INTERNAL CONTROL SEGREGATION OF DUTIES

Internal controls of an organization assist in making sure the monthly and annual requirements of the organization are being met in an efficient, effective and reliable manner. Controls also assist in protecting the company from fraudulent activity.

The foundation upon which all other components of internal control are based is the tone at the top. The attitudes of management, owners and the board of directors are a key factor in how employees will handle their duties. And while the tone in the organization is key; there are other things that should be done to make sure that transactions are recorded appropriately and to protect from fraud and errors.

A basic but fundamental concept in a good system of internal control is the segregation of duties. The table below represents a separation of key tasks that will improve internal controls. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Bill Pay Provider	Office Manager	Director	Accountant	Treasurer
Record A/R entries	Receive cash	Sign checks	Review board reports	
Prepare e-checks	Confirm e-check payment		Review general ledger entries	Review credit card statements
Write checks	Mail checks			
Reconcile bank statement	Approve invoices for payment of <$500	Approve invoices for payment of >$500		Review bank reconciliations and statements
Record transaction in the appropriate trial balance acct	Complete deposit slips	Approve deposit slip		
Record general ledger entries		Approve interbank transfers		Review interbank transfers
Process ACH Payments	Upload ACH Payments	Authorize ACH Payments		

Any paper check will require two signatures if over $5,000.

Adopted: March 20, 2014