



Taking the Pain out of Accounts Payable Management

9 TIPS FOR BUILDING AN INVOICE POLICY

INTRODUCTION

Creating a policy on managing, storing and retaining documentation can be time-consuming, but in the absence of a policy, organizations are in the wilderness without a map. Once created and enforced, an effective policy will greatly reduce the amount of time related to the tasks of approving and processing vendor invoices, addressing exceptions, or storing, retaining and pulling documents for research, audit or litigation.

Managing vendor invoices and other payment request documentation is not just about the paper. Back-up documentation attached to an invoice or payment request like account coding, approvals, or other notes supplied on the face of the documents also needs to be stored, retained and accessible.

Here are some tips and a template to help you create a vendor invoice and other payment request document management policy.



9 Tips to Get Started

1.  **KEEP THE POLICY CLEAR AND CONCISE AND TO THE POINT.**

Write the policy to cover the basics. Be sure to edit your policy; double-check that it is easy to read and to the point. Do not fill it with unnecessary language. The easier a policy is to understand, the easier it is for your employees to follow and enforce. Do not be afraid to revise the policy even after publication.

2.  **INVITE PARTICIPATION.**

Ask team members from different operations/departments to participate in the creation of the policy. Some of the challenges they face in managing or obtaining details from vendor invoices or other payment request documents can be addressed in the policy. Additionally, if they learn more about the challenges Accounts Payable faces in working with documents and help develop solutions to be included in a policy,

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they will be more likely to follow and enforce the rules. At the very least, have other departments review drafts of the policy and encourage their input. Clarify any ambiguous terms before you issue the policy.

3.  CONSIDER REFERENCING OTHER POLICIES.

Do you have Document Retention, Delegation of Authority or Segregation of Duties policies that may affect the management or approval of vendor and other payment request documents? If so, consider supplying references to these policies or list high-level details in bullet form in the document management policy.

4.  MAINTAIN CONSISTENCY.

Insist that everyone perform all required actions per the policy, regardless of their status. Evidence of all actions taken should become a part of the records. If people see that you're applying a policy fairly across all employees, they're more likely to embrace it.

5.  EMPHASIZE THE BENEFITS.

Explain the reasons for this policy so that everyone understands it and the benefits. Each vendor invoice or payment request document represents an amount due, a liability that needs to be recorded into the Accounts Payable system promptly and accurately. These documents also need to be filed and retained for the length of the company's retention policy. Adhering to this policy will help reduce risks of late financial reporting and



payment, and of not being able to find documents that may need to be pulled for research, audit or litigation purposes. Efficient, accurate invoice management helps everyone.

6. 🔍 MAKE ALL POLICIES EASY TO FIND.

Unless people know where to find the policies, the time spent creating them is wasted. Make sure yours are visible. Email policies to employees, put them on your noticeboards or intranet, or, in the case of this policy, print a copy for each person involved in the handling of vendor invoices or other payment request documents. Consider a change management plan that addresses steps to be taken during a predefined adjustment period for employees.

7. 😞 REMEMBER, IT'S EMOTIONAL.

Any change can come with resistance. “The steps take extra time.” “Employees are not being trusted with the documents.” Be ready to address objections like these. The proper handling and retention of all documents is, or should be, a requirement of any business and each employee is responsible for complying.



8. **CONSIDER HELPFUL SOFTWARE TOOLS.**

Implementing a vendor invoice and payment request document policy is a great step, but also consider using time saving tools to better manage documentation from the point of receiving invoices from the vendors to the end of your company's retention period.

An Accounts Payable automation or workflow tool would not only help you manage and retain the related documentation but would also help your company streamline related processing, including the automation of purchase-order matching, coding, approval and exception handling. Such a system would also be able to supply you with audit trails for each document and would help with any research, auditing or reporting needs your teams may have.



Implementing an automated solution will save time, improve accuracy and will allow you to focus on what matters most.

9. **BE SURE TO MOBILE OPTIMIZE**

If your employees are using smartphones, you've probably already invested in mobile hardware; if this is true, make sure you choose a solution that works with your existing mobile devices. This way, invoice-related tasks such as coding and approval can be done wherever there's an internet connection, reducing delays in reviewing, approving and processing.

Choose a solution that works with your existing mobile devices.

