

SAP Concur 

Take Away AP Pain With a Strong Vendor Invoice Policy Template

Get our free template
and 7 tips for getting started



INTRODUCTION

No one knows exactly what the future holds, from sales upswings and economic downturns to shifting regulations and fluctuating business priorities. Every Accounts Payable (AP) team needs to be prepared for change to be future-ready. A strong, templated vendor invoice policy is a step toward achieving that goal as well as adding more control and efficiency in your business.

Creating a policy for managing invoices may seem time-consuming initially, but in the absence of having one, your AP team will waste time chasing down information, fixing errors, and untangling confusion caused by conflicting ideas about processes. Once created and enforced, an effective invoice management policy can reduce the amount of time it takes to approve and process invoices, address exceptions, and manage documentation, allowing your employees to focus on their core competencies instead of busy work.

To get started, review the 7 tips that follow. Then, use our free template to help create or update your business's vendor invoice policy.



7 tips to get started

1

Invite participation.

Ask team members from different departments for input on their AP- and vendor-related challenges, and encourage them to act as policy champions within their departments.

2

Identify ways to work with vendors more efficiently.

Audit how vendors submit invoices and accept payments. Find out if you can receive invoices via email or PDF instead for quick digitization and if you can pay via Automated Clearing House (ACH) or purchasing card rather than a check.

3

Undergo a broad review process.

Have other departments review drafts of policies to assess if they are fair, clear, and concise. Is there any confusing or ambiguous language that needs to be addressed? The easier your company's policies are to understand, the more likely your employees will be to follow them.

4

Emphasize the benefits.

By explaining the reasons for this policy, its benefits to the company and specific departments, and the drawbacks of not following it, you'll create more trust in the policy.

5

Make it easy to find.

Don't waste time on an unfindable — and therefore unusable — policy. Email the new or updated policy to all employees, and post it on your company's intranet. To ensure receipt, have employees e-sign the policy annually or upon new updates.

6

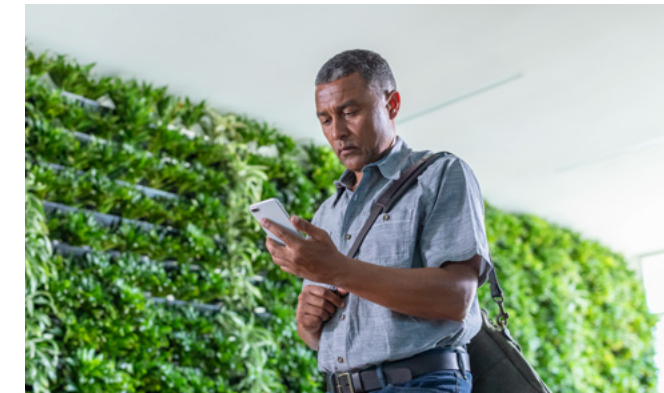
Prepare for questions and concerns.

Be ready to address objections like "this will take more time" and consider adjustments if the concerns are valid. If the policy includes new processes, a change management plan can help with adoption and adjustment for employees.

7

Look for ways to standardize and optimize your AP processes.

This is a great time to assess your current processes to find ways to execute invoice processing with fewer touches, more accuracy, less risk, and more technology unity and visibility with other AP processes like expense management.



VENDOR INVOICE POLICY TEMPLATE

At its simplest, a vendor invoice policy should cover the following categories:

- 5** Statement of purpose

- 6** Company expectations and policy compliance

- 7** Delegation of authority, approval chains, and purchase price variance

- 8** Periodic policy review

The following pages provide a more detailed explanation for each category, as well as sample template language you can modify to meet your company's policies and processes.

Please note: **This is not a legal document** — it's a starting point.

