

**TEXAS SOUTHERN UNIVERSITY**  
**MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES**

**SECTION: Fiscal Affairs**

**NUMBER: 03.01.07**

**AREA: General**

**SUBJECT: Segregation of Duties**

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**I. PURPOSE AND SCOPE**

State and federal policies require that accounting transactions be authorized according to sound management practices. One of the most basic, yet most important principles of sound management is that of segregation of duties.

The purpose of this policy is to outline the essential process of segregation of duties. The fundamental premise of segregated duties is that an individual should not be in a position to initiate, approve, and review the same action. Also, the accounting/reconciling function and the asset (e.g., money, inventory) custody function should be separated among employees. These are incompatible duties when performed by the same individual.

Segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. Segregation of duties is critical to effective internal control; it reduces the risk of both erroneous and inappropriate actions.

**II. POLICY PROVISIONS**

- A. Responsible administrators must consider the principle of segregation of duties when designing and defining job duties. They must implement processes and control procedures that, to the extent feasible, segregate duties among employees and that include effective oversight of activities and transactions.
- B. Maintaining segregation of duties is especially challenging for units with small numbers of employees. When these functions cannot be separated, more reliance must be placed on administrative oversight.
- C. A detailed supervisory review of activities involving finances, inventory, and other assets is required as a compensating control activity.

**III. PROCEDURE**

- A. Document all significant business practices, processes, and policies.
- B. Make the policies and procedures available to all personnel.

- C. Ensure they are accurate, complete, and current at all times.
- D. Revise policies and procedures for changes in business processes and policies, particularly when new systems are developed and implemented or other organizational changes occur.
- E. Communicate significant changes to all affected personnel immediately to ensure they are aware of any revisions to their daily duties and responsibilities.
- F. Use documented policies and procedures to facilitate training and provide guidelines in the event of changes in personnel (i.e. new employees are hired, promotions granted, etc.)

IV. REVIEW AND RESPONSIBILITY

Responsible Party: Chief Financial Officer

Review: Every three years, on or before May 1

V. APPROVAL

*Kenneth Huewitt*

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Chief Financial Officer

*[Signature]*

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President

Date of President's Approval: 11/13/2017