An example of a **Vendor Invoice and Payment Request Document Management Policy** template:

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

- Statement of Purpose
- Company Expectations and Policy Compliance
- Areas of Ambiguity
- **Subject Areas:**
 - » Bill to Mailing and Email Addresses
 - » Recording Receipt of Invoices (optional)
 - » Sending Invoices from Accounts Payable
 - » Returning Invoices to Accounts Payable
 - » Coding of Invoices
 - » Approving an Invoice
 - » Recording Results of Exception Handling



- » Non Invoice Payment Requests
- » Filing of Documents
- » Other Related Policies and Procedures
- » Invoice Retention Period and Policy
- » Storage of Documents
- » Access to Filed Documents
- » Destruction of Documentation

The following pages provide a more detailed explanation for each category, as well as examples of language you can use when creating your own template.

Section Reference	Explanation	Example Wording
<p>Statement of Purpose</p>	<p>Why does the company need a Vendor Invoice and Payment Request policy?</p> <p>Supply some bullet points explaining the benefits in managing documents:</p> <ul style="list-style-type: none"> • Reduce the risk of delivering documents to the wrong person or team. • Reduce occurrences of lost or misplaced documents. Allow for prompt and accurate posting of invoices, timely financial reporting and payments to vendors. • Lessen frustration when accessing records for research, audit or litigation requests. <p>Establish basic guidelines – make it factual, not scary.</p> <p>Include:</p> <ul style="list-style-type: none"> • Who the policy pertains to (anyone who “touches” a vendor invoice as part of their job responsibilities). • Effective date of policy. • References to document revisions; change, date and approval. 	<p>This Vendor Invoice and Payment Request Document Management policy applies to any employees of [insert company name] whose responsibilities include processing, coding, reviewing, approving or otherwise touching or accessing any vendor invoices or other payment request documents once delivered to the company.</p> <p>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 inaccuracies, late payments or negative impact to vendor relationships.</p> <p>Additionally, time is wasted and frustration levels increase when documents required for time-sensitive research or audit cannot be found.</p> <p>The company is responsible for retaining all documentation for a certain number of years. Missing documentation could result in negative audit findings or litigation issues.</p>

Section Reference	Explanation	Example Wording
<p>Company Expectations and Policy Compliance</p>	<p>Write a brief summary here to explain:</p> <ul style="list-style-type: none"> • Expectations of the company for managing the receipt and storage of all Accounts Payable related documents; i.e., vendor invoices, other payment requests and related notes and backup. • Responsibilities of each employee responsible for touching a vendor invoice for any reason; it's not just controlling the whereabouts of the documentation but also adding details such as account coding or approval. • Reference should be made to any policy or procedure the company may have in reviewing, coding or approving an invoice. • What happens if a person does not comply with the policy? 	<p>It is expected that all vendor invoices are to be sent by USPS to:</p> <p>Company name Attn: Accounts Payable City, State, Zip Code</p> <p>Or by email to: Accountspayable@company.com</p> <p>Should an individual outside of Accounts Payable receive an invoice directly, forward immediately. (May want to add an Interoffice address reference as well as an email address.)</p> <p>Accounts Payable should retain original invoices. If an invoice needs to be coded and approved by a person outside of Accounts Payable, the original invoice should be scanned and the copy emailed to the appropriate party for action. Company may consider logging these invoices by vendor, invoice number, date, to whom it was sent and when. Originals should be filed in a "pending" folder until copy is returned with necessary details. Once actioned copy has been received by Accounts Payable, the original can be pulled from the pending folder, the copy attached and the invoice processed.</p> <p>Required details should be presented as follows:</p> <ul style="list-style-type: none"> • Full signature of the person performing action. • Person performing action should be aware of Delegation of Authority and Segregation of Duties policy.

