

FINANCIAL MANAGEMENT 2.0

Segregation of Duties -- 2.3

Date December 31, 1998

Issued:

Date Last March 23, 2011

Revised:

Signature:



Cathy R. Taylor, DrPH, MSN, RN

By: Cathy R. Taylor, DrPH, MSN, RN
Assistant Commissioner
Bureau of Health Services

POLICY

An important element of internal control is the segregation of incompatible functions. Improper segregation of duties increases the possibility of fraud, carelessness, and unreliable record keeping.

APPLICABILITY

This policy applies to Local Health Department, Regional and Central Office personnel.

PURPOSE

To ensure that incompatible job functions are segregated to the extent possible.

PROCEDURE

All Local Health Departments, Regional Offices and the Central Office shall establish controls to segregate the duties of individual employees to the extent possible. A proper division of duties permits the work of one person or group to act as a check on work performed by another person or group.

Duties shall be defined such that the same employee does not perform all of the following on the same day:

1. Authorize a transaction, i.e., voids, refunds, debit or credit memos, payment corrections, purchases, issue birth and death certificates.
2. Account for the transaction by computerized or manual posting.
3. Have custody of any assets involved in the transaction, i.e., cash, supplies, equipment.

Each Health Department/Regional Office Clinic must develop a plan to segregate incompatible duties to the extent possible and submit the plan to the Regional Director for approval. The Office Supervisor and County Director are responsible for implementation of and compliance with the plan. The Central Office plan requires approval of the Director of the Bureau of Health Services and shall be monitored by the Section Chief.

When a proper segregation of duties is not possible due to staff shortages, compensating controls must be implemented.

REFERENCE DOCUMENT

T.C.A. 9-18-101 through 9-18-104 (The Financial Integrity Act of 1983)

OFFICE OF PRIMARY RESPONSIBILITY

Fiscal Services Section, Bureau of Health Services, (615) 741-7305