

Management of supplier master files

From report 16: 2018/9 – Management of Supplier Master Files

The following table shows control principles on which our audit focused. They cover a number of key supplier master file practices and controls, and are not intended as an exhaustive list.

Supplier master files framework	Focus area	What we expected to see
Policy	Policies and procedures	<ul style="list-style-type: none"> • Policies and procedures include comprehensive guidance for employees to effectively manage supplier master files. • Policies and procedures are regularly reviewed and updated.
Creation / amendments of master files	Access to master files	<ul style="list-style-type: none"> • Entities regularly review employees' access to create or amend supplier master files to reduce the risk of unauthorised changes.
	Creation	<ul style="list-style-type: none"> • Staff consistently apply naming conventions for supplier records, to avoid suppliers being registered under multiple names. • All key information is input at the time of creating a new supplier record.
	Amendments	<ul style="list-style-type: none"> • Documentary evidence is maintained to support the changes in master files. • Employee validates changes to supplier details with the supplier (i.e. via phone or formally by writing).
	Segregation of duties	<ul style="list-style-type: none"> • Additions or amendments to supplier master files are independently reviewed. • Appropriate segregation of duties is established between employees amending the master files and employees approving payments to suppliers.
	Recordkeeping	<ul style="list-style-type: none"> • Documentation is retained for all additions and amendments to supplier master files including reasons for amending the supplier details.
	Conflict of interest	<ul style="list-style-type: none"> • Employees declare any actual, potential or perceived conflict of interest. • Declarations are retained, assessed and conflicts of interest are appropriately addressed. • Employees with conflicts of interest abstain from the procurement process or managing records of the suppliers they are related to.

Supplier master files framework	Focus area	What we expected to see
Management of master files	Review	<ul style="list-style-type: none"> • Management undertakes formal and periodic review of master files to identify incomplete, incorrect, duplicate or redundant supplier records. • Weaknesses identified are communicated to the relevant stakeholders and remediating actions are promptly undertaken. • The outcome of the review is presented to the audit committee.

