SAP Concur

SAP Concur White Paper | EXTERNAL
How to Build a Supplier Invoice Policy

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Get a free template and 9 tips for getting started

THE BEST RUN SAP

Many people in your business are involved in the invoice process – not just the accounts payable (AP) team.

Creating a policy for managing, storing and processing supplier invoices can ensure everyone is on the same page, wherever they're working from. That means your employees spend less time on admin and your suppliers get paid on time. But creating a best practice policy can be time-consuming. Where do you start?

Here are some handy tips and a template to help you create a supplier invoice policy that everyone can follow.

Nine Tips to Get Started

1. KEEP THE POLICY CLEAR AND TO THE POINT

Write the policy to cover all the essential information employees need. The easier a policy is to understand, the easier it is for your employees to follow and adhere to.

2. GET FEEDBACK

Ask other departments to help you create or review the policy. That way you can ensure their questions are addressed and you have their buy-in to help support and enforce the rules.

3. INCLUDE OTHER EXISTING POLICIES

If you have other policies that could impact the invoice process, like document retention rules or department responsibilities, ensure they are referenced here.

4. BE FAIR AND CONSISTENT

Ensure that everyone follows the rules, regardless of their role, function or seniority. The more consistent and fair you are with the policy, the more likely employees will embrace it.

5. EMPHASISE THE BENEFITS

Explain the reasons for this policy so that everyone understands why you have it and the overall benefits to the business.

6. MAKE THE POLICY EASY TO FIND

Make sure your policy is easy to find and follow. 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 when you update it.

7. 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.

8. LOOK FOR WAYS TO AUTOMATE YOUR PROCESSES

Implementing an invoice policy is the first step towards getting greater control, but it’s just the start. Consider using time-saving tools to better manage invoices – from data entry to matching purchase orders, approvals and exception handling through to auditing and payment.

9. MAKE THE PROCESS WORK FROM ANYWHERE

Ensure your invoice process is set up to support remote working and mobile employees to reduce processing time and pay suppliers on time.

Supplier Invoice Policy Template

The following pages provide a sample invoice policy you can tailor for your business. The template provides a detailed explanation for each category, as well as examples of language you can use when creating your own template.

THE KEY PEOPLE INVOLVED IN AN INVOICE JOURNEY

The Requestor: The person responsible for raising the purchase order (PO), if applicable, and requesting the goods or services from the supplier.

The Approver: The person or people responsible for signing off a purchase. Usually the requestor's line manager but a purchase may need to go up the chain for approval if it exceeds certain thresholds. The approver typically checks the accuracy of the invoice and that the spend matches what was requested.

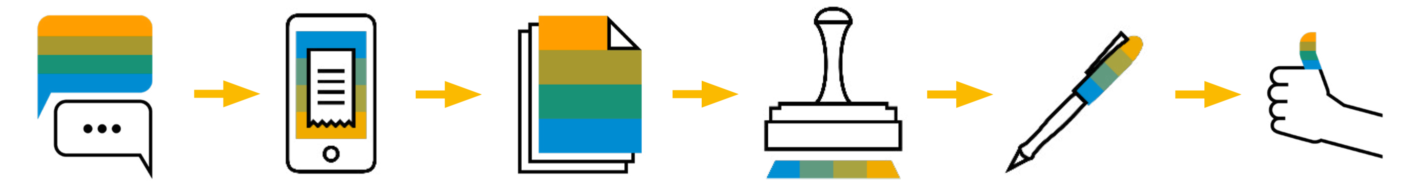
Accounts Payable: The team responsible for capturing invoices into finance systems, ensuring all processes are followed by all parties, and ultimately paying the supplier.

HOW TO USE THE TEMPLATE

There are two parts to the template - the invoice policy background information followed by the process. Read the notes in the left column then use the suggested copy in the right column to create your own document. Feel free to copy or edit the examples to suit your needs or **use our handy invoice policy builder to create and customise your own company policy.**

Note: This is not a legal document – it's a starting point. Use this as guidance of the types of information that should be included in your policy.

The Typical Invoice Process



Requestor
Requests purchase (may raise a PO).

Supplier
Submits digital and/or paper invoice.

Accounts Payable
Captures and codes invoice.

Requestor
Validates invoice and resolves exceptions.

Approver(s)
Reviews invoice and signs off purchase.

Accounts Payable
Processes invoice and makes payment.

Invoice Policy Background Information

Statement of Purpose

What to Include	Example Wording
Why do you need a supplier invoice policy? List some bullet points explaining the benefits: • Reduces the risk of lost invoices. • Reduces time wasted when they go to the wrong people. • Keeps the invoice process moving wherever employees are. • Timely financial reports and records. • Faster payment of suppliers. **Include:** • Who the policy applies to. • Date it's effective. • Any dates of revisions.	This Supplier Invoice Policy applies to all employees of [insert company name] whose responsibilities include processing, coding, reviewing, approving or otherwise touching any supplier invoice. Each invoice represents an amount due to a payee. If not delivered to Accounts Payable (AP) promptly for processing, financial reporting and payment could be delayed resulting in inaccuracies, late payments or poor supplier relationships. Additionally, employee time is wasted when documents required for auditing can't be found. The company is responsible for retaining all documentation for a certain number of years. Missing documentation could result in government compliance issues.