VENDOR INVOICE MANAGEMENT POLICY TEMPLATE — SUBJECT AREAS

- 9** Bill-to mailing and email addresses

- 10** Recording receipt of invoices (optional) + Internal invoice routing to and from Accounts Payable for action

- 11** Coding of invoices + Approving an invoice

- 12** Recording results of exception handling of an invoice

- 13** Filing of documents + Invoice retention period and policy

- 14** Storing documents

- 15** Accessing stored documents + Proper document disposal practices

- 16** Other related policies or procedures

Statement of purpose

WHAT TO INCLUDE

The Statement of purpose should explain, in simple language, why the company needs a vendor invoice policy. For example, a good policy reduces the risk of lost, misplaced, or misdelivered documents. It enables prompt and accurate posting of invoices and timely financial reporting and payments to vendors. Finally, it reduces frustration and risk when accessing records for research, audit, or litigation requests.

Establish basic guidelines, including who the policy pertains to, the effective date of the policy, and any references to document revisions (change, date, and approval).

EXAMPLE WORDING

This vendor invoice policy applies to any employees of [insert company name] whose responsibilities include processing, coding, reviewing, approving, or otherwise touching or accessing any vendor invoices once delivered to the company.

Each invoice or payment request represents an amount due to a payee: a liability and the associated costs. If the documents are not delivered to Accounts Payable promptly or are delayed or lost during approval or the exception handling process, financial reporting and payment could be delayed, resulting in inaccurate financial data, late payments, or a negative impact on vendor relationships.

Additionally, our company is legally responsible for retaining all documentation for a certain number of years. Missing documentation could result in negative audit findings or litigation issues.



Company expectations and policy compliance

WHAT TO INCLUDE

This brief summary should explain:

- Expectations for managing the receipt and storage of all AP-related documents, including vendor invoices, notes, and backup
- The responsibilities of each employee who touches a vendor invoice for any reason, including receipt, account coding, approval, or payment processing
- Any policy or procedure the company may have in reviewing, coding, or approving an invoice
- Consequences for not complying with the policy

EXAMPLE WORDING

It is expected that all vendor invoices should be submitted by the vendor or company recipient to the Accounts Payable department. [Link to or reference “Bill-to mailing and email addresses” section below.]

Accounts Payable should log and retain all original invoices. If an invoice needs to be sent to someone outside of Accounts Payable for coding, approval, or exception handling, a copy of the invoice should be emailed to or shared via a file link with the appropriate party. Originals should be filed in a “pending” folder until the copy is returned with the necessary details.

The actioned copy should be returned to Accounts Payable by the requested due date via the same method (email or shared file link) or as instructed. Accounts Payable will then pull the original from the pending folder, attach the copy, and process the invoice.

REQUIRED DETAILS INCLUDE:

- Full signature of the person performing action
- Date of action
- Full coding string: account number, cost center, and amount for each line if multiple coding is supplied

All required details need to be on the invoice copy. Do not supply details in the body of an email unless the vendor’s name, invoice number, and amount have been supplied in the subject line, so it is clear the details supplied are for a specific invoice.

Should Accounts Payable receive an invoice that does not comply with these instructions, the copy will be returned for correction.

Delegation of authority, approval chains, and purchase price variance

WHAT TO INCLUDE

This section explains common areas of confusion, such as who can approve invoices, the rules for purchase price variances, and who can approve exceptions.

EXAMPLE WORDING

Your assigned job title, based on Human Resources records, is used to determine your delegation of authority (DOA). Note that regardless of your DOA, you may only approve invoices for your cost center. If you are not available to approve an invoice, it can be approved by a peer in the same cost center with the same or higher DOA. If you are not authorized to approve an invoice based on the dollar amount, it is your responsibility to forward that invoice to the appropriate person.

Any person responsible for vendor master maintenance or for issuing payment to vendors should not have the authority to approve invoices as this could be seen as a conflict of interest.

You cannot be the sole approver for an invoice billing for products or services ordered by you. Once you confirm the invoice details are accurate, sign and date the invoice and send it to a peer in the same cost center or to your manager for final approval.

Should there be a purchase price variance between the amount on a purchase order and the amount billed by the vendor, the invoice is to be sent to the purchasing agent for review and approval, unless the amount is less than [\$xx or xx%], whichever is less. If the amount is within the stated tolerance, the Accounts Payable processor can proceed with posting the invoice.

Should you have questions pertaining to this policy and its enforcement, please contact [the individual with the authority] to enforce the policy or to approve exceptions.



