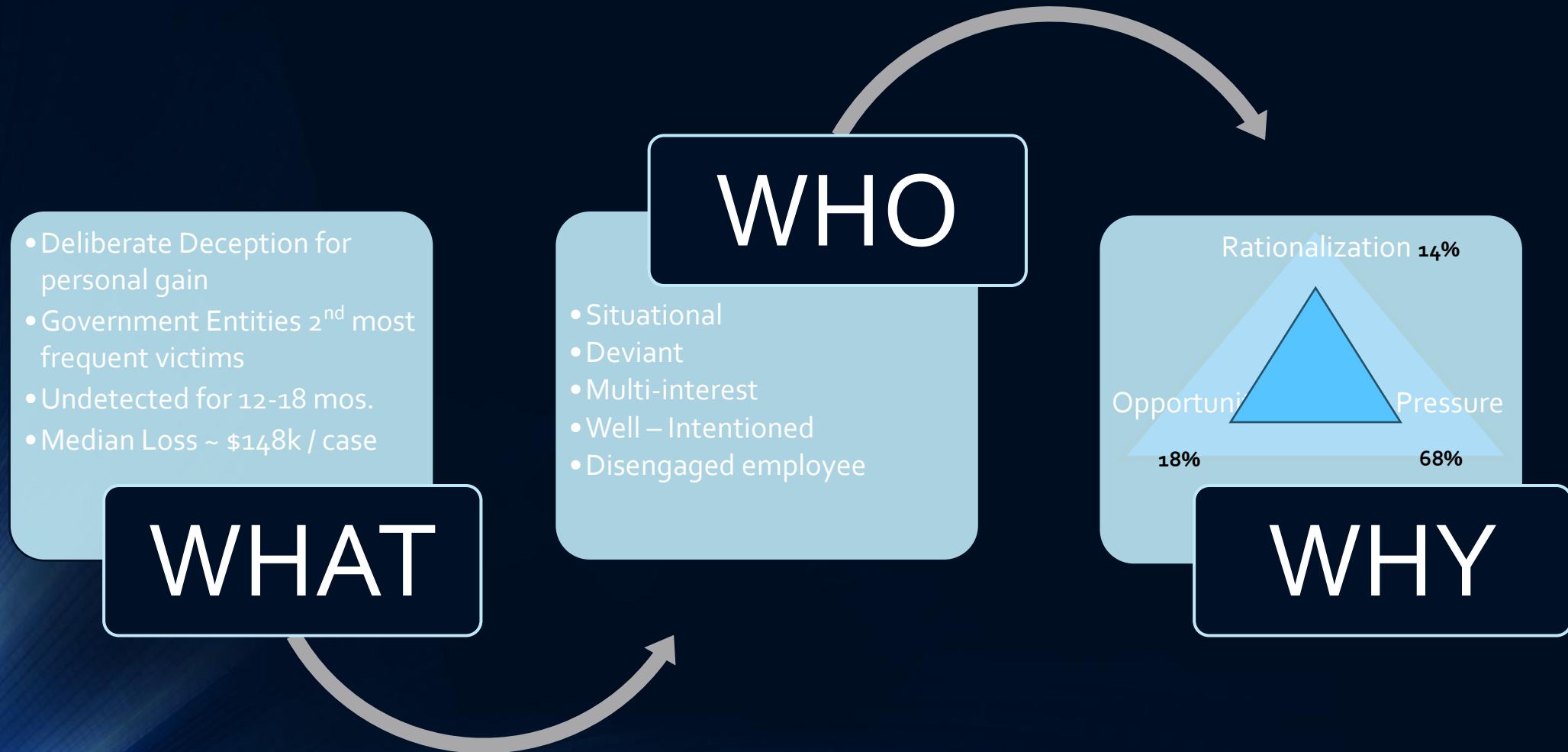
- ❑ COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS
- ❑ ACCOMPLISHMENT OF THE ENTITY'S MISSION
- ❑ RELEVANT AND RELIABLE FINANCIAL REPORTING
- ❑ EFFECTIVE AND EFFICIENT OPERATIONS
- ❑ SAFEGUARDING OF ASSETS