Company Expectations and Policy Compliance

What to Include	Example Wording
Write a brief summary here to explain: • Expectations of the company for managing the receipt and storage of all Accounts Payable (AP) related documents. • Responsibilities of each person involved in the supplier invoice process. • Procedures for reviewing, coding and approving invoices. • What happens if an invoice is not compliant.	All supplier invoices should be sent to the Accounts Payable department. If requestors receive an invoice directly, they should immediately send them to AP for coding. AP should retain original invoices. If an invoice needs to be coded and/or approved by a person outside of AP, the invoice should be sent via email or shared file link to the appropriate party for action. Invoices may be logged by supplier, invoice number, date or to whom it was sent. Should AP receive an invoice that does not have sufficient information, the invoice will be returned to the requestor for correction.

Approval Chains and Areas of Ambiguity

What to Include	Example Wording
This section explains common areas of confusion such as: • Who is responsible for approving invoices and at what levels. • What to do if the purchase order doesn't match the invoice. • If the policy is being challenged, who has the authority to approve exceptions. You could set limits of approval based on role or invoice value, as well as additional approver thresholds. This may be outlined in a Delegation of Authority or Segregation of Duties policy.	• Your assigned job title, line of reporting and value of the purchase determine who is responsible for approving invoices requested by employees. • You can only approve invoices for your cost centre. • If you are not available to approve an invoice, it can be approved by a peer in the same cost centre with the same or higher authority level. • An individual can't be the sole approver for an invoice ordered by that individual. • Once you confirm the invoice details are accurate, sign and date the invoice and send to your line manager for approval. • Should the amount on the invoice and the purchase order not match up, it should be sent to the requestor to resolve. • Should you have questions pertaining to this policy and its enforcement, please contact Accounts Payable.

Other Related Policies or Procedures

What to Include	Example Wording
If there are other policies or procedure documents that impact the invoice process, such as the Delegation of Authority or Segregation of Duties policy, refer to them here as well as where they can be found.	Please take note of the following policy and procedure documents that are part of the invoice process: e.g. [Insert link and where they can be found]. • Delegation of Authority policy • Segregation of Duties policy If you are not authorised to approve an invoice based on the amount, please forward the invoice promptly to the appropriate person.

Billing and Email Addresses

What to Include	Example Wording
These are instructions to provide to your suppliers on where to send their invoices. Include any special instructions and clearly state where invoices need to be sent to. If there are several different addresses, attach them to the policy.	It's important that AP receives all invoices promptly. All supplier invoices should be addressed to: [Company name] [Address], [Attn: Accounts Payable/Requestor] If digital invoices are accepted or even preferred, then list the appropriate email address to send these to. Inform suppliers to only send to the correct address to avoid duplicates arising. When ordering goods or services from a supplier, confirm they have the correct billing or email address. Should you receive an invoice directly from a supplier, forward to AP immediately.

The Supplier Invoice Process

1. Raising Puchase Orders (where applicable)

What to Include	Example Wording
A purchase order (PO) is a commercial document drawn up by the purchaser specifying the details and costs of the goods or services they intend to purchase from a supplier. It gives the business advanced visibility of spend by employees. If your company operates a PO system, instructions for who can raise them and how they go about doing so should be listed here.	To increase efficiency and accuracy in the procurement process, [company name] operates a purchase order (PO) policy. That means all intended purchases must be submitted by requestors upfront by raising a PO. [Stipulate instructions on how requestors should do so]. Suppliers must insert the PO number on the invoice before submitting it for payment. Requestors and approvers should ensure the supplier invoice matches up precisely with the PO and raise any discrepancies with the AP department, resolving them before the invoice is approved for payment.

2. Recording Receipt of Invoices

What to Include	Example Wording
Any invoices sent to AP should be date stamped so they can track turnaround times between receipt of invoice and first processing attempt. It can also be used to audit accrual processes.	All invoices received by AP should be stamped/coded with the date the invoice was received into the department so that correct processing times can be captured.

3. Verifying Invoices

What to Include	Example Wording
AP may need to send invoices out for account coding or to address exceptions. To reduce the risk of invoices being lost or delayed, only send a copy of the original invoice. Provide instructions on how these invoices should be returned to AP.	When AP needs to send out an invoice to be coded, approved or to resolve exceptions, a copy of the invoice will be posted/emailed to the appropriate person for action. AP will retain all originals. Employees who receive an invoice for coding, approval or to address an exception, should see to it as soon as possible to prevent delays. • Once action has been taken, the invoice should be sent, along with the required details, back to AP [specify where to send]. • All required details need to be on the face of the invoice or on an added page. • When emailing, supply the invoice number and supplier name in the subject line.

