Recommended Separation of Duties Controls:
Procurement Process (BFSv9)
UC Berkeley

Separation of duties has the primary objective of preventing fraud and errors. Separation of duties is achieved by assigning the tasks and associated privileges for a specific business process across multiple functions. General categories of separated functions are:

- Recording
- Authorizing
- Taking custody of (or receiving) the asset
- Monitoring / review

Table 1 presents the UC Berkeley separation-of-duties matrix for the procurement process under BFSv9.

Eight roles were addressed in the development of the UCB separation-of-duties rules. Each role is introduced in the following list, along with a brief description (detailed information about role activities and responsibilities is provided in Table 2).

1. **Requisition Creator**—The person who creates a requisition in BFSv9.
2. **Requester**—A BFSv9 system role linking an organizational node (processing unit) with one or more people; used to identify approval routing and, when a buyer is involved, who the buyer should contact to get questions answered.
3. **Requisition Approver**—The person who approves the requisition, generating a purchase order.
4. **Authorizer**—The unit manager or principal investigator (or designee) who authorizes the transaction's business purpose and expenditure.
5. **Additional Approver**—An optional additional approver defined by the unit.
6. **Receiver**—The person who physically receives the goods. The receiver may indicate receipt in BFSv9.
7. **Inspector**—An optional additional receiver defined by the unit who assesses the goods for technical adequacy and accepts them in BFSv9.
8. **Key Controls Performer (SAS-115)**—The person who performs the monthly, departmental financial key controls.

Note regarding the shopper role: Every transaction starts with a shopper, someone who wants / needs something purchased. The shopper makes a list, either on paper, via e-mail, or when using e-procurement (once catalogues are rolled out). The shopper then communicates with the requisition creator (role no. 1).

Note regarding the buyer role: Although buyers are not included in the above list or discussed below, they are part of the procurement process and are expected to be independent of all other roles. Because they are attached to Procurement Services, whether embedded in departments or located centrally, and perform only the buyer role, they are not included on the separation-of-duties matrix. When Procurement Services buys goods for itself, it is expected to follow the guidelines in the matrix.

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Table 1: UC Berkeley Separation-of-Duties Matrix—Procurement Process (BFSv9)

Role	Requisition Creator	Requester	Requisition Approver	Authorizer	Additional Approver	Receiver	Inspector	Key Controls Performer
Requisition Creator		Y	**N**	Y	**N**	**N***	Y	**N**
Requestor	Y		**N**	Y	Y	Y	Y	Y
Requisition Approver	**N**	**N**		**N**	**	Y	Y	**N**
Authorizer	Y	Y	**N**			Y	Y	Y
Additional Approver	**N**	Y	**	Y		Y	Y	Y
Receiver	**N**	Y	Y	Y	Y		Y	Y
Inspector	Y	Y	Y	Y	Y	Y		Y
Key Controls Performer	**N**	Y	**N**	Y	Y	Y	Y	

Y= yes to both roles; N= no to both roles

*Smaller departments having fewer staff may have difficulty separating the requisition creator and receiver roles. Although this separation is strongly encouraged, if a department cannot separate them, then it becomes all the more important that the key controls performer be someone not involved in either the requisition creator or receiver roles.

**A person having these two roles in a transaction does not enhance separation of duties.

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Table 2: Description of Procurement Roles, Responsibilities, and Separation-of-Duties Considerations

	Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
1.	**Requisition Creator**	The requisition creator is the person who enters the shopper's purchase information and enters it into BFSv9 to create a requisition. Requisition creators can create requisitions for any processing unit across the campus.	The requisition creator will: • Enter the shopper-provided information into BFSv9. • Identify the proper buyer. • Assign the proper chart string. • Indicate how the requisition will be routed for approval. • Indicate if an additional approver and/or inspector is required for the transaction. The requisition creator should: • Know campus procurement policy. • Know relevant laws and regulations. • Know campus- or system-approved vendors and attendant approval requirements. • Note any unusual activity on the part of the shopper. • Note and question any unusual item(s) in the shopping cart. • Know when an authorizer, buyer, or inspector needs to be assigned.	Because the requisition creator enters the specifications, quantity, and price of the goods or services, someone independent of that role must review and approve the requisition. As a result, the requisition creator cannot also be the requisition approver or the additional approver. Moreover, someone other than the requisition creator should be the receiver. Separating the requisition creator and receiver roles adds greater control against a requisition creator's being able to inappropriately alter a shopper's list and then receive the goods that were ordered with the altered amounts. Smaller departments may need to set people up in BFSv9 as receivers even though they have requisition creator access. In such situations the system will not prevent a person from receiving the order he or she created, so individuals will need to separate themselves from performing the two roles for a single transaction. The key controls performer should not be the requisition creator or requisition approver, because the requisition creator and requisition approver will likely have been involved in most or all department	**Separation-of-Duties Function:** *Recorder* **Requisition Creator−Requisition Approver (Automated):** The system will not allow a requisition creator to approve his / her requisition. **Requisition Creator−Receiver (Manual):** A requisition creator should not receive his/her own order. (Although BFSv9 will allow these two roles for the same transaction.) **Key Controls Performer (Manual):** The person performing the key controls should be different from the requisition creator. *(There is a need for a new detective key control enabling the review of any transactions where the requisition creator and receiver are the same person.)*

	Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
				procurement transactions, which the key controls performer will review for the month.	
2.	**Requester**	The requester role serves two purposes: (1) from a system perspective (BFSv9), the requester is the combination of an org node level (processing unit) with a name that determines how the requisition will be routed to the requisition approver (note that a requester can be associated with more than one org node level); (2) the requester is the name of the person able to answer technical questions from the requisition approver and/or campus buyer about the goods ordered. As a result, the requester has no active role unless contacted by the requisition approver and/or buyer. The requester can be someone who does not have access to BFSv9.	The requester should be available to answer any questions the buyer may have, or refer the buyer to the appropriate person.	The requester should be the person in the unit who is most able to answer technical questions regarding the purchase. A requester might need to be associated with more than one org node level for requisitions to be routed to the proper approver. The requisition creator may select himself / herself as the requestor. Because the requisition creator will often select himself or herself as the requester, the requester cannot be approver because the requisition creator cannot be the approver.	
3.	**Requisition Approver**	The requisition approver is the person who reviews the requisition prepared by the requisition creator and, if all is correct, approves it in the system. The requisition	The requisition approver should: • Review and approve the procurement request for appropriateness, validity, reasonableness, adequate funding,	The requisition approver must be different from the person who created the requisition as well as (ideally) from the person who carries out the key control review.	**Separation-of-Duties Function:** *Authorization* **Requisition Approver–Requisition Creator (Automated):**

	Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
		approver is typically a senior-level administrative manager.	accurate account coding, and appropriate supporting documentation. • Review for allowability under the funding source. • Review for compliance with laws, regulations and policies. • Ensure funding is available to cover the expenditure.	However, if department size requires that someone having one of these roles (requisition creator or requisition approver) perform the key controls, select the requisition approver rather than the requisition creator, since the requisition creator has more opportunity to manipulate transactions. Because the requisition creator will often select himself or herself as the requester, the approver cannot be the requester because the approver cannot be the requisition creator.	The system will not allow a requisition creator to approve his / her requisition. **Key Controls Performer (Manual):** The person performing the key controls should be different from the requisition approver.
4.	**Authorizer**	While not a BFSv9-defined role, the authorizer is the senior-management person or principal investigator (PI) in the unit who typically authorizes the business purpose of an expenditure request, and authorizes the expenditure of department or project funds for that request.	The authorizer should ensure the purchase is necessary, appropriate and reasonable for the department or project.	Typically, the authorizer is a unit head or principal investigator who approves the business case and expenditure of funds. Based on department preferences, risk tolerances, and the materiality of the expenditure, the authorizer has the ability to delegate a level of signing authority to the requisition approver. The authorizer role can be incorporated into the additional approver role.	**Separation-of-Duties Function:** *Authorization* Controls around the authorizer are defined at the unit level, but should generally identify when the authorizer needs to be involved (e.g., over what dollar threshold). Also, units should identify how and when authorizer's approval will be documented.
5.	**Additional Approver**	The additional approver is an optional role that departments can assign. The additional approver role can be used for expenditures that exceed the	The additional approver should approve purchases over the delegated budget authority of the requisition approver.	The authorizer role can be incorporated as the additional approver role. This role can be used to meet the	**Separation-of-Duties Function:** *Authorization* If this role is set up for a transaction, the P.O. will

	Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
		approval limit of the approver. Also, the role of the additional approver can be used for the authorizer role.		approval needs of PIs. The additional approver should not be the requisition creator. (*See creator role.*)	not be generated until the additional approval is indicated in system. Any delays in this additional approval will delay the procurement process.
6.	**Receiver**	The receiver role has two components: (1) the physical receiving of the goods, and (2) the indication in BFSv9 of the receipt of the goods. The receiver compares the goods received against the purchase order (or against the requisition in some cases) to determine if what UCB received is what was ordered, then enters the appropriate information into BFSv9.	The receiver should: • Compare the package contents with the specifications and quantity of the good(s) indicated on the PO and the packing slip to ensure UCB received what was ordered and what the vendor sent. • Obtain and file or forward, as appropriate per unit procedures, the appropriate documentation. • <u>Note</u>: Online receiving and inspection in BFS is available, but is not mandatory. The absence of online receipt or inspection does not stop approved PO vouchers from being paid, and receiving and inspection match exceptions do not appear on the AP Match Exception Report.	Someone other than the requisition creator should be the receiver. Separating the requisition creator and receiver roles adds greater control against a requisition creator's being able to inappropriately alter a shopper's list and then receive the goods that were ordered with the altered amounts. Smaller departments may need to set people up in BFSv9 as receivers even though they have requisition creator access. In such situations the system will not prevent a person from receiving the order he or she created, so individuals will need to separate themselves from performing the two roles for a single transaction. If the actual receiver does not have BFSv9 access, someone with BFSv9 access can act in his/her stead, after receiving appropriate documentation that the goods have been received.	**Separation-of-Duties Function:** *Custody of Assets* **Requisition Creator–Receiver (Manual):** A requisition creator should not receive his/her own order. (Although BFSv9 will allow these two roles for the same transaction.) Monitoring should occur whenever the requisition creator does receive the items ordered.
7.	**Inspector (Optional)**	The inspector role has two components: (1) the physical inspection of the goods, and	The inspector should:	If the actual inspector does not have BFSv9 access, someone with BFSv9	**Separation-of-Duties Function:** *Custody of Assets*

	Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
		(2) the indication in BFSv9 that the vendor has fulfilled all specified requirements of the purchase. The optional inspector role assesses the technical quality of the goods against the order specifications. This role is most likely to be required for equipment of a technical / scientific nature that needs to be set up or installed as part of the contract, or in order to determine acceptability.	• Possess sufficient technical expertise to inspect the goods. • Determine if the goods are in good condition and functioning as specified. • Also see "note" in this column for the Receiver (No. 6 above).	access can act in his/her stead, after receiving appropriate documentation of the inspection. There are no Separation-of-Duties restrictions on who can act as the BFSv9 inspector.	*Authorization* If this role is set up for a transaction, payment to the vendor will not occur until the inspector accepts the goods in BFSv9.
8.	**Key Controls Performer (SAS-115)**	The key controls performer is a senior-level manager on the accounting / finance or administrative / academic side of the department.	*See links on the Controller's Office website for information related to key controls performance.*	Because the key control is the last chance to spot fraud or errors, the person performing the key controls should be independent of the people who enter and approve the daily transactions. The key controls performer should not be the requisition creator or requisition approver, because they will likely have been involved in most or all department procurement transactions that the key controls performer will review for the month. However, if department size requires that someone having one of these roles (requisition creator or requisition approver) perform the key controls, select the requisition approver rather than the requisition	**Separation-of-Duties Function:** *Monitoring / Review* Someone other than unit requisition creators and requisition approvers looks at the big picture and questions anomalies.

Role	Description	Responsibilities and Knowledge Required	Separation-of-Duties Discussion	Separation of Duties Function / Controls
			creator, since the requisition creator has more opportunity to manipulate transactions.	