

SOP Template: Vendor Payment Processing and Invoicing Standards

This SOP defines **vendor payment processing and invoicing standards**, covering the procedures for invoice receipt, verification, approval, and timely payment. It includes vendor onboarding requirements, invoice format compliance, payment authorization workflows, record keeping, and dispute resolution. The objective is to maintain accurate financial records, enhance vendor relationship management, and ensure efficient and transparent payment operations.

1. Purpose

To establish consistent procedures for the processing and payment of vendor invoices, ensuring compliance, accuracy, transparency, and the fostering of positive vendor relationships.

2. Scope

This SOP applies to all employees involved in the procurement, receipt, approval, and payment of vendor-supplied goods and services.

3. Definitions

Term	Definition
Vendor	Any external party contracted to provide goods or services to the organization.
Invoice	A bill issued by a vendor requesting payment for delivered goods or services.
PO (Purchase Order)	A formal order authorizing a vendor to provide goods or services.

4. Responsibilities

- **Accounts Payable:** Invoice receipt, verification, processing, and record keeping.
- **Department Managers:** Invoice review and approval.
- **Procurement/Finance:** Vendor onboarding and data maintenance.

5. Procedure

5.1 Vendor Onboarding

1. Obtain necessary documentation (W-9, business license, bank details, etc.).
2. Perform due diligence and background checks as required.
3. Enter vendor information into the accounting system.

5.2 Invoice Receipt and Compliance Verification

1. Receive invoices through designated channels (email, portal, mail).
2. Verify invoice format compliance:
 - Vendor name and contact details
 - Invoice number & date
 - Purchase order reference
 - Description of goods/services
 - Amounts and totals

- Payment instructions

5.3 Invoice Verification and Approval

1. Match invoice with purchase order and delivery evidence (packing slip, service report).
2. Verify accuracy of billed amounts, quantities, and contractual terms.
3. Forward to responsible approver for sign-off or electronic approval as per approval matrix.

5.4 Payment Authorization and Processing

1. Check approval status and budget sufficiency.
2. Schedule payment in alignment with agreed payment terms.
3. Process payment by preferred method (EFT, check, etc.).
4. Communicate payment confirmation to vendor.

5.5 Record Keeping

1. Archive invoices, approvals, and payment confirmations electronically and/or physically, in compliance with retention policies.
2. Update accounts payable and general ledger records promptly.

5.6 Dispute Resolution

1. In case of discrepancies or disputes, notify the vendor within 5 business days.
2. Investigate and resolve issues collaboratively with the vendor.
3. Document resolution steps and outcome for audit trail.

6. Payment Authorization Workflow Example

Invoice Amount	Required Approvals
Up to \$5,000	Department Manager
\$5,001 - \$20,000	Department Manager + Finance
Above \$20,000	Department Manager + Finance + Executive

7. Compliance and Audit

- Regular audits will be performed to ensure adherence to this SOP.
- Exceptions and deviations must be documented and justified.

8. Related Documents

- Vendor Onboarding Checklist
- Invoice Submission Guidelines
- Payment Authorization Matrix
- Record Retention Policy

9. Revision History

Date	Version	Description	Author
2024-06-15	1.0	Initial release	Finance Team