Section Reference	Explanation	Example Wording
Company Expectations and Policy Compliance (continued)		<ul style="list-style-type: none">• Date of action.• Full coding string: account number, cost center and amount for each line if multiple coding is supplied. <p>“Copy” should be returned to Accounts Payable as instructed. (Supply email address or intercompany address.)</p> <p>Should Accounts Payable receive an invoice that does not comply, the copy should be returned to the person for correction.</p>



Section Reference	Explanation	Example Wording
<p>Areas of Ambiguity</p>	<p>This section explains common areas of confusion such as:</p> <ul style="list-style-type: none"> • Who has Delegation of Authority? <ul style="list-style-type: none"> o Job Title o Limited to only a person's Cost Center • Segregation of Duties – Can a manager in Accounts Payable approve invoices based on dollar amount? • Can a requestor approve the invoice for the order placed? • What are the rules for Purchase Price variances? • If the policy is being challenged, who has the authority to approve an exception? 	<p>Please refer to the Delegation of Authority (DOA) policy. Your assigned job title, based on Human Resources records, is used to determine your DOA. Note that regardless of your DOA, you can 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.</p> <p>Any person responsible for vendor master maintenance or for issuing payment to vendors is not to have the authority to approve invoices as this could be seen as a conflict of interest.</p> <p>You cannot be the sole approver for an invoice billing for product or services ordered by you. Once you confirm the invoice details are accurate, sign and date the invoice and send to a peer in the same cost center or to your manager for final approval.</p> <p>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 within the stated tolerance, the Accounts Payable processor can proceed with posting the invoice.</p> <p>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.</p>

Vendor Invoice and Payment Request Document Management Policy Template

How to use the template

Read the notes in the center column. Then use the headings in the left column to create your own document. Feel free to copy or edit the examples to suit your needs.

Please note:

This is not a legal document – it's a starting point.

No values have been included in this document. If your company, or others of similar size and structure, have numbers to support the number of lost invoices or those that are not returned to Accounts Payable promptly, consider adding this information to your policy.



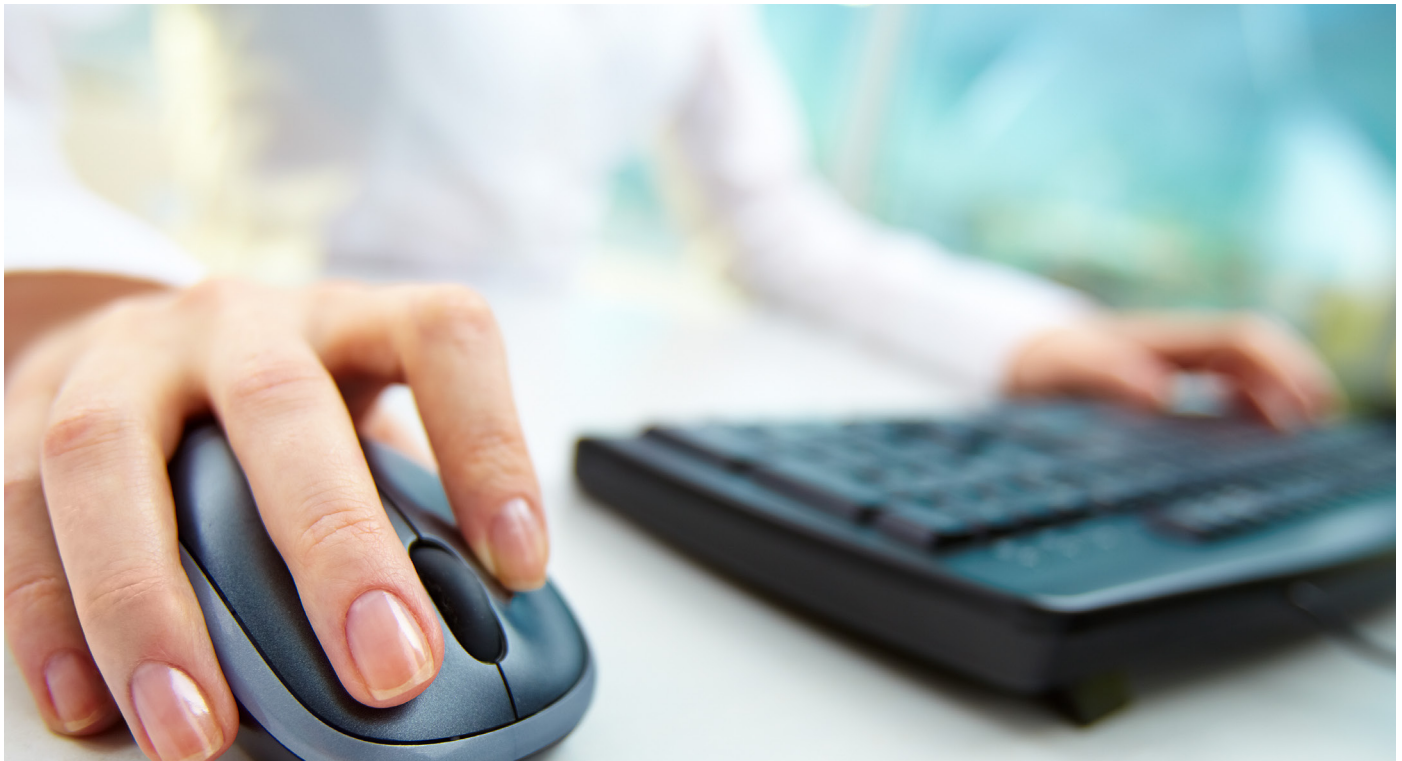
Subject areas a company may consider including in a **Vendor Invoice and Payment Request Document Management Policy**

