The Bulletin

Turning AP Insights into Action.

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Why Vendor Master Data Integrity Matters More Than Ever

Automation continues to transform accounts payable by accelerating invoice processing and providing deeper operational insight than ever before. Yet despite these advances, finance teams still encounter familiar problems: duplicate payments, delayed supplier communications, reporting inaccuracies, and time-consuming manual corrections. More often than not, the root cause isn't the technology. It's the information driving it.

Every financial process begins with data. Before an invoice can be matched, a payment issued, or a Form 1099 prepared, an organization relies on the accuracy of its vendor master data. It's easy to overlook, but the master file is the foundation of countless financial processes across the enterprise, so what happens when that foundation erodes?

Small Errors, Large Consequences

Vendor master data rarely deteriorates overnight. Instead, small inaccuracies accumulate gradually. A vendor relocates and the address is never updated. A supplier changes its legal name after an acquisition. A duplicate record gets created because existing information couldn't be located quickly enough. A missing or inaccurate Tax Identification Number goes unnoticed until year-end.

Individually, these issues seem minor. Collectively, they create friction throughout the year - payment exceptions, delayed supplier communications, complicated tax reporting, and hours of manual rework

The master file also holds sensitive information, including banking details and tax IDs, so inaccuracies aren't just an efficiency problem; they're a data-integrity and vendor-trust risk. Organizations often don't recognize the extent of the damage until a major initiative (i.e. an ERP implementation, a vendor statement project, an audit, or year-end reporting) brings it to the surface. By then, correcting years of accumulated inconsistencies is a far bigger undertaking than maintaining them proactively would have been.

One Vendor Record, Many Business Processes

The masterfile is more than a supplier list; it's one of the most frequently referenced sources of information in the finance organization, supporting invoice processing, payment execution, vendor statement requests, supplier communications, Form 1099 reporting, financial reporting and analytics, recovery audit activities, and internal and external audits. When records are incomplete or outdated, the effects extend well beyond Accounts Payable: more manual work, slower decisions, strained supplier relationships, and less confidence in financial information organization-wide.

Building a Stronger Foundation

Vendor data quality isn't a one-time cleanup project, it is constantly evolving as organizations acquire businesses, suppliers merge, banking information changes, and ownership of vendor maintenance shifts between departments. Even organizations that start

Vendor Master Integrity *cont.*

with clean data see it decline without ongoing governance. Maintaining master file integrity takes continuous attention, defined ownership, and standardized processes, not periodic fixes.

Improving vendor master integrity doesn't always require a system overhaul. It starts with understanding your current state and asking the right questions:

- Who owns vendor master data?
- How are new vendors established and validated - and how is their information verified and secured?
- How often are existing records reviewed, and what controls prevent duplicate creation?
- What metrics indicate the overall health of the vendor master file?

Organizations that can confidently answer these questions are better positioned for efficient operations, accurate reporting, stronger supplier relationships, and successful year-end initiatives.

Through recovery audits, vendor statement reconciliations, supplier validation services, and 1099 projects, Broniec Associates has seen firsthand how organizations benefit from treating vendor data as more than an administrative record. The organizations that succeed long-term don't just correct issues as they arise, they build governance and accountability into how that information is maintained.

Vendor master integrity is often viewed as an AP responsibility, but it's really an organizational asset - one that procurement, finance, tax, treasury, compliance, and executive decision-making all depend on. As automation and AI investment accelerates, the organizations that treat vendor data integrity as a strategic discipline, not an administrative task, will be the ones best positioned to compete.

Key Takeaways:

- Vendor master data is foundational. Payments, supplier communications, 1099 reporting, audits, and analytics all depend on accurate information.
- Small data issues create significant downstream consequences. Outdated, incomplete, or duplicate records lead to inefficiency, reporting problems, manual rework, and increased risk.
- Data integrity requires continuous governance. As automation and AI expand, defined ownership, standardized processes, and regular review become even more important.

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What Your ERP Is Telling You About Your Vendor Data

Every ERP system has its own set of challenges pertaining to vendor integrity, with the biggest predictor isn't the system's reputation, but the structure of the vendor number itself. Investing in an ERP configured with consistent, numeric vendor numbering will eliminate a surprising share of downstream data problems before they start.

