

Segregation of Duties in a Small Office

The most important thing to remember is not having any single employee responsible for one or more of the following duties: custody of assets, recording transactions, and authorizing transactions relating to cash.

Two-person office

Clerk/Admin Employee	Director/Chief/Mayor
<ul style="list-style-type: none"> ✧ Write checks ✧ Mail checks ✧ Receive cash ✧ Reconcile bank statements ✧ Disburse petty cash ✧ Record accounts receivable and general ledger entries ✧ Approve payroll ✧ Authorize purchase orders ✧ Authorize check requests ✧ Authorize invoices for payment 	<ul style="list-style-type: none"> ✧ Sign checks ✧ Complete deposit slips ✧ Review bank reconciliations ✧ Perform inter-bank transfer ✧ Reconcile petty cash ✧ Process vendor invoices ✧ Approve employee timesheets ✧ Distribute payroll

Three-person office

Bookkeeper	Clerk/Admin Assistant	Director/Chief/Mayor
<ul style="list-style-type: none"> ✧ Write checks ✧ Record accounts receivable entries and general ledger journal entries ✧ Reconcile petty cash ✧ Record general ledger entries ✧ Reconcile bank statements 	<ul style="list-style-type: none"> ✧ Authorize purchase orders ✧ Approve and process vendor invoices ✧ Disburse petty cash ✧ Receive cash ✧ Mail checks ✧ Authorize employee timesheets ✧ Approve payroll ✧ Distribute payroll 	<ul style="list-style-type: none"> ✧ Sign checks ✧ Complete deposit slips ✧ Review bank reconciliations ✧ Perform inter-bank transfers

Four-person Office

Bookkeeper	Clerk	Office Manager	Director/Chief/Mayor
<ul style="list-style-type: none"> ✧ Write checks ✧ Reconcile petty cash ✧ Reconcile bank statements ✧ Record accounts receivable entries ✧ Record general ledger entries 	<ul style="list-style-type: none"> ✧ Receive cash ✧ Disburse petty cash ✧ Authorize purchase orders ✧ Authorize check requests ✧ Mail checks ✧ Distribute payroll 	<ul style="list-style-type: none"> ✧ Complete deposit slips ✧ Process vendor invoices ✧ Approve payroll 	<ul style="list-style-type: none"> ✧ Sign checks ✧ Review bank reconciliations ✧ Perform inter-bank transfers ✧ Approve employee timesheets

Of course, another option to consider is hiring a payroll service or outside bookkeeper to do some of the accounting duties. This helps with segregation of duties.