
***CREATING A SECURE
ENVIRONMENT
FOR REVENUE HANDLING***

by

Rich Lobron, Principal

LCL ADVISORS, INC.

TOOLS TO CREATE SECURE ENVIRONMENT

INTERNAL CONTROL SYSTEMS

PEOPLE

TECHNOLOGY

INTERNAL CONTROL DEFINED

"the plan of organization and all methods and measures adopted within a business."

- **TO SAFEGUARD ITS ASSETS**
- **TO CHECK THE ACCURACY AND RELIABILITY OF ACCOUNTING DATA**
- **TO PROMOTE OPERATIONAL EFFICIENCIES**
- **TO ENCOURAGE ADHERENCE TO MANAGERIAL POLICIES**

EFFECTIVE CONTROL SYSTEMS *MUST*

- ✓ **EXIST IN EVERY TRANSACTION FLOW**
- ✓ **INVOLVE ALL TECHNOLOGICAL
RESOURCES**
- ✓ **PERMEATE THE CORPORATE CULTURE**
- ✓ **UNDERGO CONSTANT EVALUATION AND
REVIEW**

PEOPLE = *Major Exposure*

■ Customers

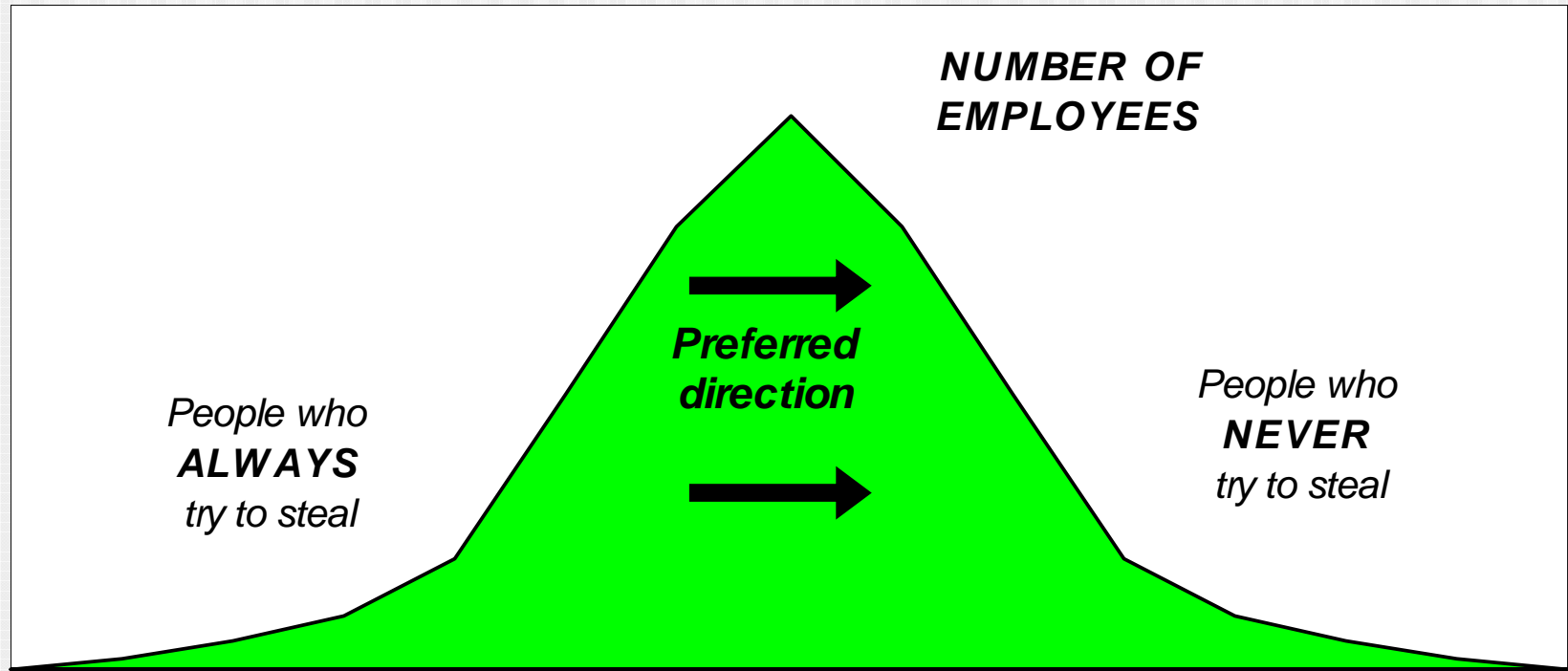
*Passback, Shortchange, Counterfeits,
Gatehoppers, No Pays*

■ External = *Robbery, Burglary*

■ Employee = MAJOR EXPOSURE

- They touch ALL funds
- Embezzlement, Theft, Misappropriation, Mischarging, Misuse of Instruments

“PROPENSITY TO STEAL”



MANAGER'S JOB – MOVE PEOPLE THIS WAY ==>

REASONS FOR INTERNAL THEFT

■ ***NEED***

■ ***GREED***

■ ***REVENGE***

■ ***CHALLENGE***

HUMAN RESOURCE MANAGEMENT PRACTICES

CLARIFY INDIVIDUAL RESPONSIBILITIES

EQUATE RESPONSIBILITIES WITH EDUCATION

PROVIDE CONTINUAL TRAINING

IMPROVE OVERALL WORKING CONDITIONS

*PROVIDE INFORMATION ABOUT REVENUE CONTROL
PROCESSES*

ENSURE CONSISTENT APPLICATION OF REGULATION

TECHNOLOGY

Revenue is Data More than Cash

Equipment Eases Burden of Processing

BUT

Creates Enormous Exposures to Revenue Loss

*Requires Extensive Controls from inception
through operation*

Testing of Control Systems is Vital

*Must be constantly monitored through
reporting systems*

MAINTENANCE CONTROL ISSUES

STATISTICAL REVIEWS

Study MTBFs & Repeat Repairs

STRICT SECURITY OVER TOOLS / KEYS

LIMIT IN-FIELD ACCESS

TRAINING OF MAINTAINERS & MONITORS MUST BE CONTINUOUS

CONSIDER APPRENTICESHIPS

Vary Duties To Meet Experience

EQUIPMENT ACQUISITIONS

- *RETAIN CONTROL OVER DESIGN PROCESS*
- *RESTRICT ACCESS TO KEYS, PASSWORDS & COMMUNICATION SYSTEMS*
- *OBTAIN MANUALS & PROGRAMS FROM MANUFACTURER EARLY IN THE PROJECT*
- *ATTEMPT TO USE EXISTING DESIGNS*

CREATING A SECURE ENVIRONMENT FOR REVENUE

Constant Review of Controls

Constant Care of Personnel

Constant Concern for Technology