

## **Information**

Segregation of Duties

## **Effective**

March 1 2015

## **Applicability**

This policy applies to University Employees administrators faculty and staff

## **Administrative Authority**

Vice President for Finance and Chief Financial Officer

## **Responsible Unit**

Controller's Office

Service Complex, Louisville, KY 40292

502-852-6164

controll@louisville.edu

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## **History**

\*This policy was approved by the Finance Committee on July 12, 2018 and the Board of Trustees on July 19, 2018.

Revision Date(s): May 3, 2020

Reviewed Date(s): May 3, 2020

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## **Categories**

## **Statement:**

Departmental business functions should be distributed between departmental staff to ensure that adequate segregation of duties exist within the University's business units, service centers, or other internal operations which have the responsibility and authority to:

- Access cash.

- Make purchases through accounts payable or procurement cards.
- Manage payroll.
- Authorize disbursements.
- Manage revenues, billing, sales, collection of receivables or assets.

## **Reasoning:**

Segregation of duties is a fundamental component of an effective system of internal control within a business or organization. This policy addresses the segregation of duties as they relate to financial transactions and custody of assets.

## **Definitions:**

Segregation of duties is broadly defined as the separation of the custodial, record-keeping and authorization functions of a business process to ensure that no individual employee has the ability to initiate, approve, record, and reconcile departmental transactions or possess overall control over major functions within a business unit.