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

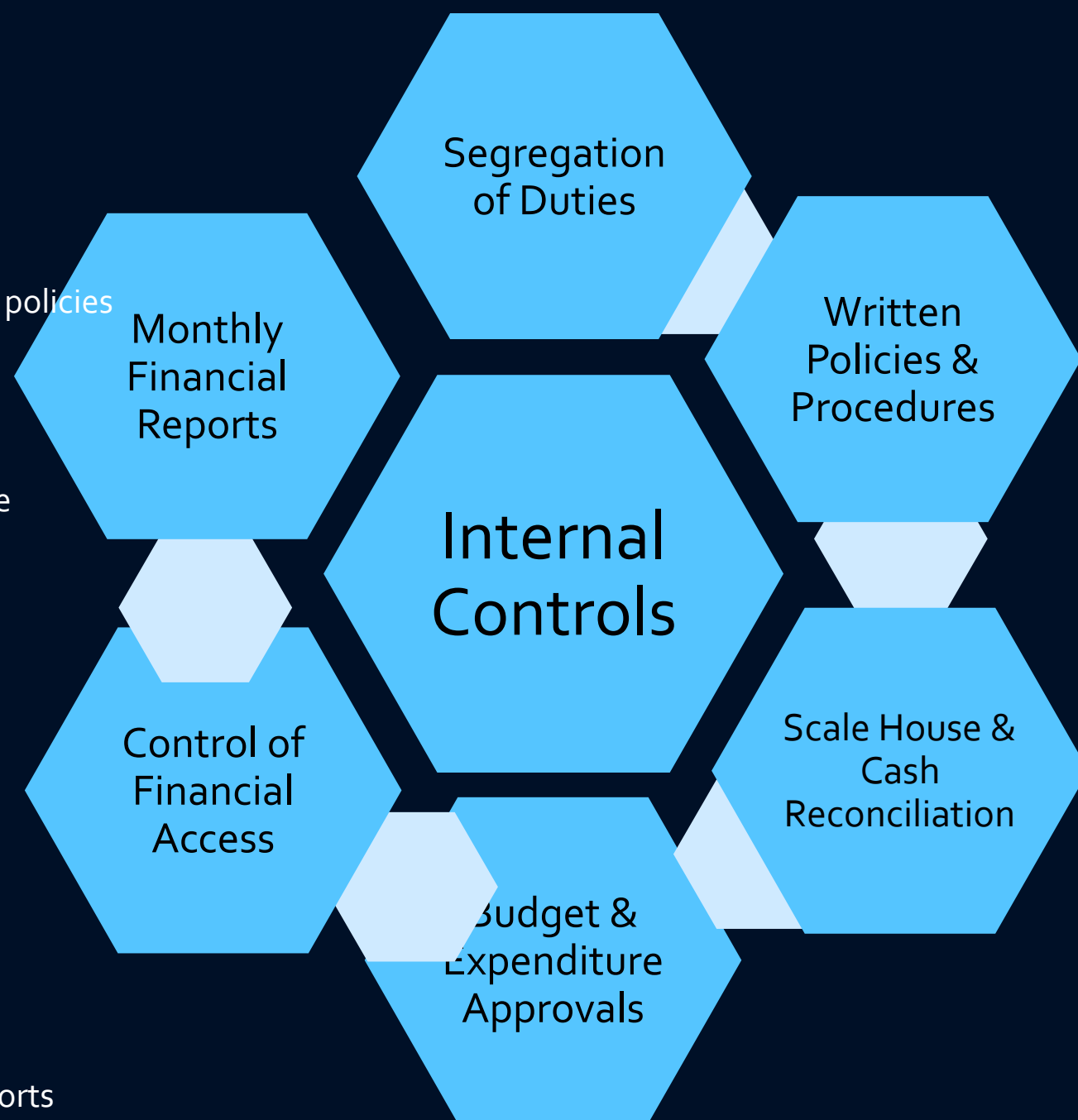
- ❑ Require prior approval and board-adopted budgets
- ❑ Set dollar thresholds and review variances monthly

