

RULE 2.4 – SEPARATION AND ROTATION OF DUTIES

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PURPOSE

Separation and Rotation of Duties are basic premises of sound internal controls. This requires that functions should be divided so that no one person has control over an entire process or fiscal activity and the functions or job assignments should be changed periodically.

Separation of Duties acts as a deterrent to fraud or concealment since collusion with another individual is required to complete a fraudulent act. Responsibilities should be assigned to individuals in such a way as to encourage checks and balances. For example, no one person should be able to prepare a transaction, approve it, process it and then reconcile department records to the accounting system. Having adequate segregation of duties has a major impact on ensuring that transactions are valid and properly recorded.

Rotation of Duties is an additional deterrent to fraud. Job assignments should be changed periodically so that it is more difficult for users to collaborate to exercise complete control of a transaction and subvert it for fraudulent purposes. Rotation of duties among staff is also critical in that it facilitates cross-training and improves depth of personnel skill and succession.

RULES

1. Department managers/agency heads shall manage their personnel to ensure assignment of duties to different personnel for processing, authorizing and reconciling transactions in the accounting records for at least two consecutive weeks during each calendar year.
2. In small departments or agencies, where separation is difficult to achieve, a high level of management oversight of the financial related activities is required as a compensating control activity.
3. Department managers/agency heads shall develop a plan to periodically have staff members rotate jobs to ensure that employees are cross-trained to perform each other's functions in case of illness, vacation, or termination.

AUTHORITY AND ACCOUNTABILITY

The **Controller's Office** is responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.

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