

Segregation (Separation) Of Duties

The concept of Segregation of Duties is to separate the major responsibilities of authorizing transactions, custody of assets, recording of transactions and reconciliation/verification of transactions for each business process. In other words, no one employee should have the responsibility to complete more than one of these major responsibilities.

We should always strive for the optimum degree of segregation of duties. However, due to limited staff sizes, there will be circumstances where optimum separation of duties cannot be achieved. In those circumstances you should at least strive for an acceptable (minimal) level of segregation of duties which when combined with compensating controls (such as Managerial Review) will minimize the impact of control deficiencies and exposure to errors or irregularities.