Section Reference	Explanation	Example Wording
Bill-to Mailing and Email Addresses	<p>In order to ensure Accounts Payable is receiving invoices promptly, include the correct bill-to mailing address in the policy. If your company can also receive invoices by email, supply that address in the policy along with any special instructions for sending invoices as well. Clearly state that all vendor invoices need to be sent to either the mailing or the email address. If there are several different addresses, list in a matrix and add as an appendix to the policy. This way anyone with the responsibility of ordering goods or services has access to the bill-to addresses and can understand the need for invoices to go to Accounts Payable first.</p>	<p>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 they should use only one method for sending invoices to prevent duplicate invoice copies from being presented which can cause delays in processing. (Supply mailing and email address here or refer to an appendix if needed.)</p> <p>Should you receive an invoice directly from a vendor, and there is no evidence the invoice has also been sent to Accounts Payable, forward the invoice to Accounts Payable immediately. (Supply interoffice mailing location or email address here.)</p>



Section Reference	Explanation	Example Wording
<p>Recording Receipt of Invoices (optional)</p>	<p>Any invoices received 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 turnaround time within Accounts Payable; time between receipt of invoice and first processing attempt. It can also be used to audit accrual processes.</p>	<p>All invoices received by Accounts Payable should be stamped with the date the invoice was received into the department.</p>
<p>Sending Invoices from Accounts Payable to Appropriate Party for Action</p>	<p>On occasion, invoices received by Accounts Payable may need to be sent to a party for account coding, approval or exception handling. Should that be the case, in order to reduce the risk of invoices being lost or delayed, the original invoice should not be sent. The Accounts Payable team should retain the original invoice.</p>	<p>When Accounts Payable is presented with an invoice that needs to be coded, approved or there is an exception that needs to be addressed, the Accounts Payable team should scan the original invoice and email a copy to the appropriate person for action to be taken. See below for specifics to be supplied back to Accounts Payable with the invoice copy.</p> <p>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.</p>

Section Reference	Explanation	Example Wording
Returning Invoices to Accounts Payable	Anyone who receives an invoice from Accounts Payable will need to know how to return the invoice back to Accounts Payable once action has been taken to ensure any delay in processing is minimal.	If you have received an invoice for account coding, approval or to address 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 to: (add mailing details) or by scanning and emailing 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.



Section Reference	Explanation	Example Wording
Coding of Invoices	<p>The account coding details may be in a procedure document. If so, consider supplying a reference here. Otherwise, it is recommended the details be supplied in the policy as the information should become part of the documentation record.</p>	<p>If an invoice is sent to you for account coding, first review the document to ensure accuracy.</p> <p>The coding details should be supplied on the face of the invoice but do not write over any details printed on the invoice.</p> <ul style="list-style-type: none">• GL Account Number• Cost Center• Dept. Number• (or whatever your company requires) <p>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 all adds up. Supply your full signature, your printed name, and the date.</p> <p>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, do not include coding details in the body of any email.</p>

