Standard Operating Procedure (SOP): Invoice Generation and Distribution Process

Purpose

This SOP details the **invoice generation and distribution process**, encompassing the accurate creation of invoices, validation of billing information, approval workflows, and timely delivery to clients via preferred communication channels. The objective is to ensure efficient billing operations, reduce errors, enhance customer satisfaction, and maintain clear financial records for auditing and reporting purposes.

Scope

This SOP applies to all employees involved in the sales, finance, and accounts departments responsible for the initiation, review, approval, and dispatch of invoices to clients.

Responsibilities

- **Sales Team:** Provide finalized billing details and supporting documents.
- **Finance/Accounts Team:** Generate, validate, and approve invoices.
- **Approving Manager:** Final review and approval for high-value invoices, as per approval matrix.
- **Distribution Team/Assigned Personnel:** Dispatch invoices to clients using appropriate channels and maintain distribution records.

Definitions

Term	Definition
Invoice	A billing document sent to a customer for products sold or services rendered.
Approval Workflow	A process to review and authorize invoices prior to dispatch.
Communication Channel	Method used to deliver invoices to clients (e.g., email, portal, courier).

Process Steps

1. **Collect Billing Information**
   - Receive finalized sales order/service delivery confirmation from Sales Team.
   - Collect necessary supporting documentation (PO, SOW, delivery receipt, etc.).

2. **Invoice Preparation**
   - Enter billing details in the accounting system or invoice template.
   - Ensure correct client details, item descriptions, quantities, prices, and applicable taxes.

3. **Validation and Review**
   - Cross-check invoice information with supporting documents.
   - Verify that calculations are accurate and contract terms are met.

4. **Approval Workflow**
   - Forward invoice and supporting documents to management for approval, if required.
   - Record date and approver details.

5. **Invoice Generation**
   - Generate final invoice, assign invoice number, and save in the centralized repository.
   - Ensure invoice is in the client's preferred format (PDF, hardcopy, etc.).

6. **Distribution**
   - Send the invoice via the client's preferred communication channel (email, portal upload, postal mail, etc.).
   - Record distribution date, time, and method.
   - Set up delivery/read receipt if possible and needed.

7. **Record Keeping**
   - File a copy of the sent invoice and proof of delivery in the records management system.

- Update billing records and follow up as per accounts receivable policy.

Controls & Compliance

- All invoice records must be retained for a minimum of 7 years for audit purposes.
- Only authorized personnel may approve and send invoices.
- All client information must be treated as confidential and comply with data protection regulations.

Related Documents & References

- Accounts Receivable Policy
- Data Privacy Policy
- Invoice Template
- Approval Matrix

Revision History

Version	Date	Description of Change	Author
1.0	2024-06-15	Initial version	Finance Dept.