



DEPARTMENT OF THE ARMY  
266<sup>th</sup> FINANCIAL MANAGEMENT CENTER  
UNIT 23122  
APO AE 09227

AETS-FCZ

16 August 2011

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Policy Letter 12, Separation of Duties for Financial Management Personnel

1. References.

- a. Department of Defense Financial Management Regulation (DoDFMR) Volumes 5, 7A and 9, May/June 2011.
- b. AR 11-37, Army Finance & Accounting Quality Assurance Program, August 1988.
- c. AR 25-2, Information Assurance, March 2009.
- d. Trusted Agent/Terminal Area Security Officer Manual (DJMS, DMO, and CMS), April 2007.
- e. Military Pay Procedures Manual (MPPM), April 2007.
- f. Certifying Officer (CO) and Departmental Accountable Officer (DAO), and Reviewing Official (RO) Policy, June 2011.
- g. Military Pay Operations – Indianapolis Guidance Letter, January 2010.

2. Purpose. The purpose of this memorandum is to establish policy and procedures for allocation of Financial Management duties in order to deter fraud, waste and abuse.

3. Scope. This policy applies to all members of the 266<sup>th</sup> Financial Management Center (FMC); military and civilian and all organizations performing financial management functions under the technical oversight of the 266<sup>th</sup> FMC.

4. Policy. Separation of duties precludes errors or attempts at fraud or embezzlement from going undetected. Key duties such as authorizing, approving, recording transactions; issuing or receiving assets; making payments; preparing checks and check signing; certification of funding; and reviewing or auditing will be assigned to separate individuals to reduce the potential for fraud. Effective internal control decreases the opportunity to conceal errors or illegal acts. No one individual should control all phases of a financial transaction.

5. Responsibilities and Procedures.

a. Senior Financial Management Leaders (Directors, Chiefs, and Finance Officers). Must provide written procedures and guidance to subordinates if deemed necessary regarding the policy set forth herein and oversee the execution of this policy.

b. First Line Supervisors (PCE, IFO, BFO, or any financial management element under the technical oversight of the 266<sup>th</sup> FMC as applicable).

(1) Supervise continuously to ensure procedures are followed and lines of personal responsibility are clearly established. Reasonable care will be taken to make sure personnel possess high standards of integrity and are competent by education, training, or experience.

(2) Follow the detailed outline of duty positions (See Encl 1) and correspond with system authorities and system accesses without overlapping duties. Supervisors at every level must pay particular attention to ensure their sections are staffed with personnel who has the correct access and roles to accomplish the mission.

(3) Validate prescribed roles and responsibilities prior to the submission of DD 2875's (System Authorization Request). Ensure system accesses are delineated in accordance with Enclosure 1 so that maximum flexibility can be completed in the absence of personnel while adhering to the separation of duties prescribed for each user and task.

a. Controls must be in place to show separation of duties between an input technician and an auditor. Any pay technician may process in finance systems, however controls must be in place to ensure that an individual assigned duties as an auditor may not audit their own input.

b. Coordinate with the TASO to ensure that individuals do not have two or more capabilities that would cause potential to commit fraud.

c. Ensure the Chief of Military and Travel Pay, in coordination with local TASO and DFAS System Security Office, grant or terminate access to all finance computer systems. Computer access is assigned on a needed basis and is deleted upon departure.

(4) Coordinate with other supervisors at other locations to the maximum extent possible when limited staff due to vacations, sick leave, job vacancies or any other unforeseen events to perform functions without overlapping the separation of duties requirement.

a. Request for changes in permissions, temporary or permanent, when measures in paragraph b (4) are not possible. Changes will be documented and submitted to the appropriate authority for approval and retained on file with the original DD 2875.

(5) Maintain a master list of personnel and authorized permissions (See Encl 2). Submit copies of the master list semi-annually to Finance Policy. This requirement will be subject to verification by internal control during regularly scheduled reviews or unannounced reviews as

determined by the FMC Director or Deputy Director.

c. System Terminal Area Security Officers (TASOs).

(1) TASO will validate, maintain, scrutinize and approve all requests (DD 2875) for systems access.

(2) Detachment TASO will maintain accountability for all users in their units and monitor accesses accordingly.

(3) 266<sup>th</sup> FMC TASO will maintain accountability of all DD 2875's for the Pay Center of Excellence (PCE), Finance Customer Support Teams (FCSTs), Italy Finance Office (IFO), Benelux Finance Office (BFO), KFOR Mission, as well as the individual users assigned to 106<sup>th</sup> FMCO. A detailed tracking of users and system authorizations will be maintained up to date and accurate at all times.

d. Chief, Internal Control Section.

(1) Provide reasonable assurance that the objectives of this policy will be accomplished and conduct inspections of the 266<sup>th</sup> FMC TASO separation of duties accountability during scheduled reviews and/or unannounced inspections to ensure personnel movement, section changes, or system requirements haven't caused a conflict in the separation of duties requirement.

(2) Each inspection of a given section or location (PCE, IFO, BFO, KFOR Finance Detachment or 106<sup>th</sup> FMCO Detachment or Company Headquarters) will include a separation of duties inquiry where a significant percentage of users (at least 50%) will have their account access validated against the master listing, provided by the systems TASO or DFAS, as appropriate, for each system. Any discrepancies will be noted as a "Major Finding" on the corresponding inspection checklist.

e. Chief, Information Management Office (IMO).

(1) Provide oversight of all TASOs in 266<sup>th</sup> FMC, including elements not under command and control of the 266<sup>th</sup> FMC that provide financial management services under the technical oversight of the 266<sup>th</sup> FMC.

(2) Ensure all TASOs remain current in automation procedures and security as automation systems and procedures are updated.

(3) Maintain a separation of duties matrix for automated system authorization. This matrix, in spreadsheet format, will allow the FMC Director oversight of automated system access for any member of the FMC (and those granted access to financial management automated systems not assigned to the 266<sup>th</sup> FMC) and serve as a method to quickly and easily review individual access to multiple systems.

AETS-FCZ

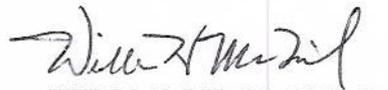
SUBJECT: Policy Letter 12, Separation of Duties for Financial Management Personnel

6. Appropriate separation of duties is not always practical or possible due to time constraints, manpower shortages, or the use of mechanized systems. Report situations of inability to separate appropriate responsibilities with a request for a waiver. The FMC Director is the approval authority for any deviation from the provisions (See Encl 1). Requests will be submitted through the 266<sup>th</sup> Financial Management Center, Deputy Director of Policy and will detail specifically the duties to be combined, a timeline for correction of the separation deviation, additional procedures to strengthen the internal controls and make the transactions transparent.

7. POC for this policy is the FMC Policy Section, DSN 483-8150/8216, commercial 0631-411-8150/8216.

First in Finance Support!

FOR THE COMMANDER:

  
WILLIAM H. McQUAIL  
Deputy Director, FMC

2 Encls

DISTRIBUTION:  
DIRECTOR, PCE  
CHIEF, BENELUX FINANCE OFFICE  
CHIEF, ITALY FINANCE OFFICE  
CDR, KFOR FINANCE DETACHMENT  
CDR, 106<sup>th</sup> FMCO  
CHIEF, INTERNAL CONTROL  
CHIEF, INFORMATION MANAGEMENT OFFICE