

Government Guide

Winter 2017

Ways to hinder bank account fraud

By Cailee J. Lewis, CPA

Governmental bank accounts are a high priority for all governments when it comes to protecting public funds. Governments need to put in place controls, if they have not already done so, that help to deter a person from committing a fraudulent transaction and reduce the liability in the event of a fraudulent transaction. Technology has played a huge part in the controls that do prevent and limit the liability of fraudulent transactions. Below are five bank account fraud prevention tools and techniques presented as a "Best Practice" by the GFOA:

Positive pay. This is the most common type of tool used by governments and extremely easy to implement. It is a type of account reconciliation service provided by banks in which the bank compares checks that it receives for payment against the record of the checks issued by the government. Prior to mailing out checks, the government will send an encrypted log to the bank with all the information of the check such as date, check number, payee and amount. In order for the check to be deposited, the banks will verify it to the log and if everything matches, the check will be cashed, and if not, the check will bounce.

ACH blocks and filters. This technique stops any attempt by an outside entity to process an ACH transfer and remove funds from a checking account without prior permission. ACH blocks prevent all disbursements from an account where a filter prevents disbursements that do not match a pre-authorized transaction list.

Reconciliation tools. This allows governments to extract information from their bank or have information sent from their bank that assists the government in performing period-end reconciliation of bank accounts. Additionally, governments can use this tool throughout the month to monitor the bank accounts instead of only at period-end.

Intra-day access. This is a more detailed monitoring technique used by larger governments. Intra-day access allows a government to see bank account transactions that occur at various times throughout the business day. The government can also choose their method of how they would like the information delivered to the designated individual(s).

Universal Payment Identification Codes (UPIC). This is a technique to disguise a government's bank account numbers so that the account numbers are not disclosed in public form.

All of these tools and techniques are simple and inexpensive to implement for any governmental entity, no matter the size. They will work to reduce the liability of fraudulent bank account transactions; however, there is no guarantee that they will warranty the occurrence of any fraud. The tighter the controls are in place, the more effective they are. Governments should assess their controls at minimum annually to ensure that they are working properly and effectively. Also, Management of governments should research all bank security features that they have available to them because as technology advances, there could be a control even more effective than the ones in place that will add even more security to public funds. For more information visit GFOA's website at www.gfoa.org.

If you have any questions, Cailee can be reached at (480) 839-4900 or CaileeL@hhcpa.com.

Fast Facts

- Founded 1957
- 18 Partners
- 150+ team members
- 50% are CPAs
- Arizona's largest locally owned accounting firm
- Your money stays in the state
- Serving the government industry since 1957
- Average 10+ years of experience per auditor
- Your team works exclusively on government audits





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Simple ideas to keep your staff engaged throughout the New Year By Andrew R. Gill, CPA

December is often the highlight of many people's year. From the cool crisp weather to the colorful decorations, and the time spent with family and friends, you just can't escape the good feelings that accompany the holiday season. However, the feelings that follow are less warm. There's the cruel realization that the holidays are over and it's back to the grind until next December. Decorations are unceremoniously ripped down, family and friends leave and all that remains is the awful bitter cold of January, which can leave employees feeling down. But there's still hope! Here are a few ideas to help lift your employees' spirits and set the proper mindset for 2017.

Setting goals

We all know that most New Year's resolutions are dropped by February, or even sooner. However, one way to truly engage employees is to set a time with just the two of you and discuss what they hope to achieve during the year. Perhaps they want additional training outside of your organization or would like to try out new responsibilities. This gives them the opportunity to communicate what they think could help them grow and also keeps them engaged throughout the year. It's also important to encourage them during the New Year and ask follow up questions to their goals, such as, "how was that training you went to?" or, "are you enjoying your new responsibilities?" This will show that you care and want to encourage growth to help them to succeed.

Community service

Giving back to the community can be a great way to not only serve the community, but to strengthen coworkers' bonds. Interacting outside of the office is a great way for coworkers to get out of their daily routine and accomplish something together. This will encourage teamwork and communication that will transfer directly to the workplace. Let them come up with different ideas and decide what type of event they want to participate in.

Activities

Are there particular times of year that are more stressful than others? Why not implement an outlet for employees to give them a brief escape from their work and interact with others? For example, set a time each day to hold a "Minute to Win It" competition with a prize at the end. This can be anything from "who can stack the most cups?" for one day to "who can thread the most needles?" the next day. This simple and quick activity will provide a breath of fresh air for employees and get them reenergized for the rest of the day. It's always good to have something to look forward to other than when the clock strikes 5.

While you may be questioning the necessity to implement any of these ideas, remember, employees that feel valued and happy will exhibit much greater productivity. You only need to invest a small amount of time above your normal responsibilities into your employees to receive much greater returns in their happiness and overall production.

If you have any questions, Andrew can be reached at (480) 839-4900 or AndrewG@hhcpa.com.



Henry+Horne has performed several audits of our annual financial statements, and each year they have submitted the reports on or before deadline. All members of the engagement team are very knowledgeable, extremely responsive and professional.