The Early Signs

Numeric vendor numbers (i.e. 12345678) are one of the strongest early indicators, a vendor file will have minimal issues. Alphanumeric vendor numbers (PHT1234) or fully alpha numbers (PHMDMTKD) tend to signal the opposite: systems using these formats generally have fewer built-in controls than systems using straight numeric IDs, and that shows up in the vendor file over time.

The system itself is often the strongest indicator of what to expect from a vendor file. ERP systems like SAP, Oracle, PeopleSoft, and JD Edwards tend to produce cleaner standard vendor files. Systems like QuickBooks, Solomon, and Microsoft Dynamics typically require more work to get everything lined up properly. Even within a "clean" system, gaps still appear - in SAP specifically, the more common issues aren't broad data integrity problems; they tend to be narrower: vendor name field length limitations, and blanket or generic email addresses uploaded in bulk rather than individual contacts. Industry adds another layer; the industry a company operates in can introduce its own set of challenges, even within the same ERP system - in SAP, for example, universities and hospitals tend to present more vendor data challenges than retail or energy.

Migrations are often where these small inconsistencies turn into bigger ones. When migrating from one ERP system to another, using the same vendor number across systems matters more than it might seem. If this step is skipped, backend year-to-date reporting may no longer tie out correctly. In some cases, a vendor number can be reassigned to a completely different vendor entirely, and because vendor name changes happen constantly, that kind of mismatch can go unnoticed until it causes a real problem.

Most systems capture vendor name and number accurately. Where they diverge is in formatting: address, phone, and email fields rarely follow the same convention twice. One system store "ST," another "Street." One accepts "PO BOX," another "P.O. Box" or "BOX 1234." Phone numbers might appear as (334) 768-9841, 3347689841, or 334-678-9841 depending on the system. Email handling varies just as much: some systems capture individual addresses; others upload a single blanket address for multiple vendors.

Even address structures differ, with some systems storing everything in one field, others splitting it across multiple fields depending on what information is provided. The vendor's date and vendor status fields can help determine which address is current when a vendor has more than one on file, but not every ERP system captures that information, which is itself a gap worth flagging when evaluating a vendor master's reliability.

Final Thoughts

No single ERP system is immune to vendor data issues but knowing where a given system tends to break down (i.e. numbering convention, industry-specific quirks, formatting inconsistencies, or gaps in what it tracks) makes those issues far easier to catch before they compound. That kind of system-specific awareness is what separates a vendor file that holds up under an audit or a migration from one that quietly accumulates problems for years. Understanding your ERP's particular tendencies isn't a one-time exercise either; it's a lens worth applying every time a new vendor is onboarded, a system is upgraded, or a migration is on the horizon.

ABOUT THE AUTHOR

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With 30 years of experience preparing and processing client data for accounts payable recovery audits, Pam works with organizations across a wide range of industries to analyze vendor master information, support audit analytics, and help ensure data is prepared for accurate and meaningful financial review.

Five Questions Finance Leaders Should Ask About Data

Advice from Broniec's Experts

Vendor master data rarely gets the same attention as automation initiatives, analytics platforms, or major system implementations. Yet nearly every financial process depends on the quality of the information stored within it. Whether your organization is preparing for year-end reporting, implementing a new ERP, conducting an audit, or simply looking to improve operational efficiency, these five questions can help assess the overall health of your master data.

1. Who Owns Vendor Master Data?

Ownership should sit outside Accounts Payable - the person approving vendor payments should not also be the person controlling who gets paid. The right owner is detail-oriented and process-driven, typically within an onboarding function.

Action steps:

- Assign a single accountable owner, separate from AP
- Document who has approval authority for new vendor creation
- Require a review step between a change request and the change actually being made — this is also a fraud control, not just a data-quality one (a classic fraud pattern is an "urgent" request to change bank details)

2. How Confident Are You in Your Vendor Information?

Confidence should extend to whether fields are being used for their intended purpose. A field can be "complete" and still be wrong - a purchaser's internal email entered instead of the vendor's, or a generic/blanket email address auto-populated across many records.

Action steps:

- Query for the same email address appearing across many vendor records (a repeat count in the double digits is a red flag)
- Check for your own company's email domain appearing in vendor records that aren't actually yours
- Review who has access to edit banking and tax fields

Key Takeaway

The most successful finance teams take a different approach, treating vendor data as a strategic asset that supports operational efficiency, strengthens compliance, improves reporting, and enables better decisions throughout the year. Like any asset, it delivers the most value when it's maintained consistently, reviewed regularly, and trusted across the organization.

