



Risk Management Solutions



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Guiding the Life of Every Dollar: How to Strengthen Revenue Controls

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Every dollar that flows into an organization tells a story, but only strong revenue controls ensure it is an honest one. Handling revenue responsibly is one of the core responsibilities of any organization that deals with money, whether it is a city department, a public agency or a private business. The way an organization collects, records, secures and reports its revenue has a direct impact on financial stability and public confidence.

A well-known example of the consequences of weak controls occurred in the city of Dixon, Illinois. For more than two decades, the city's comptroller was able to steal over \$50 million by diverting revenue into a secret bank account. This opportunity was made possible because no one reconciled accounts independently, reviewed bank statements thoroughly or separated key financial duties. This case became a national example of how gaps in oversight can silently drain resources and undermine public trust.

When strong internal controls are in place, they help prevent fraud, cut down on mistakes and ensure the organization meets required financial standards. Clear procedures also create consistency, protect assets and support accurate financial reporting. Review the following 10 recommendations for consideration.

- 1 One of the most fundamental ideas in revenue management is separating key duties.** No employee should control an entire financial process from start to finish. When the same person collects money, records payments, deposits funds and completes reconciliations, it is much harder to identify errors or misconduct. Dividing these tasks among multiple employees helps solve problems quickly and reduces opportunities for misuse. For instance, the employee who receives payments should not be the one reviewing bank statements. Oversight is especially important for processes like issuing refunds, voiding transactions or making account adjustments.
- 2 Cash handling practices are another major part of reducing financial risk.** Organizations should require receipts for every payment and use pre-numbered forms to track them. Cash counts should be performed by two people at shift changes or before making deposits. Cash drawers, lockboxes and safes need to stay secure when not in use, and access should be limited to staff who truly need it. Unannounced cash counts can reinforce expectations and discourage any attempts at theft. Together, these steps make it easier to maintain accountability and protect funds.
- 3 Timely deposits also matter.** Money sitting in an office is more vulnerable to loss, theft and simple misplacement. Deposits should be made daily whenever possible, or at least within a clearly defined time window. Many organizations also use bank drop boxes or armored transport services for added security. The longer funds remain undeposited, the greater the risk of errors or discrepancies. Consistent deposit routines help strengthen financial oversight and improve the accuracy of records.
- 4 Regular reconciliations are critical for spotting mistakes and irregularities.** Daily collections should match reports from payment systems, bank statements and accounting records. Whether revenue comes from point of sale systems, online payment portals or manual receipts, all sources must line up with the general ledger. Ideally, reconciliations should be completed by someone who is not involved in collecting the revenue. This independence helps ensure transparency and strengthens internal controls.



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- 5 **Documentation is another pillar of effective revenue management.** Organizations should maintain receipt logs, deposit documentation, refund approval forms, adjustment records and reconciliation reports. Keeping thorough records makes audits smoother, supports accountability and provides a clear trail of financial activity. Retention schedules should follow legal and regulatory requirements so that records remain available if questions arise in the future.
- 6 **Fraud prevention should be woven into every part of the revenue process.** A formal antifraud policy helps set expectations, and employees should have a safe way to report concerns or unusual activity. Conducting background checks for employees who will handle cash or financial data can reduce hiring risks. Management should watch for warning signs such as missing receipts, increasingly frequent voids, delayed deposits or unusual account adjustments. Widely used frameworks such as those developed by the Committee of Sponsoring Organizations of the Treadway Commission offer guidance for strengthening financial governance and internal controls.
- 7 **Technology also plays a major role in keeping revenue secure.** Modern point-of-sale systems, secure online payment platforms and role-based access permissions help prevent unauthorized activity and protect sensitive information. System logs and built-in audit features make it easier to track user actions and identify inconsistencies. Regular updates, cybersecurity practices and routine monitoring of software systems help reduce exposure to fraud and data breaches.
- 8 **Policies and training tie all of these efforts together.** Written procedures should outline expectations for cash handling, deposits, reconciliations, refunds, adjustments and write-offs. Employees need proper training when they join the organization and periodic refreshers to keep responsibilities clear. Documenting training completion demonstrates due diligence and reinforces a culture of accountability.
- 9 **Ongoing oversight is essential for ensuring that financial controls actually work in practice.** Internal audits, random spot checks and regular review of financial trends can reveal issues that might otherwise go unnoticed. Management should routinely review financial reports and require approval for reconciliations. Comparing revenue patterns across departments or time periods can highlight anomalies that warrant further investigation.
- 10 **Compliance with financial regulations is another important piece of the puzzle.** Public agencies often follow guidance from the Governmental Accounting Standards Board, and tax related reporting follows rules set by agencies such as the IRS. Adhering to these requirements promotes accuracy, transparency and trust. When errors or discrepancies occur, they should be corrected promptly and documented clearly.

