Assigning segregated roles over approving new vendors in the accounting system is a key control in the disbursements and payables process. There is a higher risk of fraudulent disbursements if the person who approves vendors in the accounting system also approves invoices for payment to these vendors.

The person who is authorized to approve new vendors shall be restricted from approving invoices. Vendor set-up forms or requests are used to document the addition and approval of new vendors to the vendor master file or list. Establishing proper access privileges in the accounting system can facilitate this process by preventing unauthorized additions, deletions, or modifications.

The exception to the above is that it may be necessary for the Accounts Payable Manager to set up a new vendor due to the type of payment required or due to an emergency. In those cases, the Accounts Payable Manager will initiate the new vendor’s set-up, and the Associate Controller or the Controller will review and approve via an ad hoc request for approval.

Monthly, a New Vendor Audit report will be generated and reviewed by the Associate Controller. As part of this review, the Associate Controller will select any new vendor initiated by the Accounts Payable Manager to ensure independent ad hoc approvals were obtained. The Associate Controller will also randomly select other new vendors to review for compliance with policies and procedures.

Please share this information with the appropriate members of your team.

APPROVED:

[Signature]

9/1/2020

Ronald S. Cortez, JD, MA
Chief Financial Officer
Vice Chancellor, Division of Finance & Administration