

ABCs of Separation of Duties

Establishing adequate separation of duties in a financial transaction process requires that no one individual be assigned job functions in more than one of the following three categories of duties:

Asset handling and disposition

Booking, or recording, transactions to the general ledger and preparing journals

Comparison or review of transactions or balances

Separation of Duty Staffing Needs

The **preferred** number of individuals involved in handling financial transaction is:

3+



Satisfactory separation of duties can be attained relatively easily

The **minimum** number of individuals who can successfully operate a financial process is:

2



Satisfactory separation of duties can be attained, but not without careful planning

Separation of Duty for Smaller Units

Tips for departments with 2 individuals involved in handling a financial transaction process

1. ■ Look for areas where duties can be performed jointly by both individuals (dual custody)

2. ■ Identify opportunities to develop sub-functions within a single duty to divide between both individuals