In the end, effective revenue handling relies on a combination of strong internal controls, clear processes, employee training and consistent oversight. Common risks include theft, improper refunds, data entry mistakes, slow deposits and lack of supervision, especially in decentralized operations. By developing structured policies and reviewing them regularly, organizations can protect their financial resources and maintain public confidence.

A proactive approach to revenue risk management not only safeguards assets but also strengthens credibility. With solid planning, proper training and ongoing monitoring, organizations can build a dependable system that supports financial integrity and long term operational success. ■



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Through a toll-free Employment Practices Law Hotline, members can speak directly with an attorney specializing in employment-related issues. When faced with a potential employment situation, the hotline provides a no-cost, 30-minute consultation.

www.losscontrol.org

SAVE THE DATE

SUMMER SEMINARS 2026

Join the Loss Control Division for our Summer Seminars, coming soon to a location near you!

More information will be posted on the Loss Control website as it becomes available.

Tuesday, August 25
Saraland Municipal Complex

Wednesday, August 26
Greenville

Tuesday, September 1
Athens City Hall

Wednesday, September 2
Vestavia Hills City Hall

New Board Members Elected for League Programs

Join us in congratulating the new board members for the Alabama Municipal Insurance Corporation and the Municipal Workers Compensation Fund! We are excited to have them serve in these leadership capacities and look forward to hearing their ideas to keep these vital programs going strong.

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2026 SKIDCAR Schedule

Through an advanced, computer-controlled driver training vehicle known as the SKIDCAR System, trainees learn how to react quickly and safely to a range of hazardous driving conditions. Training is conducted throughout the state at a minimal cost. If you would like to schedule or host a SKIDCAR session in your area, please contact **Donna Wagner** at (334) 386-8125. View the SKIDCAR in action by scanning the QR code.



Adamsville	April 7 - 17	Decatur	August 11 - 21
Thomasville	June 8 - 12	Valley	September 8 - 18
Pelham	July 7 - 17	Fort Payne	October 13 - 23

Register and pay online at www.losscontrol.org!



Loss Control Division

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Defining Moment: Playground Safety

A safe, well-kept playground is not just a nice amenity — it is an important way to keep everyone in the community safe. Warm weather and the end of the school year bring higher playground use. Below are ways to help keep these play areas safe, fun and compliant.

- 1. Inspections:** Do not inspect from the truck! Get on the playground and interact with the equipment. Conduct frequent documented inspections to identify hazards like broken equipment, loose bolts or worn surfacing. High traffic areas should be inspected more than once.
- 2. Maintenance:** Addressing small issues early helps prevent major safety hazards and costly repairs. Ensure all hardware, moving parts, and fasteners are in good working condition. Plan and budget for replacing or removing damaged components.
- 3. Protective Surfacing:** Falls are leading causes of playground injuries, and proper surfacing is critical to reducing the risk of serious injuries. Maintain depth and coverage of impact-absorbing materials, especially in high use areas like swings and slides.
- 4. Signage:** Rules and warnings should be visibly placed near or on the playground and should, at minimum, include the age-appropriateness of playground use and adult supervision recommendations. Also, include phone numbers so damage to equipment can be reported.
- 5. Make Safety a Priority:** Create a culture of safety by engaging everybody that is involved with using and taking care of the playground. Encourage playground users to report concerns and respond promptly to all feedback. ■