Periodic policy review

WHAT TO INCLUDE

The goal of this section is to ensure your vendor invoice policy doesn't become outdated and unusable within a few years. Include instructions for periodic policy reviews to keep pace with changes in your business and technologies. Clearly assign the review responsibility to a particular role and department so that this duty is not forgotten. Also include representatives from any affected departments in the review process so that their feedback is considered and any changes have a minimal impact on the employee experience.

EXAMPLE WORDING

This policy shall be reviewed every [12 or 24 months] by a cross-departmental team that includes representatives from [list of departments]. This review cycle will be maintained by the [include title of head of Finance or Accounts Payable]. Between review periods, it is the responsibility of [include name/title] to ensure the details of the policy are up to date and that it is available for all employees to reference at [website URL/internal location].



Vendor Invoice Management Policy Template — Subject Areas



Bill-to mailing and email addresses

WHAT TO INCLUDE

To ensure Accounts Payable receives invoices promptly, include the correct bill-to mailing address and email address in the policy. Clearly state that all vendor invoices need to be sent to either the mailing or email address, with a preference for electronic delivery. If there are several different addresses, list those addresses in a matrix and add that information as an appendix to the policy.

EXAMPLE WORDING

It is imperative that Accounts Payable receive all vendor invoices directly and promptly. When ordering goods or services from a vendor, confirm they have the correct bill-to address, either mail or email. Remind the vendor to only use one method for submitting their invoices to prevent duplicate copies, which can cause processing delays. Clearly state that the preference is email but the company will accept paper invoices. Should you receive an invoice directly from a vendor with no evidence that the invoice has also been sent to Accounts Payable, forward the invoice to Accounts Payable immediately.

[Supply postal mail address, interoffice address, and email address here, or refer to an appendix if needed.]

Recording receipt of invoices (optional)

WHAT TO INCLUDE

Any invoices received in paper form or printed from PDF by Accounts Payable should be date stamped, especially if the invoice was forwarded to Accounts Payable from another department. The “received” date can be used to track the turnaround time between receipt of the invoice and the first processing attempt by Accounts Payable. It can also be used to audit accrual processes.

EXAMPLE WORDING

All paper invoices received by Accounts Payable should be stamped with the date the invoice was received by the department.

Internal invoice routing to and from Accounts Payable for action

WHAT TO INCLUDE

When invoices received by Accounts Payable need to be routed internally for account coding, approval, or exception handling, the Accounts Payable team should send a copy and retain the original invoice to reduce the risk of invoices being lost or delayed.

Additionally, anyone who receives an invoice from Accounts Payable will need to know how to return the invoice to Accounts Payable once action has been taken to minimize any delay in processing.

EXAMPLE WORDING

When Accounts Payable needs to send an invoice to an employee for coding, approval, or the addressing of an exception, the Accounts Payable team should retain the original invoice and send a copy via interoffice mail, email, or a shared file link to the appropriate person for action to be taken. See “Coding of invoices,” “Approving an invoice,” or “Recording results of exception handling of an invoice” for the specific information to be supplied back to Accounts Payable with the invoice copy.

The Accounts Payable team should file the original invoice in a pending folder, alphabetically or by invoice date, where it should remain until the copy is returned with coding, approval, etc.

If you have received an invoice for account coding, approval, or an exception, address as soon as possible. Once action has been taken, send the invoice, along with the required details, back to Accounts Payable through interoffice mail or via email to [xxxxxxxx@company.com]. All required details need to be on the face of the invoice or on an added page. Do not supply details in the body of an email unless the vendor name, invoice number, and amount have been supplied in the subject line, so it is clear the details supplied are for a specific invoice.

Coding of invoices

WHAT TO INCLUDE

If you already have account coding details in a separate procedure document, supply a reference here. Otherwise, it is recommended the details be supplied as an appendix in the vendor invoice policy so that they are easily accessible and part of the documentation record.

