

How Segregation of Duties can be Accomplished with Two People

OWNER/MANAGER OR FINANCIAL MANAGER

- Receive and open bank statements
- Sign checks
- Approve Payroll
- Authorize check requests
- Perform interbank transfers
- Authorize invoices for payment
- Review bank reconciliations and bank statement activity (including check copies)
- Review petty cash
- Review journal entries
- Perform analytical procedures
- Sign important compensation
- Discuss matters with BOD or audit committee

EMPLOYEE

- Prepare bank reconciliations
- Mail checks
- Write or prepare checks
- Make deposits
- Distribute paychecks
- Disburse petty cash
- Approve vendor invoices
- Record journal entries
- Record sales and receivables

In addition, non-accounting personnel such as a receptionist, program personnel, etc., can be trained to perform some of the less technical duties, such as opening the mail, mailing checks, or distributing paychecks. A Board member can be utilized to further segregate duties.

Key Controls to Consider:

- Controls over cash receipts to mitigate the risk of skimming or theft
- Controls over cash disbursement to mitigate the risk of unauthorized disbursements
- Controls over financial reporting to mitigate the risk of manipulation of financial information

CONTACT US

Looking for a firm that understands your unique circumstances? For more information on our start-up services, please contact us at 206.382.7777 or visit pscpa.com. In a brief consultation, we can assess your situation and determine how we can assist you.

How Segregation of Duties can be Accomplished with Three People

OWNER/MANAGER OR FINANCIAL MANAGER

- Sign checks
- Perform interbank transfers
- Receive and open bank statements
- Review bank reconciliations and bank statement activity (including check copies)
- Sign important contracts
- Adjust employee compensation
- Discuss matters with BOD or audit committee
- Perform analytical procedures
- Review journal entries

EMPLOYEE #1

- Record sales and receivables
- Write or prepare checks
- Prepare bank reconciliations
- Distribute paychecks
- Review petty cash
- Record journal entries

EMPLOYEE #2

- Approve payroll
- Approve vendor invoices
- Mail checks
- Disburse petty cash
- Make deposits
- Authorize invoices for payment
- Open mail and log cash

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How Segregation of Duties can be Accomplished with Four People

OWNER/MANAGER OR FINANCIAL MANAGER

- Sign checks
- Receive and open bank statements
- Review bank reconciliations and bank statement activity (including check copies)
- Sign important contracts
- Adjust employee compensation
- Discuss matters with BOD or audit committee
- Perform analytical procedures
- Review journal entries

EMPLOYEE #1

- Record sales and receivables
- Write or prepare checks
- Prepare bank reconciliations
- Distribute paychecks
- Reconcile petty cash
- Record journal entries

EMPLOYEE #2

- Distribute paychecks
- Open mail and log cash
- Disburse petty cash
- Mail checks

EMPLOYEE #3

- Approve vendor invoices
- Approve payroll
- Perform interbank transfers
- Make deposits

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