

OUTLIERS INTERNAL CONTROL CENTRE™

# Procurement Controls Toolkit™

Control procure-to-pay end to end

Procurement / Finance / Internal Audit · Flagship Edition 2026

*Outliers Professionals Ltd — Internal Control Centre Resource Library*

## 1. Executive Overview

This toolkit controls procurement from requisition to payment — preventing unauthorised, fraudulent or wasteful spend.

This toolkit is part of the Outliers Internal Control Centre™ and is anchored to COSO, the IIA Standards and the Three Lines Model (by name). It gives boards, management and assurance providers an applied, end-to-end kit to design, operate, test and report controls in this domain.

## 2. Objectives

The control objectives this toolkit helps you achieve:

- Ensure purchases are authorised and needed
- Ensure vendors are legitimate and vetted
- Match goods/services to orders and invoices
- Prevent duplicate or fraudulent payments
- Segregate procurement duties

## 3. Governance

Procurement controls are owned by procurement and finance, monitored by the second line and assured by internal audit:

Line	Role
Board / Audit Committee	Oversees the control environment and assurance
First line (management)	Owns and operates controls
Second line (risk/compliance)	Sets policy, monitors and supports
Third line (internal audit)	Provides independent assurance

## 4. Control Framework

The framework controls procure-to-pay end to end — requisition, sourcing, purchase approval, goods receipt, three-way match and payment — with segregation of duties throughout.

### Maturity model

L1 Initial	L2 Developing	L3 Defined	L4 Managed	L5 Optimised
Informal / unreliable	Basic, inconsistent	Documented & standardised	Monitored & tested	Automated & value-creating

## 5. Roles & Responsibilities

Role	Responsibility
Procurement	Operates sourcing and PO controls
Finance / AP	Operates three-way match and payment controls
Budget owners	Approve requisitions per delegation
Internal audit	Assures procurement controls
Audit committee	Oversees procurement probity

## 6. Risk-Control Matrix (sample)

*Illustrative risk-control matrix. The full working version ships as an editable XLSX with risk owner, control owner, frequency, type, design & operating effectiveness, status, due date and RAG.*

Ref	Risk	Control Activity	Owner	Freq	Type
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PR-01	Unauthorised purchases	Approved requisition before PO	Procurement	Event	Preventive
PR-02	Fictitious vendors	Vendor due diligence & master-data controls	Procurement	Event	Preventive
PR-05	Overpayment / duplicates	Three-way match (PO, GRN, invoice)	Accounts Payable	Event	Preventive
PR-06	Unauthorised payment	Dual authorisation of payments	Finance	Event	Preventive

## 7. Sample Controls

- Requisition-to-PO approval per delegation of authority
- Vendor due-diligence and master-data change controls
- Three-way match before payment
- Segregation between requisition, approval, receipt and payment
- Periodic spend and exception review

## 8. Control Testing Approach

Test design first (is the control capable of mitigating the risk?), then operating effectiveness (did it operate over the period?). Use the assessment scale: Effective / Partially effective / Ineffective.

Control	Test procedure	Sample basis	Frequency
Approval controls	Inspect requisition/PO approvals for a sample	Sample	Quarterly
Vendor controls	Review vendor master changes and due diligence	Sample	Quarterly
Three-way match	Re-perform match for a sample of payments	Sample	Monthly

Record results in the Control Testing Workpaper and log gaps in the Control Deficiency Tracker (both ship as editable files).

## 9. Implementation Roadmap

Phase	Focus	Outcome
Phase 1	Document P2P process and risks	P2P control map
Phase 2	Implement approval, vendor and match controls	Operating P2P controls
Phase 3	Enforce SoD and no-PO-no-pay	Controlled spend
Phase 4	Monitor exceptions and test	Assured P2P controls

## 10. Templates

This toolkit is supported by the following editable templates and working files in the Resource Library:

- Procure-to-Pay Control Matrix (XLSX)
- Vendor Management SOP
- Three-Way Match Checklist
- Procurement Approval Matrix
- Control Testing Workpaper Template

## 11. Checklists

- Procurement policy and delegation of authority in place

- Vendor onboarding and due-diligence controls operating
- Requisition and PO approval enforced
- Goods-receipt controls operating
- Three-way match enforced before payment
- Payment dual authorisation enforced
- Procurement SoD enforced
- Spend and exceptions reviewed

## 12. Board Reporting Examples

Standard control report: executive summary · control effectiveness (RAG) · key metrics · deficiencies & remediation · decisions sought.

Metric	Current	Target	RAG	Action
Three-way-match rate	92%	≥98%	Amber	Reduce overrides
Vendor due diligence	85%	100%	Amber	Complete vetting
PO compliance	90%	≥95%	Amber	Enforce no-PO-no-pay
Duplicate payments	Low	0	Green	Maintain

## 13. Audit Committee Reporting

*Illustrative one-page summary for the audit committee (replace with live data):*

Item	Status	Commentary
Procurement controls	Amber	Operating; match overrides being reduced
Vendor controls	Amber	Due diligence being completed
Fraud risk	Amber	Mitigated; monitoring continues
Decisions sought	—	Approve no-PO-no-pay enforcement

## 14. RAG Examples

How to read the RAG status used across this toolkit and its workbooks:

RAG	Meaning	Control interpretation	Action
Green	Effective	Design and operating effectiveness both effective	Maintain and monitor
Amber	Partially effective	Design or operating effectiveness only partially effective	Improve and re-test
Red	Ineffective	Design or operating effectiveness ineffective; or critical deficiency	Escalate and remediate

### Notes & Disclaimer

*This resource is a professional internal-control template, not assurance, audit, legal or regulatory advice. It is anchored to COSO, COSO ERM, the IIA Standards, the Three Lines Model, ISO 31000, ISO 37301, ISO 9001 and COBIT, and to FRCN, NCCG 2018, SEC, CBN and NAICOM requirements — referenced by name only, with no copyrighted framework content reproduced. Calibrate control objectives, controls, owners, frequencies and thresholds to your organisation and confirm requirements against the current standards and applicable regulation. Bracketed fields [like this] and sample entries are editable, illustrative placeholders.*