

5 critical controls on vendor master file



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1. Restrict access to vendor master files

It is totally unwise to keep the door open on vendor master. Grant access to only a select few, with valid reasons.

Typically, these guys should NOT have AP and Bank reconciliation responsibilities.



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2. SOD

Separate the supplier record creation responsibility from payment approvals.

In case of conflicts that cannot be resolved due to short manpower, eliminate them through a compensating control (more to come on this).



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3. Standard naming convention

Eliminates the possibility of duplicate records. If multiple accounts of vendors are required, have a valid approval process with clear demarcation for the same (preferably in the master file itself make a note why you created it).



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4. Independent review of vendor master file

Such reviews should be done by the person not responsible for accounts payables.



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5. Vendor credit report process for new suppliers

By running a credit report on every new supplier, it is possible to see how long a supplier has been in business and investigate further as necessary.



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TL; DR

5 critical controls for vendor master management:

1. Restrict access to vendor master files
2. Segregation of duties
3. Standardize naming convention
4. Independent reviews
5. Credit report for new vendors



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