

SEPARATION OF CRITICAL DUTIES IN TRANSACTION CYCLES WITHIN THE STATE COURT SYSTEM

The purpose of “**separation of duties**” is to ensure that no single individual is placed in such a circumstance that (s)he can cause and conceal errors and/or irregularities (or be vulnerable to others doing so), while performing regularly assigned duties. Three fundamental categories of duties must be separated:

1. Custody of assets
2. Authorization of transactions (including authorization to execute a transaction); and
3. Record keeping/accounting/reconciliation.

Critical duties are those duties which must be divided among employees to clearly establish accountability and to reduce opportunities for misuse of funds. Other *non-critical duties* may also occur in a given transaction cycle, but need not be addressed for the purpose of “separation of duties.”

Achieving a complete division of critical duties depends on the staff available in a court. A court with a small staff may have to allow some overlap of duties. In each instance of overlap, the Court Executive must document in writing a plan providing for an “External Review” of the documents and transactions that relate to that transaction cycle, to be done by an employee who is independent of that transaction cycle. Court Executives should assign Clerks of Court or other designees to conduct monthly “External Reviews,” as local court circumstances may require.

Adequate separation of duties would exist if only one employee performs the set of critical duties for any one category within the three fundamental categories of a transaction cycle. No employee should have control over all three categories of duties for a transaction cycle, either formally or informally.

Following are charts, which outline and separate the critical duties in transaction cycles within the State court financial system. All related accounting policies and procedures are in the Utah State courts Accounting Manual.

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *HAND RECEIPT USE*

DUTY 1: Custody of Asset	DUTY 2: Authorized to Use	DUTY 3: Record Keeping/Accounting
<p>Hand Receipt Custodian</p> <p>Secures the inventory of new and used hand receipt books. Distributes the hand receipt books to employees who cashier on a regular basis, one book per employee. Maintains the distribution log.</p>	<p>Only employees who perform cashier duties should be assigned a Hand Receipt Book</p> <p>Secures assigned hand receipt book. Issues hand receipts. <i>(See Accounting Manual)</i>.</p>	<p>Hand Receipt Reconciler</p> <p>DAILY: Reconcile the issued hand receipts (yellow copies turned in with Cash Count Forms) to the corresponding daily computer receipt records to ensure the receipt details and composition agrees.</p> <p>QUARTERLY: Account for the numerical sequence of assigned hand receipts by verifying that the hand receipts were issued and receipted on the computer, voided properly, or are still unused in the receipt book.</p> <p>SEMI-ANNUALLY: Compare the AOC Finance Hand Receipt Distribution records to the Hand Receipt Custodian's Log to verify that all the books were received and entered on the Custodian's Log. <i>(See Accounting Manual)</i>.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:
		DAILY:
		QUARTERLY:
		SEMI-ANNUAL:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: CASH CHANGE FUND USE

DUTY 1: Custody of Asset	DUTY 2: Authorized to Use	DUTY 3: Record Keeping/Accounting
<p align="center">Cash Change Fund Custodian</p> <p>Delegates a portion of the local court Cash Change Fund to <i>Cashier(s)</i> to use in the receipting process. Retains a portion to make change for <i>Cashiers</i> who run short of change. The custodian should not also be a cashier.</p> <p>The custodian is responsible for any shortages or irregularities in accounting for the Cash Change Fund.</p> <p><i>The court should have one Cash Change Fund Custodian and an alternate.</i> The Court Executive or designee needs to perform and document an “unannounced” verification count of the Cash Change Fund three times per year.</p>	<p align="center">Cashier(s) assigned a portion of the Cash Change Fund</p> <p>Authorized to use assigned portion of the local court Cash Change Fund to make change in the receipting process.</p> <p>A <i>Cashier</i> secures his/her portion of the Cash Change Fund in his/her locked cash drawer or other locked container during the day. The fund is kept overnight in the court safe or vault.</p> <p>Cashier(s) record his/her Cash Change Fund amount on the daily Cash Count form.</p>	<p align="center">Deposit Verifier/Preparer</p> <p>The <i>Deposit Verifier/Preparer</i> performs a verifying count of Cashier(s) receipts and Cash Change Fund in the presence of each Cashier. Both the Cashier and the Verifier sign the Cash Count Form as accurate. This process ensures each Cashier’s portion of the Cash Change Fund is intact. The Cashier gives the original Cash Count Form to the Accountant. The <i>Deposit Verifier/Preparer</i> takes custody of each Cashier’s receipts and prepares the revenue and trust deposits.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *MAIL PAYMENTS*

