STANDARD OPERATING PROCEDURE

Accounts Payable SOP

Document no.	SOP-ACC-001
Revision	1.0
Owner	AP Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To pay vendors accurately and on time while protecting the company from duplicate payments, fraud and errors through segregation of duties and consistent controls.

2. Scope

Applies to vendor master maintenance, matching, scheduling and releasing payments and reconciling the accounts payable subledger. Capturing, coding and routing incoming invoices for approval is covered by the separate invoice processing SOP.

Definitions

Three-way match	Comparing the invoice, purchase order and receiving report to confirm price, quantity and terms agree before payment.
Payment run	A scheduled batch of approved invoices selected and processed for payment on a given day.
Remittance advice	The notice sent to a vendor showing which invoices a payment covers.

3. Responsibilities

AP Specialist	Maintains vendor records, matches invoices to purchase orders and receipts, and schedules payments.
AP Manager	Builds and releases payment runs and manages vendor statement reconciliation and exceptions.
Controller	Approves payment runs and reviews the accounts payable subledger reconciliation.
Department Manager	Requests new vendors and resolves invoice discrepancies related to their purchases.

RACI matrix

Activity	AP Specialist	AP Manager	Controller	Department Manager
Set up and verify a new vendor	R	A	I	C
Match invoice to purchase order and receipt	R/A	I	-	C
Build and approve the payment run	R	R	A	-

Activity	AP Specialist	AP Manager	Controller	Department Manager
Release payments	-	R/A	I	-
Reconcile AP subledger to general ledger	R	A	I	-

R = Responsible, A = Accountable, C = Consulted, I = Informed

4. Materials and PPE

Materials, tools and systems

- Accounting system accounts payable module
- Vendor master file
- Tax form on file for each vendor
- Purchase orders and receiving reports
- Payment run report and approval log
- Remittance advice template
- Bank positive pay file

5. Procedure

Step	Task	Owner	Done
5.1	**Receive a new vendor request** The department manager submits a new vendor request with the vendor's legal name, contact information and a completed tax form before any invoice from that vendor can be paid.	Department Manager	☐
5.2	**Set up the vendor master record** The AP specialist creates the vendor record in the accounting system using the submitted tax form and banking details, coding the default general ledger account and payment terms.	AP Specialist	☐
5.3	**Independently verify vendor banking details** The AP manager independently verifies any new or changed vendor banking details by calling the vendor's known contact number on file, not a number provided in the change request itself. **Checkpoint:** Banking details are verified by someone other than the person who entered them, using an independently sourced contact. **Warning:** An unexpected request to change vendor banking details is a common fraud pattern. Verify before paying.	AP Manager	☐
5.4	**Receive the coded, approved invoice** The AP specialist pulls the coded and approved invoice from the invoice processing queue once it has cleared the approval routing described in the invoice processing SOP.	AP Specialist	☐
5.5	**Match the invoice to the purchase order and receipt** The AP specialist performs a three-way match, comparing the invoice to the purchase order and receiving report for price, quantity and terms before scheduling payment. **Checkpoint:** Price, quantity and terms on the invoice agree with the purchase order and receiving report within policy tolerance.	AP Specialist	☐

Step	Task	Owner	Done
5.6	**Resolve match discrepancies** When the invoice does not match the purchase order or receipt, the AP specialist contacts the requesting department manager to resolve the variance before payment is scheduled.	AP Specialist	☐
5.7	**Schedule the invoice for payment** The AP specialist schedules the matched invoice for payment based on its due date and terms, flagging any invoice eligible for an early payment discount.	AP Specialist	☐
5.8	**Build the payment run proposal** The AP manager compiles invoices due for payment into a payment run proposal, grouping by payment method such as check, ACH or wire, and totals the run before approval.	AP Manager	☐
5.9	**Review and approve the payment run** The controller reviews the payment run proposal for reasonableness and completeness and approves it, requiring a second approver for any payment above the company's approval threshold. **Checkpoint:** Every payment run has documented approval before release, with a second approval on payments above the approval threshold.	Controller	☐
5.10	**Release the payments** The AP manager releases the approved payments through the bank's payment platform, keeping payment release separate from the person who prepared the run or entered invoices. **Warning:** The person who prepares the payment run should never also be the person who releases the funds.	AP Manager	☐
5.11	**Distribute remittance advice** The AP specialist sends remittance advice to each paid vendor listing the invoices covered by the payment and files the payment confirmation with the invoice records.	AP Specialist	☐
5.12	**Manage stop payments and vendor statements** The AP manager processes any stop payment or void request, and periodically reconciles vendor statements to the vendor's open balance in the accounting system to catch missing or duplicate invoices.	AP Manager	☐
5.13	**Reconcile AP subledger to the general ledger** The AP specialist reconciles the accounts payable subledger total to the general ledger control account each month and reports any unexplained difference to the controller. **Checkpoint:** The AP subledger total agrees with the general ledger control account before the books are closed for the period.	AP Specialist	☐

6. Quality checks

- Every new or changed vendor banking detail is independently verified before payment.
- No invoice is paid without a completed three-way match or a documented exception approval.
- Payment runs above the approval threshold always carry a second approval.
- The AP subledger reconciles to the general ledger every month with no unexplained difference.

7. Records

- Vendor master file and tax forms
- Matched invoice packets (invoice, purchase order, receiving report)

- Payment run reports and approvals
- AP subledger to general ledger reconciliation

8. KPIs

- Days payable outstanding
- Percentage of early payment discounts captured
- Invoice-to-pay cycle time
- Number of duplicate or erroneous payments per quarter

9. Common mistakes

- Paying an invoice on the requester's say-so without completing the three-way match.
- Changing vendor banking details without an independent verification call.
- Letting the same person prepare and release a payment run.
- Missing early payment discount windows because invoices sit unmatched too long.

10. Revision history

Revision	Date	Description	Reviewed by
1.0	September 15, 2026	Initial release	Ilia Pirozhenko

Approval

Prepared by	Approved by	Date

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