

Standard Operating Procedure

Process a supplier invoice for payment

Filled-in example. The company, names, limits and dates are invented to show the level of detail each section needs.

SOP number	SOP-FIN-004	Version	2.1
Department	Finance, accounts payable	Effective date	2026-10-01
Process owner	Accounts payable lead	Next review	2027-04-01
Status	Approved	Approved by	Finance manager

1. Purpose

Make sure every supplier invoice is checked against what was ordered and received before it is paid, so the company pays the right supplier the right amount, once, and on time.

2. Scope

- **Applies to:** supplier invoices for goods and services bought with a purchase order and received in the accounts payable inbox.
- **Does not cover:** employee expense claims, payroll, company card purchases. Invoices with no purchase order are handled as an exception (section 7).
- **Starts when:** an invoice arrives in the accounts payable inbox.
- **Ends when:** the invoice shows as Scheduled in the accounting system with a payment date, and its email is filed.

3. Roles and responsibilities

Role	Responsibility
Accounts payable (AP) clerk	Performs steps 1 to 8: checks, enters and routes invoices. Never approves an invoice they entered.
Budget holder	Approves invoices up to \$5,000 charged to their budget, within two working days of the request.
Finance manager	Approves invoices over \$5,000 and every change to a supplier's bank details.
Buyer (purchasing)	Resolves price and quantity differences with the supplier.

4. Definitions

Term	Meaning
Purchase order (PO)	The approved order sent to the supplier. Its number should appear on the invoice.
Goods receipt	The record, made by whoever received the goods or service, confirming what actually arrived.

Term	Meaning
Three-way match	The PO, the goods receipt and the invoice agree on supplier, items, quantities and prices.
On hold	An invoice status that blocks payment until someone clears it.

5. Materials, tools and systems

- Access to the accounts payable shared inbox.
- An accounting system login with the AP clerk role (can enter invoices; cannot approve them or edit bank details).
- Read access to purchase orders and goods receipts.
- The approval limits and price tolerance in the purchasing policy.

6. Procedure

Step	Action	Owner	Notes and expected result
1	Open the next invoice in the AP inbox and save the PDF to the supplier's folder.	AP clerk	One invoice per PDF. Split combined files before you start.
2	Search the accounting system for the supplier name and the invoice number.	AP clerk	A match means a duplicate: reply to the supplier, file the email under Duplicates and stop.
3	Open the PO and the goods receipt, and check supplier, items, quantities and prices against the invoice.	AP clerk	A price difference inside the policy tolerance is fine. Anything else goes to section 7.
4	Compare the bank details on the invoice with the supplier record.	AP clerk	If they differ, stop. Do not enter the invoice; follow the bank-details exception.
5	Enter the invoice: supplier, invoice number, invoice date, due date, net amount, tax and PO number. Attach the PDF.	AP clerk	Expected result: status Awaiting approval.
6	Send it for approval: to the budget holder up to \$5,000, to the finance manager above that.	AP clerk, then approver	The approver confirms the charge is genuine and coded to the right budget. Expected result: status Approved.
7	Add the invoice to the last payment run before its due date.	AP clerk	Expected result: status Scheduled, with a payment date.
8	Move the email to the Processed folder.	AP clerk	The inbox should only hold invoices still in progress.

7. Exceptions and escalation

If this happens	Do this	Contact
There is no PO number on the invoice	Put the invoice on hold and ask the person who ordered to raise or confirm a PO.	Requester, then budget holder

If this happens	Do this	Contact
Price or quantity does not match	Put the invoice on hold and email the buyer with the invoice and PO attached.	Buyer
Bank details differ, or the supplier asks to change them	Change nothing. Call the supplier on the phone number already on file to confirm, then pass it to the finance manager.	Finance manager
The invoice is overdue or marked urgent	Process it first and tell the finance manager before the next payment run.	Finance manager

8. Safety, quality and compliance notes

- Two different people must enter and approve every invoice.
- Requests to change bank details are a common fraud route. Never accept one by email alone.
- Keep invoices and approval records for as long as your tax and audit rules require.
- Do not forward invoices that show bank details outside the finance team.

9. Related documents

- Purchasing policy (approval limits and price tolerance)
- SOP-FIN-002: Add or change a supplier
- SOP-FIN-006: Run the weekly payment run
- Video walkthrough of steps 2 to 5 in the accounting system

10. Revision history

Version	Date	What changed	Changed by
1.0	2025-03-03	First version	AP lead
2.0	2026-04-14	Added the bank-details check (step 4) and its exception, to block payment-redirection fraud	Finance manager
2.1	2026-10-01	Raised the budget holder's approval limit to \$5,000	Finance manager

11. Approvals

Role	Name	Signature	Date
Prepared by	Jordan Lee, AP lead		2026-09-24
Reviewed by	Sam Patel, purchasing lead		2026-09-26
Approved by	Alex Kim, finance manager		2026-09-29

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