

FREE PRACTICAL GUIDE

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PROCUREMENT

How to Audit Procurement & Purchase-to-Pay

A practical guide to the highest-value risks and tests across supplier selection, buying and payment

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Why this guide matters

How to Audit Procurement & Purchase-to-Pay

This guide is designed for internal auditors who need a concise, practical way to apply audit procurement & purchase-to-pay in real engagements. It focuses on decisions, evidence and common failure points rather than theory.

THE OUTCOME YOU WANT

A practical guide to the highest-value risks and tests across supplier selection, buying and payment.

The six-step approach

- 1 Map the P2P flow from request to payment.
- 2 Review supplier onboarding, master-data and bank-change controls.
- 3 Test purchase approvals, competitive sourcing and price changes.
- 4 Analyze PO, receipt and invoice matching.
- 5 Look for duplicates, split purchases, overrides and unusual vendor relationships.
- 6 Review supplier performance, conflicts, exceptions and management monitoring.

Steps 1-3: Build the foundation

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1

Map the P2P flow from request to payment.

Define the decision, risk or process question before collecting evidence. Write down what a good outcome would look like.

2

Review supplier onboarding, master-data and bank-change controls.

Use actual transactions, system evidence, data and accountable owners to confirm how the process operates in practice.

3

Test purchase approvals, competitive sourcing and price changes.

Record assumptions, exceptions and boundaries early so later testing remains focused and reproducible.

AUDITOR PROMPT

Ask: "What evidence would convince another experienced auditor that this conclusion is reasonable?" If the answer is unclear, strengthen the planned work before moving on.

Steps 4-6: Turn work into assurance

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4

Analyze PO, receipt and invoice matching.

Match the depth of work to the severity of the risk. High-risk conclusions need stronger evidence and clearer documentation.

5

Look for duplicates, split purchases, overrides and unusual vendor relationships.

Challenge exceptions for frequency, impact, root cause and management awareness before deciding what they mean.

6

Review supplier performance, conflicts, exceptions and management monitoring.

Finish with an explicit conclusion and next action: no issue, improvement opportunity, finding, escalation or follow-up.

QUALITY CHECK

Before you finalize, ask whether the work directly answers the original audit question, whether evidence is sufficient, and whether a reader can understand the reasoning without being in the audit team.

ANALYTICS

Duplicate invoice number + vendor + amount; payments without PO; PO created after invoice; repeated bank changes; spend just below approval thresholds.

FOLLOW-UP

Trace high-risk results to original documents and responsible users.

OUTCOME

A risk-based sample that targets behavior, not just random transactions.

What makes the example useful?

- It starts from a specific risk or audit question.
- It connects evidence and testing to a conclusion.
- It avoids treating process description as proof of control effectiveness.
- It leaves a clear path for management action or follow-up.

Quick reference - use this on your next audit

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Five practical reminders

- Procurement risk is often concentrated in master data, approval bypasses and changes after initial approval.
- Use analytics to identify patterns before choosing samples.
- Separate genuine emergency procurement from repeated “urgent” workarounds.

Mini self-check

- ☐ Have I linked the work to a clear audit objective or business risk?
- ☐ Is the evidence strong enough for the importance of the conclusion?
- ☐ Have I distinguished facts, explanations and assumptions?
- ☐ Have I considered root cause and recurrence, not only the immediate exception?
- ☐ Can management understand what decision or action is required?

RESOURCE NOTE

This is a practical learning resource, not formal professional guidance. Adapt the approach to your organization, applicable standards, regulation and audit methodology.