



Security role assignments impact internal controls

- **Fraud risk is reduced by segregating incompatible duties.**
- **Appropriately assigning SWIFT security roles helps achieve adequate segregation of duties.**
- **Compensating controls are required when it is not possible to segregate incompatible duties.**

In only a few months, the state's new accounting and procurement system, SWIFT, will go-live. Right now, in every state agency, managers are making SWIFT security role decisions that will significantly impact the internal control structure of their organizations, and collectively all of Minnesota government. It is therefore essential that managers consider the internal control implications when assigning security roles to individual employees during the completion of SWIFT Security Role Mapping, Assignment 7-2.

Management must achieve two critical objectives when assigning security roles. First, employees must be granted the access to systems, programs, and data needed to perform their specific job functions. Failure to provide sufficient access could result in business disruption or inability to deliver critical services. Second, management must maintain adequate separation between incompatible duties. Providing incompatible access to employees increases financial risk, since these employees have the ability to create and conceal fraud, misstatements, or errors in the course of their normal job duties.

Ideal segregation of duties is achieved when the following functional responsibilities are separated between business units, or at least between different individuals within a unit:

1. Authorization or approval to execute transactions
2. Recording transactions in accounting records
3. Custody of assets involved in the

transactions

4. Periodic reconciliation of existing assets to recorded amounts

To assist agencies in making appropriate security role decisions, a SWIFT Security Role Conflict Matrix is included with the Agency Assignment 7-2 materials. The matrix identifies combinations of security roles that should be avoided to maintain separation between the four functional responsibilities.

Suggested Action Steps:

- Resist the temptation to assign excessive security roles in an attempt to ensure sufficient system access.
- Avoid assigning security role combinations identified in the Security Role Conflict Matrix. If you have questions, consult your SWIFT Agency Relationship Manager (ARM) or agency internal auditor/internal control specialist for clarification and to discuss options.
- Plan to implement compensating controls, such as management transactional reviews, when is it not possible to completely separate incompatible duties.

If you have questions, please contact Mike Thone, Internal Control Specialist at Mike.Thone@state.mn.us or 651-201-8132.