**Segregation of Duties in a Small Office**

The most important thing to remember in 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 |
| * 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 | * 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 |
| * Write checks * Record accounts receivable entries and general ledger journal entries * Reconcile petty cash * Record general ledger entries * Reconcile bank statements | * Authorize purchase orders * Approve and process vendor invoices * Disburse petty cash * Receive cash * Mail checks * Authorize employee timesheets * Approve payroll * Distribute payroll | * Sign checks * Complete deposit slips * Review bank reconciliations * Perform inter-bank transfers |

**Four-person Office**

|  |  |  |  |
| --- | --- | --- | --- |
| Bookkeeper | Clerk | Office Manager | Director/Chief/Mayor |
| * Write checks * Reconcile petty cash * Reconcile bank statements * Record accounts receivable entries * Record general ledger entries | * Receive cash * Disburse petty cash * Authorize purchase orders * Authorize check requests * Mail checks * Distribute payroll | * Complete deposit slips * Process vendor invoices * Approve payroll | * 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.