STANDARD OPERATING PROCEDURE

Invoice Processing SOP

Document no.	SOP-ACC-007
Revision	1.0
Owner	AP Manager
Effective date	September 15, 2026
Review cycle	Every 12 months

1. Purpose

To capture every incoming invoice, code it correctly, route it for the right approval, and hand off a clean, approved invoice to accounts payable for payment.

2. Scope

Applies to invoices received by mail, email or vendor portal from the moment they arrive until they are approved and queued for payment. Matching, scheduling and releasing payment is covered in the separate accounts payable SOP.

Definitions

Cost center	The department or budget code an expense is charged against in the accounting system.
Coding	Assigning the correct general ledger account and cost center to an invoice before approval.
Approval routing	The automated or manual path an invoice follows to reach the person authorized to approve it.

3. Responsibilities

Invoice Processing Clerk	Captures, checks for duplicates, and codes incoming invoices, and tracks approval status.
Department Manager	Reviews and approves invoices charged to their cost center.
AP Manager	Resolves coding disputes and oversees the approval routing process.
Controller	Approves invoices above the department manager's approval limit.

RACI matrix

Activity	Invoice Processing Clerk	Department Manager	AP Manager	Controller
Capture and log incoming invoice	R/A	-	I	-
Check for duplicate invoice	R/A	-	I	-
Code invoice to account and cost center	R	C	A	-
Approve invoice for payment	I	R/A	C	C

Activity	Invoice Processing Clerk	Department Manager	AP Manager	Controller
Approve invoice above manager limit	I	R	C	A

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

4. Materials and PPE

Materials, tools and systems

- Invoice capture tool or scanner
- Accounting system invoice queue
- Chart of accounts and cost center list
- Approval routing workflow tool
- Duplicate invoice detection report
- Vendor invoice portal

5. Procedure

Step	Task	Owner	Done
5.1	**Receive the incoming invoice** The invoice processing clerk receives the invoice by mail, email or vendor portal and confirms it includes a vendor name, invoice number, date and amount before logging it.	Invoice Processing Clerk	☐
5.2	**Capture and enter invoice data** The invoice processing clerk scans or enters the invoice into the accounting system's invoice queue, capturing the vendor, invoice number, date, amount and line item detail.	Invoice Processing Clerk	☐
5.3	**Check for a duplicate invoice** The invoice processing clerk checks the invoice number and amount against the duplicate invoice detection report before proceeding, since vendors sometimes resend the same invoice. **Checkpoint:** No invoice with a matching vendor, invoice number and amount already exists in the system before it is coded.	Invoice Processing Clerk	☐
5.4	**Identify a matching purchase order, if any** The invoice processing clerk checks whether the invoice references a purchase order and links it in the system, flagging invoices with no purchase order for extra review during coding.	Invoice Processing Clerk	☐
5.5	**Code the invoice to account and cost center** The invoice processing clerk assigns the correct general ledger account and cost center to the invoice based on the goods or services described, using the chart of accounts.	Invoice Processing Clerk	☐
5.6	**Route the invoice for approval** The invoice processing clerk routes the coded invoice to the department manager responsible for the cost center through the approval routing workflow tool.	Invoice Processing Clerk	☐
5.7	**Review and approve the invoice** The department manager reviews the invoice for accuracy and business purpose and approves it, or rejects it with a reason if it should not be paid as coded. **Checkpoint:** Every invoice has either an approval or a documented rejection reason before it leaves the routing workflow.	Department Manager	☐

Step	Task	Owner	Done
5.8	**Escalate invoices above the manager's limit** When an invoice amount exceeds the department manager's approval limit, the workflow routes it to the controller for a second approval before it can proceed.	Controller	☐
5.9	**Follow up on pending approvals** The invoice processing clerk monitors the approval queue and follows up with department managers on invoices pending approval close to their due date.	Invoice Processing Clerk	☐
5.10	**Resolve coding disputes** When a department manager disputes the coding on an invoice, the AP manager reviews the invoice and the disputed cost center and corrects the coding or confirms it is correct.	AP Manager	☐
5.11	**Queue the approved invoice for payment** Once approved, the invoice processing clerk moves the invoice into the accounts payable queue for matching and payment scheduling under the accounts payable SOP.	Invoice Processing Clerk	☐
5.12	**Archive the invoice image** The invoice processing clerk confirms the scanned invoice image and approval trail are archived in the accounting system, searchable by vendor and invoice number.	Invoice Processing Clerk	☐

6. Quality checks

- No invoice is queued for payment without an approval or documented rejection.
- Every invoice is checked against the duplicate detection report before coding.
- Invoices above the department manager's limit always show a controller approval.
- Coding disputes are resolved and documented before the invoice reaches accounts payable.

7. Records

- Captured invoice images and data
- Duplicate invoice check results
- Approval routing history
- Coding dispute resolution notes

8. KPIs

- Average time from invoice receipt to approval
- Percentage of invoices approved before their due date
- Number of duplicate invoices caught before payment
- Percentage of invoices requiring a coding correction

9. Common mistakes

- Coding an invoice without checking the description against the chart of accounts.
- Missing a duplicate invoice because the vendor changed the format slightly.
- Letting an invoice sit in a manager's queue past its due date without follow-up.
- Approving an invoice with no documented business purpose.

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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