EXAMPLE WORDING

If an invoice is sent to you for account coding, first review the document to ensure accuracy. The coding details should be supplied on the face of the invoice, but do not write over any details printed on the invoice. Include the:

- GL account number
- Cost center
- Department number
- [Any additional information your company requires]

If the invoice total is to be split to multiple coding lines, be sure to supply the amount to be charged to each line and confirm that it adds up correctly. Include your full signature, your printed name, and the date. If the invoice needs to be approved by another person, forward the marked-up invoice to that person. To prevent critical details from being lost, only include coding details on the invoice and not in the body of any email.

Approving an invoice

WHAT TO INCLUDE

If you already have approval details in a separate procedure document, supply a reference here. Otherwise, supply the details below so they are easily accessible and part of the documentation record.

EXAMPLE WORDING

If an invoice is sent to you for approval, first review the document to ensure accuracy. Confirm the invoice total amount is less than your DOA level. If all is in order, approve the invoice by supplying your full signature, your printed name, and the approval date.

If approving the invoice by email, ensure the vendor's name, the invoice number, and the amount are referenced in the subject of the email so it is clear the action supplied is for a specific invoice.

If the invoice needs to be approved by another person, forward the marked-up invoice to that person.

Recording results of exception handling of an invoice

WHAT TO INCLUDE

At times, Accounts Payable may not be able to process an invoice if an exception is identified (e.g., the vendor is not set up in the ERP financial or accounting system, the referenced purchase order number is invalid, the bill amount does not match the purchase order, etc.). Accounts Payable may need to send these invoices to the responsible party for resolution or instructions on how to process the invoice. It is critical that details of the exception and the resolution be documented should questions arise about the invoice in the future.

EXAMPLE WORDING

If Accounts Payable identifies an exception on an invoice, the invoice should be sent to the appropriate party with an explanation of the issue. If such an invoice is sent to you, first confirm you understand the issue.

As you address the exception, record notes on the face of the invoice copy or on a separate page to be attached and submitted with the invoice back to Accounts Payable. Include your full signature, printed name, and date of resolution, along with the steps taken to address it. Also supply the names and contact information (email addresses, phone numbers) of anyone who helped resolve the issue, especially if you were working with the vendor. These details should become part of the invoice record and be retained in the event there are questions or issues regarding the invoice or resolution at a future date.

If the exception just needs to be approved by the appropriate person, have that person supply their full signature, printed name, and the approval date. Then return the invoice, along with any documentation created, to Accounts Payable. Do not include coding details, approval, or other details in the body of any email unless the vendor's name, invoice number, and amount are supplied in the subject line, so it is clear the actions supplied are for that specific invoice.



Filing of documents

WHAT TO INCLUDE

Documentation should be filed via a process that is easy to comply with and allows for quick retrieval. The process should be standardized and understood by all who have access to the files.

EXAMPLE WORDING

Once invoices are paid, attach the invoices to the associated payment documentation (e.g., check stubs or reference documents for ACH, wire, or purchasing card) and file promptly. For easy retrieval, make sure files are clearly named and labeled according to organization method, be it the date range of documents, alphabetical range of vendor names, and/or the payment reference number range.

Invoice retention period and policy

WHAT TO INCLUDE

In general, most businesses retain Accounts Payable-related documents for up to seven years. Incorporate your document retention policy when writing this section of your vendor invoice policy. If all steps supplied in this policy are followed, it should be quick and easy to find documentation and validate the details and backup.

EXAMPLE WORDING

[Company name]'s document retention period is seven years. If a request is received during a seven-year period to produce any documentation to support financial transactions, the company is required to pull and present that documentation. Requests may be received from federal and local taxing authorities, internal or external auditors, or for the purpose of performing an Accounts Payable post audit. Records are to be easily accessible, and all supplied details are to be legible.



Storing documents

WHAT TO INCLUDE

Typically, documents for the current fiscal year, plus the previous two years, should be held on-site. If staff works remotely, build in a policy to periodically print and file invoices and related documents. Prior years' records can be sent to an offsite storage facility. Before contracting with an off-site facility, consider the facility's security and damage prevention measures. Additionally, a log should be maintained that lists all drawers and/or boxes and the location of the container.

