**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.