3. Could Duplicate Vendors Be Entering Your System Today?

Not every apparent duplicate is a mistake - legitimate multi-location or multi-buyer vendors may intentionally carry multiple vendor numbers. The risk is redundant accounts: the same vendor at the same address, entered more than once.

Action steps:

- Run same-name/same-address matching reports regularly
- Document any legitimate multi-account setups (by location, buyer, or company code), so they aren't mistaken for errors
- Pay special attention during and after ERP migrations, when vendor numbers are prone to being reissued or duplicated across systems

4. When Was the Last Time Your Vendor Master Was Reviewed?

A once-a-year blanket review misses the ongoing nature of vendor data drift, but seasonal vendors need judgment before being flagged inactive.

Action steps:

- Use the "last updated" field to trigger a rolling, staggered outreach for confirmation (e.g., every vendor last touched in a given month gets reviewed on that same monthly anniversary)
- Run addresses through the National Change of Address (NCOA) database periodically
- Give seasonal vendors a longer grace period before deactivation

5. Would Your Vendor Data Support Your Next Major Initiative?

This is increasingly tested by events outside routine operations - a merger, an acquisition, or a new international division can introduce vendor data your current standards were never built for.

Action steps:

- Pressure-test a sample of records against an upcoming initiative before it starts
- Build a plan now for how a new entity (e.g., a newly acquired division or foreign subsidiary) will be integrated into the existing vendor master, including format differences (address conventions vary by country)

Technology Doesn't Fix Bad Data - It Amplifies It

There's never been a more exciting time to work in finance – or technology. AI is changing how organizations process information, automation is cutting down repetitive work, and analytics are delivering insight that would have been unimaginable a few years ago. That pace of change isn't slowing down any time soon. Despite all this, one principle hasn't changed: technology is only as reliable as the information it receives. No system can produce consistently accurate results from inaccurate data. Broniec clients and prospects turn to technology to solve operational problems, but technology doesn't fix underlying data issues, it simply processes them faster. If vendor records are inconsistent, automation and AI don't correct them; they scale them. Speed increases, but so does the cost of getting the fundamentals wrong.

What I've Mastered After Millions of Records

Broniec's programmers process vendor and payment data from a wide range of clients, across different industries, different ERPs, and different levels of data maturity. Run enough datasets through analytics and audit routines, and you stop being surprised by what shows up. The same categories of errors (duplicate vendors, inconsistent naming, incomplete tax data, stale banking information, etc.) appear across nearly every file we touch. While our proprietary tools have gotten dramatically better over the years at identifying these discrepancies, the underlying data problems we're finding haven't changed nearly as much. Better tools don't mean better data, they mean better visibility into the data you already have, good or bad.

Part of my job is building and refining the analytics and matching logic Broniec uses to find recoverable overpayments and vendor data issues in a client's file. Those systems are only as good as the assumptions built in. A duplicate-detection routine tuned to catch exact-name matches misses the vendor spelled two different ways after a legal name change. A matching algorithm that trusts a Tax ID field will produce false confidence if that field was never validated in the first place.

That's the part of this job that doesn't show up in a demo: writing the logic well enough to account for the ways vendor data actually breaks, not just the way it's supposed to work. It's also where the human element still matters most - no rule set catches everything on its own, and knowing which new variation of an old problem to build for next comes from experience, not automation. When we tighten a rule set or add a new validation step, it's almost always because we found a new pattern our logic hadn't accounted for yet.

Where the Real Investment Belongs

Vendor master data rarely gets the attention or budget that a new system implementation does. But it's what determines the success of an audit: whether the data feeding the tools was built on consistent standards to begin with. We can build smarter matching logic and better detection models year after year (and we do), but every improvement is still working against the same root issue: the quality of what's in the file. As AI and automation take on more of this work, that dependency doesn't shrink. It grows. The systems get better at finding problems. They still can't create good data on their own. Technology doesn't replace good data, it depends on it. And as we like to remind clients the crucial part in this is the human experience – something no system can replicate.

ABOUT THE AUTHOR

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Matt leads the firm's programming and statements outreach teams. He focuses on refining the algorithms and tools that process client vendor and payment data, helping ensure the analytics behind every audit and recovery engagement are built on accurate, reliable information.

