

Take Away AP Pain with a **Strong Vendor Invoice Policy Template**

Get our free
template and 7 tips
for getting started

Creating a policy for managing invoices may seem time-consuming initially, but in the absence of a policy, organizations are operating in the wilderness without a map. Once created and enforced, an effective invoice management policy can greatly reduce the amount of time related to the tasks of approving and processing vendor invoices, addressing exceptions, and managing and storing documentation.

To get started, first review the 7 tips below. Then, use our free template to create or update your business's Vendor Invoice Policy.

7 TIPS TO GET STARTED

01

Invite participation. Ask team members from different departments to participate in the creation of the policy so you can get their input on their challenges and encourage them to act as policy champions within their departments.

02

Consider how you work with vendors. As you examine your procedures, look for ways you can work with vendors more efficiently. Ask vendors to submit invoices via email rather than traditional mail. Ask if those vendors you pay by check will instead accept ACH or purchasing card payments.

03

Keep the policy clear and concise. Be sure to cover the basics, and have other departments review drafts to ensure the policies are fair, the document is easy to understand, and that anything confusing or ambiguous is addressed before wider distribution.



The easier a policy is to understand, the easier it is for your employees to follow and comply.

04

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

05

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 the company intranet. Consider having employees e-sign the policy annually or upon new updates to ensure receipt.

06

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.

07

Look for ways to automate more of your invoice processes as you establish the policy. Creating a Vendor Invoice Policy is a great opportunity to assess your current processes. Consider how technology can automate data entry, document storage, and auditing to reduce processing time, streamline workflows, support remote work, reduce errors and fraud, and gain visibility across AP.



Choose a vendor invoice management solution that provides the mobility and flexibility today's workforce requires so employees can take care of invoices wherever they may be working – in the office, from home, or on the road.

Vendor Invoice Policy Template

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

[Statement of Purpose 05](#)

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Subject Areas:

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[Other Related Policies and Procedures 17](#)

The following pages provide a more detailed explanation for each category, as well as example template language you can use. Please note: **This is not a legal document** – it's a starting point. You can edit the examples to suit your company's policies and procedures and add information in the bracketed areas that are specific to your company.



Statement of Purpose

What to Include:

The Statement of Purpose should have simple bullet points explaining 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 lessens frustration and risk when accessing records for research, audit, or litigation requests.

Establish basic guidelines – make it factual, not scary. Include 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 inaccuracies, late payments, or negative impact on vendor relationships.

Additionally, the 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:

Write a brief summary here to explain:

- Expectations for managing the receipt and storage of all Accounts Payable-related documents, including vendor invoices, notes, and backup.
- 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:

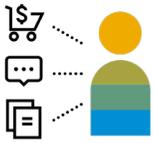
It is expected that all vendor invoices should be submitted by the vendor or company recipient to the Accounts Payable department [link to or reference “Bill-to Mailing and Email Addresses” section below.]

Accounts Payable should retain original invoices. If an invoice needs to be coded and approved by a person outside of Accounts Payable, a copy of the invoice should be sent via email or shared file link to the appropriate party for action. The 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 the copy is returned with necessary details. Once actioned copy is returned to Accounts Payable as instructed, the original can be pulled from the pending folder, the copy attached, and the invoice processed.

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

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

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.

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 Review

What to Include:

The goal of this section is to ensure your Vendor Management Policy doesn't become outdated and unusable within a few years. Include instructions for periodic reviews of the policy so that it keeps pace with changes in your business and technologies. Clearly assign the 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 taken into consideration and any changes minimize negative impacts to 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 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 Address

What to Include:

In order to ensure Accounts Payable is receiving 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 the email address, with a preference for electronic delivery. If there are several different addresses, list in a matrix and add 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 they should use only one method for sending invoices to prevent duplicate invoice copies from being presented which can cause delays in processing. Clearly state that the preference is email, but the company will accept paper invoices. 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 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 turnaround time between receipt of invoice and 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 into the department.

Sending Invoices from Accounts Payable to Appropriate Party for Action

What to Include:

When invoices received by Accounts Payable need to be sent to a party 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.

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 “Returning Invoices to Accounts Payable” 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.

Returning Invoices to Accounts Payable

What to Include:

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 minimize any delay in processing.

Example Wording:

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
- Department number
- Cost center
- [or 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. Supply 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, do not include coding details 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. At a minimum, approvals should include the approver's full signature, printed name, and date of approval.

If email approvals are accepted, supply specific instructions in this policy or reference the policy that outlines these steps. Remember that the email will need to be printed and attached to the original invoice in order to become part of the retained documentation.

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 Delegation of Authority 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 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.

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) for anyone who helped resolve the issue, especially if 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 issue 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 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 in a way that is easy to comply with and allows for quick retrieval. 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 of how vendor invoices are processed, create a process to save documentation, and be sure your company has a standard that is used 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 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 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.



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 off-site storage facility. Before contracting with an off-site facility, consider the facility's security and damage prevention measures. Additionally, a log should be maintained listing 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.

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

Accounts Payable is responsible for maintaining a log of all on- and off-site file boxes/drawers so that records can be found promptly.

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:

It is suggested that any Vendor Invoice Policy not only refer to the company's 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 the off-site 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 have 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 Delegation of Authority 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 own Vendor Invoice Policy, consider which processes can be improved with automation. Concur Invoice® eases manual tasks for your employees. Say goodbye to invoice data entry with automated capture and turn weeks of invoice wrangling into a few days of online turnaround with intelligent workflow management. Rather than nonstop email exchanges, Concur Invoice can alert the right managers when invoices need approval. Staff can access Concur Invoice from any device, making it easy to work remotely from home or on the road. The end-to-end invoice process gets faster, helping you pay vendors on time.

The improved visibility provided by Concur Invoice helps your business more effectively manage cash flow and even provides insights that can help you negotiate with vendors. Document retention gets a boost, too: It's easy to digitize invoices and anyone authorized to use the system can have access to the invoices without fear of documents being lost or destroyed.



When you are ready to explore invoice automation, visit [Concur.com](https://www.concur.com) or **contact us**. SAP Concur has the solutions and experience to help and will work with you to ensure our solutions fit your needs.



About SAP Concur

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The highly-rated SAP Concur mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to analyze transactions, businesses can see what they're spending and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday's tedious tasks, make today's work easier, and support businesses to run at their best. Learn more at concur.com or the SAP Concur [blog](#).