DUTY 1: Record Keeping	DUTY 2: Record Keeping	DUTY 3: Custody of Assets	DUTY 4: Authorization and Custody of Assets	DUTY 5: Record Keeping/Accounting
Mail Log Preparer Records mail payments on the Daily Mail Log. <i>The Mail Log Preparer and Witness may work together to ensure all mail payments are recorded.</i>	Mail Log Witness Witnesses that all payments received by mail are recorded on the log.	Cashier(s) Who Receipt Mail payments If both the Mail Log Preparer and Witness sign the Mail Log attesting to the accuracy of the payments listed, either employee can receipt mail payments on the computer if s/he is a Cashier.	Deposit Verifier/Preparer Verifies Cashier(s) Cash Count Form, which includes mail payments. Include all mail payments in revenue and trust daily deposit(s).	Accountant Reconciles the mail log payments to the daily receipt records.
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s):

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *REVENUE/TRUST FUNDS*

DUTY 1: Record Keeping	DUTY 2: Custody of Assets	DUTY 3: Authorization and Custody of Assets	DUTY 4: Record Keeping/Accounting
<p>Employee(s) who enter and/or adjust Accounts Receivable/Order Accounts</p> <p>Sets up amounts ordered by a judge, Uniform Fine & Bail Schedule, small claims/civil filing fees, etc.</p> <p>An employee, without access to or custody of monies should enter Accounts Receivables/Order Accounts.</p>	<p>Cashier(s) receipting Revenue and Trust payments</p> <p>Receipts revenue and trust payments, and maintains funds in a secure device.</p>	<p>Deposit Verifier/Preparer</p> <p>Verifies Cashier(s) Cash Count Form to the cash, checks, and credit card payments received; signs the Cash Count form in the presence of the Cashier.</p> <p>Reconciles Cashier(s) receipts submitted for deposit (including mail payments) to daily computer receipt records entered by each Cashier. Prepares revenue and trust deposits.</p>	<p>Accountant</p> <p>The employee performs the daily balancing, including adjustments, (e.g., over/short, NSF Reversals, fix trans, etc.).</p> <p>Review transaction reversals, credits, adjustments, suspensions, etc., including verifying supporting documentation. Reconciles the cash/check composition on the daily Cash Count Forms, to receipt records, and to the validated deposit slips. Prepares weekly revenue reports.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *JUVENILE COURT TRUST FUNDS DISBURSEMENT*

DUTY 1: Authorization/Recordkeeping	DUTY 2: Authorization/Recordkeeping	DUTY 3: Custody of Asset	DUTY 4: Reconciliation
<p align="center">Check Writer (1st Approval = 1st Signer)</p> <p>At least once every two weeks, reviews trust checks available to write based on the hold period elapsing.</p> <p>Before selecting each check to issue in the batch, ensure a judicial order or event on the case supports the disbursement based on the “Guidelines for Releasing Trust Money.”</p> <p>Quarterly, reviews trust funds held in the trust account to ensure funds should continue to be held or disbursed.</p> <p>Only the employees designated as Check Writers should <i>void</i> checks in CARE.</p>	<p align="center">Check Verifier (2nd Approval = 2nd Signer)</p> <p>For each check in the batch, review the supporting documentation to determine if the check should be issued based on a judicial order or event on the case.</p> <p>If yes, verify that the payee, address, and amount is correct by selecting the check box next to the item.</p> <p>If no, remove the check from the check batch.</p>	<p align="center">Check Printer</p> <p>For each completed check batch, print, and mail each trust check. The checks can be printed by any employee assigned CARE access rights to perform this duty, regardless of court location within a district.</p> <p>A facsimile digital signature of the AOC Finance Director will be printed on each check. However, the Check Writer and Check Verifier are responsible for issuing and approving each check.</p>	<p align="center">Trust Account Reconciler</p> <p>The employee reconciling the trust account should open the bank statement, access the reconciliation feature on CARE, and prepare the monthly reconciliation. The reconciler must account for the numerical sequence of all cancelled (paid) trust checks. Cancelled checks must be reviewed for accuracy. The reconciler (or designee), other than the check writer and check verifier, is responsible for monitoring Positive Pay.</p> <p>Only the employee performing the daily accounting (not the reconciler) is authorized to enter deposit/bank adjustments into the computer system(s).</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *DISTRICT COURT TRUST FUNDS DISBURSEMENT (Complete a Separate page for each account)*

