

Regulations of the University of North Texas System	Chapter 08
<b>08.7000 Segregation of Duties</b>	Fiscal Management

**08.7001**      **Regulation Statement.** The University of North Texas System shall implement guidelines and criteria for the Segregation of Duties to ensure that no single UNT System employee has the authority to execute two or more conflicting sensitive transactions that have the potential to impact financial statements.

**08.7002**      **Application of Regulation.** System Administration and Institutions.

**08.7003**      **Definitions.**

Segregation of Duties. “Segregation of Duties” means an internal control designed to prevent error and fraud so that a key process or task is completed by more than one individual.

**08.7004**      **Procedures and Responsibilities.**

There shall be an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. The flow of transaction processing and related activities shall be designed so that the work of each UNT System employee is independent of, or serves to check on, the work of another.

1. Generally, when two or more conflicting sensitive transactions or primary duties have the potential to impact financial statements, duties need to be segregated, such as the following examples:
  - Authorization or approval (e.g. Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction)
  - Custody of assets (e.g. Receiving funds and approving write-off of receivables)
  - Recording transactions (e.g. Reconciling bank statements/accounts and booking entries to general ledger)
  - Reconciliation/Control Activity (e.g. Depositing funds and reconciling bank statements)
  - Developing/analyzing business case justification (e.g. Identifying and determining a significant account to write off and approving the write-off)

Within the information system environment the following duties shall be segregated:

- master file initiation
- master file maintenance
- user access rights

No single UNT System employee shall have access rights that permit them to enter, approve, and review transactions within an application. Different security profiles shall be assigned to UNT System employees as deemed appropriate by management. Security profiles shall be updated as a UNT System employee's position changes. Security profiles shall be maintained and validated so that a Segregation of Duties conflict does not occur.

2. In permissible instances where business functions cannot be fully and appropriately segregated due to specific circumstances, management shall implement mitigating controls to compensate for such situations.
3. Management shall evaluate how the Segregation of Duties is structured and validate that UNT System employees are not pressured to override controls, processes, or Segregation of Duties constructs when an employee's compensation and performance evaluation are controlled or driven by the same management team.
4. At least annually, the structure for Segregation of Duties should be reviewed for appropriateness to ensure UNT System objectives are being achieved while limiting risk to an acceptable level.
5. As changes occur in the organizational, functional, and technological environments, assessments should be performed by management to address the impact on the Segregation of Duties resulting from such changes.

**References and Cross-references.** N/A

**Forms and Tools.** N/A

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Revised: