The Small Office Guide to Segregation of Duties: Receipting

This document provides an example of a checklist that may be used to demonstrate how to achieve adequate or good segregation of duties in the assignment of routine functions for employees. We designed the checklist in a generic fashion so that the checklists would relate to both computerized and manual offices. This will strengthen segregation of duties issues but may not remove all possible weaknesses in controls. Keep in mind that the checklist was not designed to provide ultimate answers for every possible situation. Officers will always have to review their specific office and make decisions over internal controls based on their circumstances and the risks of their office.

Implementation of the recommended procedures may cause some perceived inconvenience. However, we believe the benefits outweigh the increased effort. Officers should keep in mind that they are responsible for establishing and maintaining a system of internal controls for their office. The Oklahoma State Auditor's Office is not allowed by Government Auditing Standards to make management decisions on your behalf. Feel free to contact us if you have any questions about the application and use of this checklist.

Segregation of Duties Checklist - Receipting/Revenue

	Checks Received in the Mail			Daily Receipting and Depositing										
	Open Mail, Stamp Checks for Deposit Only, & make a List of Checks/Cash	Issue Receipts for Mail-in Checks		Maintain Separate Cash Drawers	Issue Receipts	Stamp All Checks for Deposit Only when Received	Post Receipts to Accounting Records	Verify that all receipts were Recorded	Balances Receipts issued/posted to cash drawers	Count Cash/check and make Daily Deposit	Deposit with the Bank	Verify Deposit Slip with Amount recorded in the records for the day	Examine Audit Log and review for discrepancies	Reconcile ledger to bank balances/or treasurer balances (at least monthly)	Review/approve Reconciliation
	1			2	3		4		5				6	7	
Two Person Office															
Official		X		X	X	X		X	X		X	X	X		X
Employee	X			X	X	X	X		X	X				X	
Three Person Office															
Official				X	X	X			X		X				X
Employee #1		X		X	X	X			X						X
Employee #2	X						X	X		X		X	X	X	

Columns with more than one X could be performed by either one or both individuals.

Additional Explanations

1 - Open mail, stamp checks for "Deposit Only". Make a list which includes the date received and check information (i.e.. name on check, check #, & amount of the check).
     If cash is received, document who paid and the amount paid.

2 - Each employee who receives monies to be receipted should have their own cash drawer. This protects the employees if monies are short at the end of the day, and would allow for the source of the discrepancy to be detected. This doesn't mean each employee would have to have their own computer or register for receiving/receipting monies.

3 - If the receipting cycle includes computerized systems, consideration should be given to the level of access each employee needs in regards to their assigned duties.
     Make sure you have proper computer policies in place such as adequate password policies, system backup policies, etc.

4 - If a computerized system is used, this step may occur while the receipt process is occurring.

5- The task should also be reviewed by another person.

6 - Examine the audit log from the computer system. Determine why transactions were deleted or changed. (It is preferable to perform the procedure daily, but the procedure should be performed at least once a month. It is also preferable to print the report and write a brief explanation.) Initial and date the report after review or otherwise document that you examined the audit log if it was not printed.

7- If another office could perform this function for the Two-Person Office example, it would greatly increase the segregation of duties for the office.