DUTY 1: Custody of Asset	DUTY 2: Record Keeping/Accounting	DUTY 3: Authorization of Disbursement	DUTY 4: Reconciliation
<p>Trust Account Check Stock Custodian</p> <p>Secures the inventory of the blank check stock paper. Retrieves the check stock needed for the trust account check writer.*</p>	<p>Trust Account Check Writer</p> <p>Requests blank check stock paper from custodian. Prepares checks and updates check register at least weekly. Reviews trust funds held in the trust account quarterly to ensure funds are disbursed timely.</p> <p>An alternate check writer should be assigned who is not also a trust check signer or reconciler.</p> <p>Only the employees designated as Check Writers should <i>void</i> checks in CORIS.*</p>	<p>Trust Account Check Signers</p> <p>After review of supporting documentation, the required dual signatures indicate the trust disbursement is approved.</p> <p>The employee performing the second signature mails the checks and/or delivers the checks, payable to the court revenue account, to a cashier.*</p>	<p>Trust Account Reconciler</p> <p>The employee reconciling the trust account should access the reconciliation feature on CARE/CORIS, and prepare the monthly reconciliation . The reconciler must account for the numerical sequence of all trust checks, including voided and cancelled checks. Cancelled checks must be reviewed for accuracy. The reconciler (or designee) other than the check writer is responsible for monitoring Positive Pay.</p> <p>Only the employee performing the daily accounting (not the reconciler) is authorized to enter deposit/bank adjustments into the computer system(s).*</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

*The same name should not repeat in any of the four listed duties. For smaller courts, if needed, the check writer and check signer can also access check stock so long as access is together through the use of a dual-control key box.

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *CONTRACT COURT TRUST FUNDS DISBURSEMENT*
(TRUST CHECKS ISSUED BY THE LOCAL GOVERNMENT)

DUTY 1: Record Keeping/Accounting COURT	DUTY 2: Authorization COURT	DUTY 3: Custody of Assets COUNTY	DUTY 4: Record Keeping COURT	DUTY 5: Custody of Assets COURT	DUTY 6: Reconciliation COUNTY
Disbursement Request Preparer Reviews the Trust Account Summary Report to ensure funds are disbursed timely. Prepares the Court Disbursement Request Form based on judicial order or other circumstances (e.g. refund of overpayment). Attaches supporting documentation (e.g. judicial order or case history) to show that the disbursement is valid.	Disbursement Approval A second person (one who did not prepare the disbursement request) reviews the Disbursement Request Form and supporting documentation to verify the disbursement is valid and signs the form.	Check Writer, Check Signer, and Check Mailer Disbursement checks are prepared and signed, by local government. A copy of the check (or original if made out to the court) along with the Court Disbursement Request Form is forwarded to the court. (Hold check(s) pending court approval)	Clerk who Updates Trust Check Disbursements Info in CORIS Enters disbursement check information in the CORIS Trust Check Processing screen. Informs the county to release any check currently held.	Clerk receipting Trust Check Disbursements Receipts trust check disbursement(s) made out to the court. Stores check disbursement(s) in a secure device and includes with the Daily Deposit.	Disbursement Reconciler <u>Local Government Auditor per UCA 17-19a-207).</u> Reconciles each month cleared trust check disbursements to bank statement. Ensures the CORIS Trust Account Summary Report balances to the county general ledger. Verifies a check was issued for each disbursement requested.
Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:	Individual(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *WITNESS PAYMENTS USING FINET*