4. Coding Invoices

What to Include	Example Wording
Indicate who is responsible for coding the invoices – the requestor or AP. The account coding details may be in a separate procedure document. If so, supply a reference or supply the details here.	If an invoice is sent for account coding, the following details should be supplied [list where these should be sent]. • GL code. • Cost centre. • Department number. • Coder's full name and the date. • [Any other details required] If the invoice total is to be split to multiple coding lines, the amount to be charged to each line must be provided.

5. Approving Invoices

What to Include	Example Wording
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. To clearly see who has signed off an invoice, approvers should use their full name and date the approval. **NOTE:** If your company allows for approvals to be supplied in emails, supply specific instructions in this policy. Remember approval emails will need to be printed or saved to become part of the audit trail.	Any invoice approvals sent to AP should contain: • Written confirmation of approval. • Date of approval. Approvers who receive an invoice for review are expected to: • Review the document to ensure accuracy. This includes the quantity, the amount, the correct supplier details, VAT details are included and the description is accurate. • Confirm the invoice total amount is within their approval authority level. • Forward the marked up invoice including coding details if it needs to be approved by another person. • Ensure the supplier name, invoice number and amount are referenced in the subject line if approving by email.

6. Handling Exceptions

What to Include	Example Wording
AP may not be able to process an invoice if an exception is identified (e.g. the supplier is not set up in the ERP, the PO is invalid). AP may need to send these invoices to the responsible party for resolution. Document such exceptions for auditing purposes. The individual who resolved an exception should supply their full name, signature and date of resolution along with the steps taken to address it. **NOTE:** If your company allows for exceptions to be resolved by email, supply specific instructions of the steps to be taken as the email forms part of the audit trail.	If AP identify an exception on an invoice, the invoice will 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 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 AP. • Include names of others you work with to resolve the issue, especially if working with the supplier. • Supply email addresses and phone numbers if applicable. • Supply your full name, signature and date then return the invoice, along with any documentation created, to AP. These details should become part of the invoice record for auditing purposes.

7. Storing, Retrieving and Deleting Documents

What to Include	Example Wording
The AP department is the custodian of all invoice-related documents. Documentation should be filed in a way that is easy to comply with and allows for quick retrieval. Some companies file invoices by ERP batch number or alphabetically by supplier name and invoice date. Regardless, be sure your company has a standard that is used and understood by all who has access to the files. Supply process instructions for how employees can retrieve historical invoice data. **Note:** HMRC requires businesses to keep records of invoices for at least 6 years. Once the retention period has expired, invoice documents should be destroyed. Confirm with your compliance or legal team as to the correct procedure. Keep a record of files/boxes that were deleted or destroyed.	Once invoices are paid, AP will file original invoices as well as all approvals, exceptions and supporting information. [Include if this is digital or physical and where these can be found]. [Company name]'s document retention period is 6 years. If a request is received during a 6-year period to produce any documentation to support financial transactions, the company is required to supply all necessary documentation. Requests can be received from internal or HMRC auditors. Records should be easily accessible and legible. Invoice documentation is stored as follows: • Onsite: x years • Offsite storage: x years • Digitally: yes – up to x years Requests for access to invoice documents and data should be submitted to (email/physical address). The request should include the supplier's name, invoice number, date and the amount of the invoice. The documents will be emailed to you. Please expect up to (amount of time) for a response. After the retention period, documents will be prepared for destruction. Notify the Compliance or Legal team if you feel specific documents should not be destroyed. AP will arrange the deletion of files or destruction of paperwork. They are responsible for keeping a record of what has been eliminated. Employees should remove any records of invoices they have after this time.

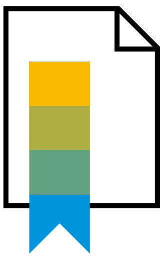
Looking to Simplify Your Invoice Process?

As you write or update your own Supplier Invoice Policy, consider which steps can be improved or even eliminated with automation. Concur® Invoice can help make the overall process smoother by automatically routing invoices, managing approvals, storing all records safely and turning weeks of invoice wrangling into just a few days.

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 suppliers on time.

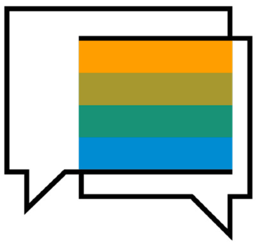
With Concur Invoice you're not tied into lengthy contracts and we support you through implementation every step of the way. We believe in flexible, simple solutions that match your needs.

Next Steps:



Build your own Invoice Policy Template in a few steps.

See our 10-step guide to getting a more efficient invoice process.



Contact us for support on your invoice process.

SAP Concur

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.co.uk or the SAP Concur blog.

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