Section Reference	Explanation	Example Wording
<p>Approving an Invoice</p>	<p>The approval details may be in a procedure document. If so, consider supplying a reference here. Otherwise, it is recommended the details be supplied in this policy as the information becomes part of the documentation record.</p> <p>NOTE: Some companies have the Accounts Payable team supply a standard coding and approval template that can be stamped on each invoice sent out.</p> <p>In order for Accounts Payable, or anyone reviewing an approved invoice, to know who approved it, an approver should use their full signature, print their name and supply the date of approval.</p> <p>NOTE: If your company allows for approvals to be supplied in emails, supply specific instructions in this policy or reference the policy or procedure that outlines the steps to be taken. Remember that the email will need to be printed and attached to the original invoice in order to become part of the retained documentation.</p>	<p>If an invoice is sent to you for approval, first review the document to ensure accuracy.</p> <p>Confirm the invoice total amount is less than your Delegation of Authority level. If all is in order, approve the invoice by supplying your full signature, your printed name and the date of the approval.</p> <p>If the invoice needs to be approved by another person, forward the marked up invoice to that person. Do not include coding details or approval in the body of any email.</p> <p>If approving the invoice by email, ensure the vendor 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 email.</p>

Section Reference	Explanation	Example Wording
<p>Recording Results of Exception Handling of an Invoice</p>	<p>At times, Accounts Payable may not be able to process an invoice if an exception is identified; the vendor is not set up in the ERP, 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 in the event questions are raised about the invoice in the future.</p> <p>In order for Accounts Payable, or anyone reviewing resolved invoice, to know who addressed it, the person who managed the exception should supply their full signature, print their name and supply the date of resolution along with the steps taken to address it. If need be, additional notes should be supplied on a separate sheet of paper attached to the invoice copy when returning it to Accounts Payable. Again, all of the details need to become a part of the retained documentation.</p> <p>NOTE: If your company allows for approvals to be supplied in emails, supply specific instructions in this policy or reference the policy or procedure that outlines the steps to be taken. Remember that the email will need to be printed and attached to the original invoice in order to become part of the retained documentation.</p>	<p>If Accounts Payable identifies an exception on an invoice, the invoice should be sent to the appropriate party with an explanation of the issue identified. If such an invoice is sent to you, first confirm you understand the issue.</p> <p>As you work on addressing the exception, record notes on the face of the invoice copy or on a separate page to be attached or submitted with the invoice back to Accounts Payable. Include names of others you work with to resolve the issue, especially if working with the vendor. Supply email addresses and phone numbers if applicable. This detail 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.</p> <p>If the issue just needs to be approved by the appropriate person, have that person supply their full signature, their printed name and the date of the approval 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 name, invoice number and amount are supplied in the subject line so it is clear the actions supplied are for that specific invoice.</p>

Section Reference	Explanation	Example Wording
<p>Non-Invoice Payment Requests</p>	<p>Non-invoice payment requests also need to be retained in the Accounts Payable records. If you have a policy, procedure or form that is used for Non-invoice payment requests, consider referencing them here. As with invoices, the complete account coding and approvals would need to be supplied in an easy to read standard format for inclusion in records to be retained.</p>	<p>If an amount needs to be sent to a payee but no invoice has been supplied, attach any supplied documentation to a Payment Request form that contains all account coding elements, the amount to be paid and the full signature of the approver. The date of the approval and the full name of the approver should also be printed on the form.</p> <p>Any requests for non-invoice payments that do not have the required details will be returned to the requestor</p> <p>If the payment request needs to be approved by another person, forward the completed form to that person.</p>
<p>Filing of Documents</p>	<p>Documentation should be filed in a way that is easy to comply with and allows for quick retrieval.</p> <p>Some companies attach invoices with related backup to the stub of the check used to make payment. Others file invoices by ERP batch number and still others may file alphabetically by vendor name and then by invoice date. Regardless, be sure your company has a standard that is used and understood by all who has access to the files.</p>	<p>Once invoices are paid, attach the invoices to the associated check stubs. File the check packets by check date then by check number. If paid by ACH, Wire or Purchasing Card, attach invoices to available reference document then file by reference date or number.</p> <p>File drawers or boxes should be clearly labeled with date range of documents, payment type, and the payment reference number range.</p>