DUTY 1: Record Keeping¹	DUTY 2: Authorization	DUTY 3: Reconciliation
<p align="center">Payment Entry</p> <p>Employee assigned Witness payment entry duties stamps witness subpoena and enters coding. Process each payment using FINET.</p> <p>Subpoenas serve as authorization for payment and are to be filed by day within the month for reconciliation and audit purposes.</p>	<p align="center">Payment Approval</p> <p>AOC Finance employee(s) authorized in FINET to approve Witness payments issued.</p>	<p align="center">Witness Payments Reconciler</p> <p>Employee(s) assigned to perform the monthly reconciliation of payments made to witnesses. By the end of the month following payment, the reconciler will perform the witness reconciliation according to accounting policies and procedures.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

¹ Court Executives may designate one alternate to witness payables on FINET.

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *JUROR PAYMENTS USING JURY MANAGEMENT SYSTEM*

DUTY 1: Record Keeping	DUTY 2 Authorization/Recordkeeping	DUTY 3: Authorization	DUTY 4: Reconciliation
<p align="center">Payment Entry</p> <p>Employee assigned Juror payment entry duties stamps juror summons or jury list and enters coding. Submit each payment using the JURY MANAGEMENT SYSTEM.</p> <p>Juror lists serve as authorization for payment and are to be filed by day within the month for reconciliation and audit purposes.</p>	<p align="center">Payment Verifier</p> <p>Employee assigned to verify Juror payments enters verification in the JURY MANAGEMENT SYSTEM.</p> <p>For each check in the batch, review the supporting documentation i.e. juror list, etc., payee name, and amount is correct to determine if the juror check should be issued.</p>	<p align="center">Payment Approval</p> <p>AOC Finance employee(s) authorized in FINET to approve Juror payments entered.</p>	<p align="center">Juror Payment Reconciler</p> <p>Employee(s) assigned to perform the monthly reconciliation of payments made to jurors. By the end of the month following payment, the reconciler will perform the juror reconciliation according to accounting policies and procedures.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:
ALTERNATE:	ALTERNATE:		

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *PURCHASING/PAYABLES PROCESSED IN FINET*

DUTY 1: Authorization	DUTY 2: Custody of Asset	DUTY 3: Record Keeping/Accounting	DUTY 4: Authorization²	DUTY 5: Reconciliation
<p align="center">Purchaser</p> <p>Employee authorized to make purchases.</p> <p><u>Juvenile courts only:</u> Specific purchases made to administer the Restitution Work Fund Program per CJA Rule 7-307 are processed through district FINET Unit.</p>	<p align="center">Receiver</p> <p>Employee(s) receiving purchases should examine items delivered for damage, shortages of quantity, etc. prior to signing receiver document. Submit receiver to the employee authorized to process payables using FINET.</p>	<p align="center">Payment Entry</p> <p>Employee(s) enters payment information into FINET after the invoice has been approved to be paid by signature/initials/email. Scans the invoice and all supporting documentation into FINET (attached to FINET Payable Document).</p>	<p align="center">Payment Approval</p> <p>Court Executive or designated alternate compares each FINET Payable Document to the scanned invoice and supporting documentation. Ensure expenditure is valid and all information has been entered into FINET accurately before entering electronic approval.</p>	<p align="center">Reconciler</p> <p>After the invoice and supporting documentation is scanned (see duty 3), the documents are routed to the reconciler. After month end, the employee reconciles expenditures for the appropriate units and object codes using FINET.</p>
Individual assigned:	Individual assigned:	Individual assigned:	Individual assigned:	Individual assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

² A Court Executive may designate one alternate to electronically approve payables on FINET in his/her absence. Duties 3, 4, and 5 should be performed by 3 different employees, if possible. If staffing does not permit this level of separation, one employee could perform duties 3 and 5. To compensate for separation of duties weaknesses, post audit reviews will be performed by AOC Budget and State Finance.

