

FREE PRACTICAL GUIDE

INTERNAL AUDIT RESOURCE LIBRARY

VENDOR MASTER

How to Audit Vendor Master Data

A practical guide to supplier creation, change controls, duplicates, bank details and dormant records

Why this guide matters

How to Audit Vendor Master Data

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

THE OUTCOME YOU WANT

A practical guide to supplier creation, change controls, duplicates, bank details and dormant records.

The six-step approach

- 1 Understand who can create, edit, approve and block vendors.
- 2 Test onboarding evidence and approval requirements.
- 3 Review bank-account change verification.
- 4 Analyze duplicates, shared tax IDs, bank accounts and addresses.
- 5 Identify dormant, one-time and high-risk vendors.
- 6 Review change logs and segregation of duties around master-data access.

Steps 1-3: Build the foundation

How to Audit Vendor Master Data

1

Understand who can create, edit, approve and block vendors.

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

2

Test onboarding evidence and approval requirements.

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

3

Review bank-account change verification.

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 duplicates, shared tax IDs, bank accounts and addresses.

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

5

Identify dormant, one-time and high-risk vendors.

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

6

Review change logs and segregation of duties around master-data access.

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

Same bank account across multiple vendors; vendor bank changed within seven days of payment; vendor created and first paid rapidly; vendor address matches employee.

EVIDENCE

Master-data change log, verification record, approval and subsequent payment.

CONCLUSION

Assess both the change and the governance that allowed it.

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

How to Audit Vendor Master Data

Five practical reminders

- Vendor master data is a fraud gateway because a small change can redirect a large payment.
- Bank changes close to payment dates deserve special attention.
- Dormant vendors should not remain silently reusable without review.

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.