EXAMPLE WORDING

Documents for the current fiscal year, plus the previous two years, are to be stored on-site. Prior years' records (up to seven years) can be sent to the approved off-site storage facility, located at [include address/contact information]. If Accounts Payable staff is working remotely with digital files, a designated staff member will print and file invoices and related backup documents on-site monthly.

Accounts Payable is responsible for maintaining a log of all on- and off-site file boxes/drawers so that records can be found promptly. Each file drawer or box is to be clearly labeled with a description of the contents:

- Box or drawer #
- Fiscal year
- Date range
- Description of contents
- Alpha range
- Payment reference date range



Accessing stored documents

WHAT TO INCLUDE

In most companies, the Accounts Payable department is the custodian of AP-related documents, whether stored on or off site. An off-site facility may limit access to only two or three people who can supply a username and password. If members of other teams need access to the records, consider a document request process. To protect the original files, it is recommended that the requestor not have direct access to the files nor should originals be supplied.

EXAMPLE WORDING

Should a person outside of the Accounts Payable department require access to Accounts Payable documents, a request should be submitted to [specific email address]. The request should include the vendor's name or ID number, invoice number, date, and/or the amount of the invoice. The documents will be emailed to you. Please expect up to [amount of time] for a response.

Proper document disposal practices

WHAT TO INCLUDE

A vendor invoice policy should not only refer to the company's document retention policy but reiterate the details of document destruction after the expiration of the retention period.

Confirm with your compliance or legal team the length of the retention period and the requirements for safe destruction. Once it is determined that records should be destroyed, work with your off-site storage facility to have arrangements made. Obtain certification/confirmation that listed boxes or documents were destroyed and retain these records of compliant destruction.

EXAMPLE WORDING

Note that documents held for the retention period of [X] years will be prepared for destruction. Notify the compliance or legal team if you feel specific documents should not be destroyed. They will make the final decision based on their guidelines.

Once the compliance or legal team has confirmed the list of documents to be destroyed, Accounts Payable will work with the off-site storage facility to have them destroyed. The facility will be responsible for sending details of the boxes/ documents destroyed, along with confirmation.

Other related policies or procedures

WHAT TO INCLUDE

Remind those impacted by the vendor invoice policy to refer to other related policies as needed. In this section, you can reference the additional policies by name and supply details of where they can be found. Note that compliance and audit teams often confirm the DOA and segregation of duties as part of an invoice review.

EXAMPLE WORDING

In the previous pages, several related policies have been referenced. You can find those policies at the locations indicated below.

[Include bulleted list of policies, along with website addresses or intranet locations where those documents can be found.]



Want more help? Just ask!

As you write or update your vendor invoice policy, you may uncover inefficient processes that are ripe for modernization. Automated vendor invoice management solutions such as Concur® Invoice® can help.

That's because you will be managing everything on a platform that incorporates artificial intelligence, best practices, and innovation that continuously pushes intelligence into and throughout AP processes and is ready for just about anything. It also watches over every expense and invoice and uses AI to double-check them all.

Plus, when all your company's invoice data is captured on one platform, you can use powerful reporting tools and pre-built, ready-to-go dashboards to help you clearly see where your policies are working.

CONCUR INVOICE

- Turns weeks of manual invoice wrangling into a few days of automated online turnaround
- Replaces nonstop email exchanges with intelligent workflow management
- Digitizes all invoices and standardizes data with e-invoice capture and OCR processing of paper invoices
- Eases document storage and retrieval processes
- Gives you more oversight and visibility into spend so you can look for cost-saving opportunities and quickly make proactive financial decisions





Get the user-friendly, intelligent invoice management solution that your team wants to use and that your finance team needs.

Nobody knows what the future holds. But whatever it does, with SAP® Concur® solutions, your company will be ready.

To learn more, take our [self-guided Concur Invoice demo](#) or visit [Concur.com](https://concur.com).



ABOUT SAP CONCUR

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management. Driven by a relentless pursuit to simplify and automate everyday processes, the solutions guide employees through business trips, move authorized charges directly into expense reports, and automate invoice approvals. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur is imagining a world where travel and expenses practically manage themselves, helping businesses run at their best everyday.

Learn more at concur.com or the SAP Concur [blog](#).

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