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *FIXED ASSETS*

DUTY 1: Authorization	DUTY 2: Record Keeping	DUTY 3: Custody of Assets
<p align="center">Payment Authorization</p> <p><i>Court Executive, Department Head or Designee</i> signs Accounts Payable Authorization Form authorizing the purchase of fixed assets.</p> <p>Note: Courts are encouraged to develop policies and procedures to control items susceptible to loss or theft that are not required to be recorded in FINET.</p>	<p align="center">Fixed Assets Records</p> <p>Employee affixes a pre-numbered ID tag to the fixed assets (>\$5,000). Keep a "Retired Asset List" of those assets that are no longer at location, retaining all documentation relating to the disposition of said property. By April 30 of each year, submit to AOC Budget a list of all equipment and furnishings with an original purchase price of more than 5,000. The AOC Fixed Asset Liaison will annually record each fixed asset with the purchase price of \$5,000 or more in the "fixed asset" section of FINET.</p>	<p align="center">Fixed Assets Verification</p> <p>Employee, independent of authorization and record keeping duties, verifies the existence of the fixed assets and inventory in the district at least once every a year. The employee will trace the items on the Fixed Asset List maintained by AOC Budget (FINET). Any asset that is lost or stolen must be reported to the AOC Budget Department.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *PERSONNEL/PAYROLL*

DUTY 1: Initiation/Authorization	DUTY 2: Record Keeping	DUTY 3: Authorization	DUTY 4: Custody of Assets
<p align="center">Payroll Processing</p> <p>Employee(s) authorized by supervisor to add permanent and temporary court employees into the Personnel/Payroll System. Access to the Personnel/Payroll System will be obtained from the AOC Human Resources Director.</p>	<p align="center">Time and Attendance Entry</p> <p>Time and other pay entries may be entered into the payroll system in two ways:</p> <ol style="list-style-type: none"> 1. The employee may use the Employee Self Service, ESS, to enter their own time. 2. A designated 'Time Entry Operator' may enter time from an employee's signed and supervisor approved time sheet, or enter other pay from appropriate and properly approved documents. Maintain a file of the approved time sheets. 	<p align="center">Approvals/Payroll Approval</p> <p>Appropriate individuals and backups are authorized in the payroll system to approve payroll entries for the following:</p> <ol style="list-style-type: none"> 1. Time entered in the Employee Self Service, ESS, is approved in the System by the employee's supervisor or designated alternate. 2. A "Payroll Coordinator" will use the payroll system to perform the review and approval process for time entered by a Time Entry Operator as per FIACCT 11-17.01 	<p align="center">Payroll Distribution</p> <p>(A small number of checks are distributed)</p> <p>Employee (s), independent of Payroll Processing and Time and Attendance Entry Duties, are authorized to receive/pick-up payroll checks/deposit advices. The payroll checks/deposit advices should be compared to a current list of employees to ensure terminated employees do not receive pay not earned.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:	
AOC HR EMPLOYEE			
			<p>*IT IS GOOD BUSINESS PRACTICE TO PLACE AN EMPLOYEE'S PAY CHECK/DEPOSIT ADVICE IN A SEALED ENVELOPE TO PROTECT WAGE AND PRIVACY. SECURE ALL PAY CHECKS UNTIL DELIVERED TO THE EMPLOYEE.</p>

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____

District: _____ Court Office: _____ Effective Date: _____

TRANSACTION CYCLE: *ACCOUNTS RECEIVABLE MONITORING*

DUTY 1: Record Keeping	DUTY 2: Custody of Assets	DUTY 3: Authorization
<p>Employee(s) who enter and/or adjust Accounts Receivable/Order Accounts</p> <p>Sets up amounts ordered by a judge, Uniform Fine & Bail Schedule, small claims/civil filing fees, etc.</p> <p>An employee, without access to or custody of monies should enter Accounts Receivables/Order Accounts.</p>	<p>Cashier(s) receipting Revenue and Trust payments on <u>past due</u> accounts</p> <p>Receipts revenue and trust payments, including payments on <u>past due</u> accounts, and maintains funds in a secure device.</p>	<p>Employee monitoring past due accounts</p> <p>District Court: Actively collect on past due receivables and ensure cases are sent to OSDC within 90 days.</p> <p>If a case must be resent, the court shall wait one week from the recall date. The employee, other than the employee who recalled the case, verifies the new amount owing before resending.</p> <p>Juvenile Court: Actively collect on past due receivables.</p>
Employee(s) assigned:	Employee(s) assigned:	Employee(s) assigned:

IF NEEDED, EXTERNAL REVIEW PERFORMED BY: Name: _____ Phone: _____ Court Location: _____