

SEPARATION OF DUTIES**8080**

(Revised 9/91)

The Financial Integrity and State Manager's Accountability Act of 1983 (Government Code Sections 13400–13407) requires that the head of each State agency establish and maintain an adequate system of internal control within their agencies. A key element in a system of internal control is separation of duties. This section provides the appropriate level of separation of duties for agencies with manual accounting processes. Employees of units other than the accounting unit should be used, when necessary, to provide separation of duties.

Members of the same family (husband, wife, brother, or sister) are considered one person. No one person will perform more than one of the following seven types of duties:

1. Receiving and depositing remittances
2. Authorizing disbursements
3. Preparing checks
4. Operating a check signing machine*
5. Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents).* (See below for instructions as to which position is to be assigned this duty.)
6. Reconciling bank accounts and posting the General Ledger or any subsidiary ledger affected by cash transactions*
7. Initiating, or preparing invoices

(*Will not have access to or control blank check stock)

The person who prepares checks will mark authorizations and supporting documents with the check number in ink in such a manner as to prevent their reuse.

Preferably, no books of original entry concerning cash receipts, cash disbursements, or invoices should be kept by employees assigned duties 1, 2, 3, 4, 5, or 7 above. However, persons receiving or depositing remittances may keep the cash receipts register, persons preparing checks may keep the cash disbursements register, and persons preparing invoices may keep the invoice register. Persons assigned duties 1, 2, 3, 4, 5, or 7 above will not keep more than one of the books of original entry concerning receipts, disbursements or invoices, but persons assigned duty 6 above may do so. These books of original entry are: General Cash Receipts Register, General Cash Disbursements Register, Trust Cash Receipts Register, Trust Cash Disbursements Register, Revolving Fund Cash Book, and Invoice Register.

The paid checks will be delivered unopened to the person charged with the bank reconciliation function and will be safeguarded by him/her until the reconciliation is completed.

Agencies having an office management, office services, or cashiering section independent from the accounting office will assign to such duties, 1, 3, 4, and 5 listed above. Such section also will be custodian of check stock, but accountability records for such stock will be kept by the accounting office.

Duty 5 is a very responsible disbursing operation. Preferably, it will be performed by a Business Service Officer I or higher classification in an office management, office services, or cashiering section independent from the accounting office if the agency has such a section and it is so staffed. Otherwise duty 5 will be performed by the accounting section unless the volume is very small and it is practical to have it done by an administrative services officer, business manager, or other officer who supervises the chief of the accounting section. If it is performed in the accounting section, it will be done by the chief of the accounting section or by the person designated by the one who supervises the chief of the accounting section.

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SAM—CASH

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SEPARATION OF DUTIES

8080 (Cont. 1)

(Revised 9/91)

Checks will not be routed for mailing or distribution through the person who authorized the disbursement or prepared the check.

The person who prepares checks will maintain a daily log of checks written. If the checks are to be signed by check signing machine, it will be in the form shown in SAM Section 8081. If the checks are signed by hand, the following form will suffice:

Date	Beginning Check Number	Ending Check Number	Numbers of Voided Checks
10/1	101	203	157,192
10/2	204	255	231

The person who records checks written in the books of original entry (General Cash Disbursements Register, Trust Cash Disbursements Register, and Revolving Fund Cash Book) will assure that only those checks shown on the daily log of checks written are recorded therein.

Organizational units cited above will perform the duties outlined only when the nature of services provided by such units permit. It is not the intention of this instruction to include office service units in separation of duties if, for example, the unit is providing duplicating services only or similar activities not related to accounting functions.