Withiel Parish Council
Separation of Duties Matrix
Sep-23

Introduction

The concept of **Segregation of Duties** is to separate the major responsibilities of authorising transactions, custody of assets, recording of transactions and reconciliation/verification of transactions for each business process. From a separation of duties perspective, the completion of more than one of these functions would be considered performing "incompatible duties". So, no one employee should have responsibility for completing two or more of these major responsibilities. But, staff limitations may make this impractical ***and that is when compensating controls must be considered.***

The attached matrices have been developed to help you in structuring proper separation of duties and identifying areas where separation of duties is lacking. They will cover the most common processes (Cash, Petty Cash, Investments and Banking, Purchasing, Payroll, Stock, Fixed Assets and General Ledger).

When completing these forms, if you identify employees who perform two or more tasks for each business process area, you will need to determine if those tasks would be considered a performance of "incompatible duties".   If so, you will need to consider compensating controls or revise duties.

You should always strive for the optimum degree of segregation of duties. However, due to limited staff sizes at most councils, 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 will minimize the impact of control deficiencies and exposure to errors or irregularities. A minimal level of segregation of duties could possibly be achieved by verifying that no one employee performs more than two of the "incompatible duties". For example, an employee might perform the authorization and verification/reconciliation functions but they should not record the transaction or maintain custody of assets. A compensating control could be managerial review.