Taking the Pain Out of Accounts Payable Management

Section Reference	Explanation	Example Wording
<p>Other Related Policies or Procedures</p>	<p>Remind those impacted by the Vendor Invoice and Other Payment Request Documentation policy to refer to other related policies. Reference by name and supply details of where they can be found. Note that Compliance and Audit teams do often confirm Delegation of Authority and Segregation of Duties as part of an invoice review.</p>	<p>Although Accounts Payable is to confirm that the person approving an invoice has the Delegation of Authority, please take note of your DOA. If you are not authorized to approve an invoice based on the dollar amount, it is your responsibility to forward that invoice or payment request to the appropriate person. Please refer to the Delegation of Authority Policy which can be found at: [website]</p>
<p>Invoice Retention Period and Policy</p>	<p>In general, most businesses retain Accounts Payable related document for up to 7 years. Incorporate your Document Retention Policy when writing this policy. If all steps supplied in this policy are followed, being able to find documentation and validate the details and backup supplied at any time will take very little effort, especially if the need to pull documents is a time sensitive event.</p>	<p>[Company name]'s document retention period is 7 years. If a request is received during a 7-year period to produce any documentation to support financial transactions, the company is required to pull and present that documentation. Requests can 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.</p>
<p>Storage of Documents</p>	<p>Documents for the current fiscal year plus the previous 2 years should be held on site. Prior years' records can be sent to an offsite storage facility but consider the facility's security and damage prevention measures.</p> <p>A log should be maintained listing all drawers and/or boxes and the location of the container.</p>	<p>Documents for the current fiscal year plus the previous 2 years are to be stored on site. Each file drawer or box is to be clearly labeled with the description of the contains:</p> <ul style="list-style-type: none"> • Box or Drawer # • Fiscal Year • Date Range • Description of contents • Alpha range, payment reference date range

Section Reference	Explanation	Example Wording
<p>Access to Filed Documents</p>	<p>In most companies the Accounts Payable department is the custodian of the AP related documents, whether stored on or offsite. An offsite facility may limit access to only 2 or 3 people who can supply a user name and password. If members of other teams need access to the records, consider a document request process. It is recommended that the requestor not have direct access to the files nor should originals be supplied. Consider using the process employed by lending libraries.</p>	<p>Should a person outside of the Accounts Payable department require access to Accounts Payable documents, a request should be submitted to (a 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. If the size of the document is larger than XMB, please supply an interoffice address.</p> <p>Please expect up to (amount of time) for a response.</p>
<p>Destruction of Documents at End of Retention Period</p>	<p>It is suggested that any Vendor Invoices and Other Payment Request Document Policy not only refer to the company's Retention Policy but reiterate the details of document destruction after the expiration of the retention policy.</p> <p>Once the retention period has expired, the documents should be destroyed. Confirm with your compliance or legal team. If it is determined they are to be destroyed, work with the offsite facility to have arrangements made. Obtain certification/ confirmation that listed boxes/ documents were destroyed and retain these details.</p>	<p>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.</p> <p>Once the Compliance or Legal team have confirmed the list of documents to be destroyed, Accounts Payable will work with the offsite storage facility to have them destroyed. The facility will be responsible for sending details of the boxes/documents destroyed along with confirmation</p>

Want more help? Just ask!

Concur Invoice can automatically route invoices and manage approvals, turning three weeks of invoice wrangling into a few days of automated online turnaround. Additionally, invoices can be tracked to see who has them, what actions have been or need to be taken and what the payment status is on any selected invoice. Imagine having invoices at your fingertips for the entire retention period. Anyone authorized to use the system can have access to the invoices without fear of documents being lost or destroyed. Any user can become self-sufficient.

We actively encourage people to develop their own document management policies, which is why we've provided this template. But if you want more assistance, we're here.

We have the solutions and experience to help, and will work with you to ensure you are implementing the most suitable Invoice Automation software solution for your company. Then all you have to do is make the fundamental policy decisions about what and how much to approve.



ABOUT THE SPONSOR

SAP Concur® solutions take companies of all sizes and stages beyond automation to a completely connected spend management solution encompassing travel, expense, invoice, compliance and risk. For more than 20 years, these leading, innovative solutions have kept customers a step ahead by delivering time-saving tools, connected spending data and a dynamic ecosystem of diverse partners and apps. User-friendly and business-ready, SAP Concur solutions unlock powerful insights that help businesses reduce complexity and see spending clearly, so they can manage it proactively.

For more information, visit concur.com.