ON-DEMAND WEBINAR

WHAT IS BAD VENDOR DATA REALLY COSTING YOU?

Discover how inaccurate vendor information affects AP operations, supplier relationships, 1099 readiness, reporting, and audits. Hear Broniec experts explain why vendor master integrity matters.

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Outreach Is Where Bad Vendor Data Surfaces

Most vendor data problems that surface during 1099 season didn't start in January. By the time a Tax ID doesn't match, a 1099 form is marked undeliverable, or a duplicate vendor throws off year-end totals, that record has usually been broken for months. If you want a window into your 1099 season, look at what your vendor data looks like today.

What a Bad Record Actually Looks Like

Outreach, the process of contacting a client's existing vendors to request statements, resolve open credits, or confirm current information, is a fantastic indicator of the quality of data. A bad outreach attempt has a very specific signature. On the physical side, it's a returned as undeliverable; that tells us the client's system doesn't have the vendor's current address. On the digital side, it's faster and blunter: we send a statement request email and get an undeliverable bounce back within moments, usually because the contact left the company and their email was deactivated. Either way, the signal is the same - the record hasn't been updated with the vendor's most current information.

Broniec's statement outreach projects typically cover thousands of vendors per client, with a goal of securing a response from 80% within 60 days - and often achieving rates of 90% plus. Depending on how many valid email addresses we're working with, we expect a 20–30% response rate within the first week. If the results are less than 20% percent after week one, that's an early, reliable signal that the client's data is outdated. When the data's bad, that gap means our audit team and statements staff manually researching and augmenting the current contact information.

When outreach fails to reach the right contact, the cost isn't abstract. If the vendor in question has high spend or high transaction volume with the client, a failed outreach is a missed opportunity - those are exactly the vendors worth reconciling closely. For clients who still rely heavily on physical mail, postage adds up fast, especially with how often USPS rates have climbed recently. Beyond the dollars, there's the time cost: delayed reconciliation, slower payments, and staff hours spent chasing down information that should already be on file.

Where Duplicate Records Actually Come From

Duplicate vendor accounts usually trace back to a lack of quality controls at onboarding, or vendor master files that aren't reviewed and cleaned regularly. To be clear, not every multi-account situation is a problem, some vendors legitimately need more than one record because they have multiple order-from or remit-to locations. Ideally those situations are set up with a parent/child relationship in the vendor masterfile, not as separate, unrelated accounts. The real issue is redundant accounts: same vendor, same address, entered more than once. While we filter those anomalies out before conducting any audit related outreach, the danger persists in the client's data; this leads directly to duplicate payments and extra headaches once 1099 season hits. It's exactly this kind of issue our TIN validation and vendor masterfile clean-up projects are designed to catch before it reaches that point.

Based on what I see across projects, a few habits consistently make the biggest difference:

- Record and maintain vendor email addresses in the vendor masterfile - not just physical addresses.
- Validate W-9 information at onboarding using a TIN-checking service.
- Treat ongoing updates as more important than the initial capture - getting it right during onboarding matters as much as keeping it current afterward.
- If vendors self-manage information through a portal, build a process that pushes those updates directly into the vendor master.
- If there's no portal, put a process in place for periodically requesting updates from active vendors.

Beyond Compliance

1099 reporting matters, but if that's the only lens an organization uses to judge vendor data quality, they're missing the bigger picture. Accurate vendor information

Outreach Is Where Bad Data Surfaces *cont.*

makes outreach faster, protects the opportunities tied to high-value vendors, and gives finance teams confidence heading into year-end instead of last-minute scrambling. There's no single month dedicated to fixing this issue, it happens through the outreach conversations, the small corrections, and the ownership finance teams build in year-round. If your team is already bracing for a rough 1099 season, that's usually a sign the groundwork needs attention well before December - which is exactly where we spend most of our time.

ABOUT THE AUTHOR

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Graham oversees vendor statement request and review programs, 1099 reporting projects, and other client initiatives involving supplier communications and vendor data management. His experience working directly with vendor records and outreach efforts provides a unique perspective on how data quality influences financial operations long before year-end reporting begins.



ASK THE AUDITOR

Have a question about AP controls, audit risk, vendor management, automation, or another challenge facing your finance team?

Send it our way. Each quarter, we'll select a reader question and ask one of Broniec's experienced auditors or subject matter experts to weigh in.

Your question could be featured in an upcoming issue of The Broniec Bulletin.

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