

[Date]

[Client Name]
[Business Name]
[Street Address]
[City, State, Zip Code]

Dear [Client Name],

Subject: Advisory on Implementing Segregation of Duties (SoD)

As your business continues to grow, maintaining strong financial oversight becomes increasingly important. We are writing to recommend the implementation of Segregation of Duties (SoD) within your accounting and operational processes.

The primary objective of SoD is to prevent errors and fraud by ensuring that no single individual has control over all phases of a financial transaction. Ideally, the following four functions should be handled by different employees:

- **Authorization:** Approving transactions or decisions.
- **Custody:** Having physical access to assets like cash, checks, or inventory.
- **Record-keeping:** Entering data into the accounting system and preparing reports.
- **Reconciliation:** Verifying that records match actual assets (e.g., bank reconciliations).

We recognize that in a small business environment, personnel may be limited. In cases where duties cannot be fully separated, we recommend "Compensating Controls," such as:

- Owner or manager review of all bank statements and canceled checks.
- Required dual signatures on checks over a specific dollar amount.
- Frequent, unannounced spot checks of inventory or petty cash.
- System logs that track which user entered or modified data.

Implementing these safeguards protects your assets and provides your staff with a clear framework for accountability. We would be happy to meet with you to review your current workflows and design a practical SoD plan tailored to your team size.

Please contact us at [Phone Number] or [Email Address] to schedule a consultation.

Best regards,

[Your Name/Firm Name]
[Your Title]