**Simple Examples of Segregation of Duties**

***Amend as required to suit your specific needs***

* *Change the logo in the Header to your own*
* *Use the select all then replace all to amend the document for your NGB*
* *If your NGB is an unincorporated organisation i.e. not a Company replace all reference to the Board of Directors with the name of your NGB governing committee e.g. Executive or Management Group*
* *If your NGB is a charity your governing group may be the Trustees or similar*

**Segregation of Duties** is a control that brings into play more than one person during any one transaction/process.  The purpose of bringing in segregation is to stop one person from undertaking a transaction/process from start to finish (which could lead to an actual gain or benefit).

Segregation not only acts as a check on the individual's work but also helps to prevent fraud.  Where the organisation is too small to implement a process where segregation of duties exist; supervision should be used in its place.

**Supervision is a control whereby one identified person will review and sign off as "evidence of review" the work undertaken by another.**

The segregation of duties is important across many areas of an NGB but in particular it is vital in all Financial and some identified Governance Areas. The grey table below give a very basic outline of a simple segregation process that can be given far more detail to suit particular circumstances. In some instances the person(s) heading will refer to a particular individual or group of individuals or it may be a Committee, or the Board of Directors, again this will vary with circumstance. [Should a General Manager/CEO or similar be in post then they might take on many of the duties of person B or in some instances C.] *Amend the notes below to suit your NGB specific circumstances e.g. office may be a volunteer home address.*

|  |  |  |
| --- | --- | --- |
| **Person(s) A** | **Person(s) B** | **Person(s) C** |
| * Initiates the particular piece of work * Work checked/agreed by B * Following check completes the work as required (or if required) | * Checks and authorises/agrees the work initiated by A then B either   + completes the work OR   + returns it to A for completion OR   + gives it to C for final approval | * Sets the level of authority/process to be followed * Monitors that A and B are complying with the requirements both regularly and irregularly * Gives final approval if required |

**B**

**A**

| **A** | **B** | **C** |
| --- | --- | --- |
| **FINANCIAL EXAMPLES** | | |
| 1. **Budget Setting** | | |
| Admin/Performance Person drafts budget plan for particular area | Treasurer/FD or Finance Committee agrees draft budget by area | Board approves whole budget plan |
| 1. **Payment of an Invoice** | | |
| Invoice received and checked by Admin/Performance person | Treasurer approves payment based on budget requirements, invoice paid | Finance Committee monitors process with monthly checks on behalf of the board |
| 1. **Raising an Invoice** | | |
| Invoice raised and checked by appropriate Admin/Performance person  Receipt of payment recorded and banked if necessary | Monthly list of invoices raised and payments received checked by Treasurer weekly/every two weeks as agreed | Finance Committee quarterly check of management process, particularly looking for late payments and/or debt issues |
| 1. **Bank Reconciliation** | | |
| Bank statements received at office | Monthly reconciliation of bank accounts | Quarterly check of reconciliation |
| *Add in other examples as required to use as a training tool* |  |  |
| **A** | **B** | **C** |
| **GOVERNANCE EXAMPLES** | | |
| 1. **Major Contracts** | | |
| Contract received/drawn up and initial checks undertaken | Contract reviewed and signed/entered into on behalf of the Board as previously agreed  Report provided to the Board | Initial requirement:  Board sets delegated authority/powers regarding major contracts and communicates with employees and key volunteers  Regular/Annual Board check that delegated authority levels are followed |
| 1. **Strategic Planning** | | |
| Admin/Performance person drafts individual parts of the strategy linked to their role | Proposals considered and developed further to agree KPIs etc. and form one document | Board whole strategic plan agreed, associated KPIs are allocated to individuals/committees |
| 1. **Employee Management** | | |
| Each employee/volunteer complies with their job/role descriptor | Job/role descriptors reviewed annually for appropriateness and compliance by line manager | Annual report provided to Board for HR policy compliance and best practice management principals |

***[These are examples only, a comprehensive process should be developed as appropriate for all NGB areas. Each Governance example above has been simplified and usually would require expansion.]***