

4.2 ADMINISTRATIVE GUIDELINES

4.2.1 DELEGATION OF AUTHORITY

4.2.1.1 Segregation of Duties

No single person should:

4.2.1.1.1 record transactions and reconcile balances.

4.2.1.1.2 handle cash and verify deposits.

4.2.1.1.3 handle assets and reconcile perpetual records to physical counts.

Segregation of duties is essential to effective internal control. It reduces the risk of both erroneous and inappropriate actions. It is a deterrent to fraud. Key functions that must be adequately separated are described above. When it is extremely difficult to separate these functions, a detailed supervisory review of related activities or transactions is required as a compensating control activity. To ensure proper separation of duties, a person should never approve a transaction for which they are the payee.

4.2.1.2 Approval

Approval authority should only be given to individuals with sufficient authority and knowledge to recognize and challenge unusual transactions.

4.2.1.2.1 Control authority to approve with limits on both transaction amount and number of employees granted authority

4.2.1.2.2 Review supporting documentation

4.2.1.2.3 Compliance with KGI MBA policies and procedures

4.2.1.2.4 Question unusual items

4.2.1.2.5 Determine if budget exists

4.2.1.2.6 Determine if charges to grants are allowable

4.2.1.2.7 No "rubber stamps" or "blind" approvals

4.2.1.2.8 No sharing of passwords

4.2.1.2.9 No splitting of transactions to avoid higher approval levels

To ensure proper separation of duties, a person should never approve a transaction for which they are the payee.

Password security should be adjusted upon an employee's termination, transfer, or change in responsibilities.