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

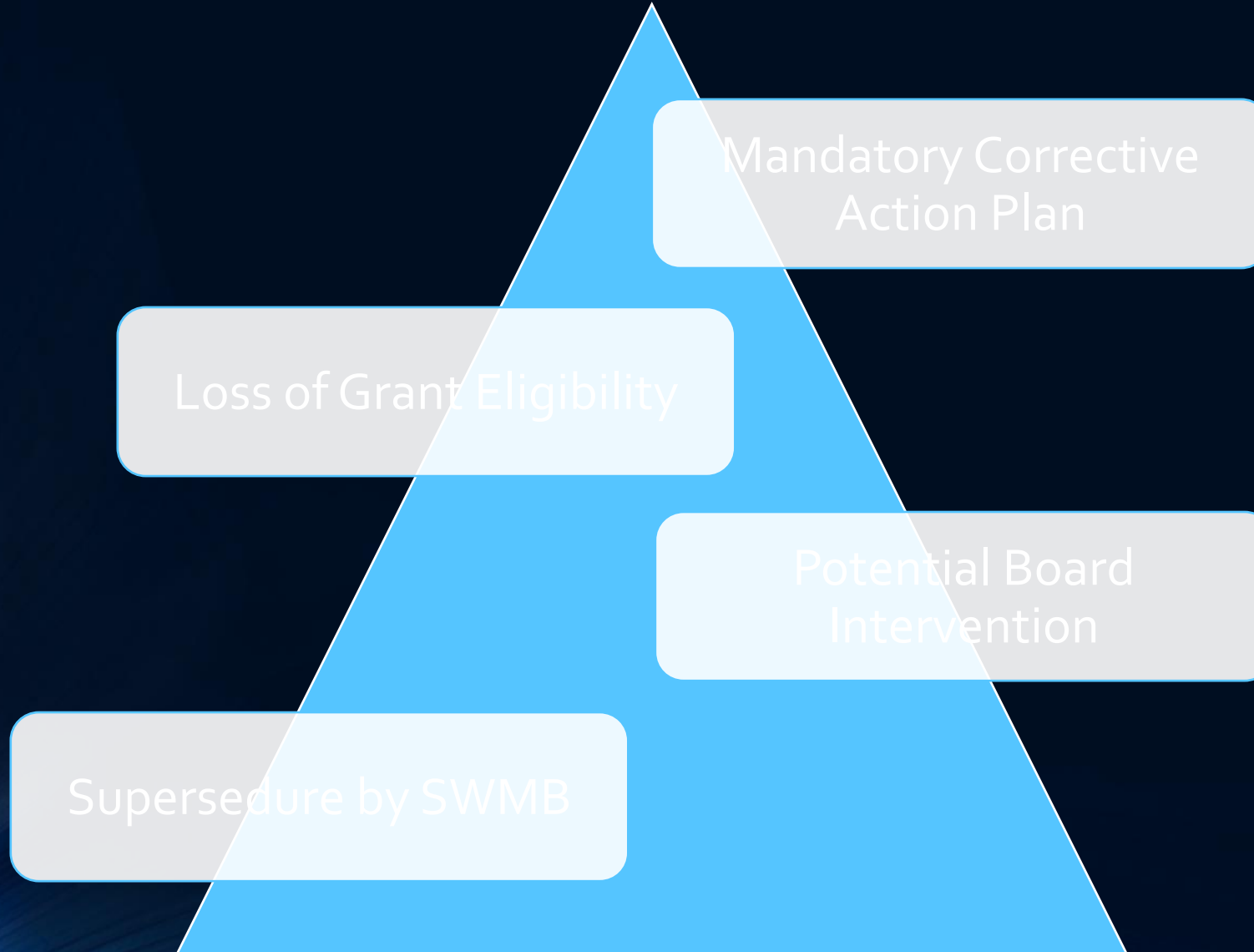
Accurate financial reporting, audits, and cash management

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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