



## SEGREGATION OF DUTIES POLICY

This policy provides guidelines for the segregation of duties pertaining to financial transactions within Costain Group PLC's EnterpriseOne (E1) system and BACS payment system. Entities operating other accounting systems must put in place equivalent processes.

Adequate segregation of duties is critical to effective internal control, providing the necessary checks and balances to deter fraud, detect errors and prevent concealment of irregularities.

In general, the order approval function and accounting/reconciliation functions should be segregated among employees. When these functions cannot be separated, detailed supervisory review of related activities is required as a compensating control.

### Procure to Pay

In order to mitigate risks of fraudulent activity within the procure-to-pay (P2P) process, duties must be segregated to an extent that ensures that no individual has the ability to perform the full end-to-end process, from Address Book maintenance through to production of payments. In practice, preventing individual users from performing certain key sub-processes or combinations of sub-processes satisfies this requirement.

The following rules have been established:

- Subject to a caveat for small value orders, users able to create purchase orders must not be able to approve those orders and the default position is two levels of approval. Small value orders can be self-approved on E1 with currently a maximum level for self-approval for some users of £5,000.
- Users able to add or change supplier address book records or bank details must not have access to any other P2P sub-process
- The person preparing the BACS payment must not perform any other process within the payment run.
- The BACS payment paperwork must be reviewed and signed as approved by an Accountant on the payment mandate before the online payment is created.

### Access Approval

Ability to perform P2P sub-processes within the E1 system is controlled through the assignment of E1 roles. All requests for E1 access require line manager approval and will trigger a check of P2P roles assigned to that user. All approvals must be confirmed via email exchange with E1Support to maintain an audit trail.

### Exceptions

In exceptional circumstances, the business may choose to allow a segregation of duties conflict. Such exceptions require the approval of the Group Financial Controller (or in his absence his deputy) by email to E1Support.

Exceptions will be reviewed three times per year to confirm that they are still acceptable.

This policy will be reviewed annually to ensure the segregation of duties is suitable, effective and consistently implemented across the Costain Group.

Signed: .....  
**A Wylie CBE** (Chief Executive Officer)

Date: 15 January 2019

Business Owner: M Hunter