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Accounts Payable · Print-ready

AP VERIFICATION TOOLKIT

Vendor Invoice Processing Checklist

A stage-by-stage set of verification items your AP team can work through on every invoice — from receipt to payment — plus red flags, new-vendor checks, and a monthly self-audit sweep.

WHO IT'S FOR

AP managers, accounts payable teams, and finance controllers

WHAT IT COVERS

5 processing stages · 10 payment red flags · new-vendor & audit checks

HOW TO USE IT

Follow sequentially per invoice — each stage before the next

FORMAT

Single-source A4 sheet, optimised for screen & home printing

Any failed hard-stop check puts the invoice on hold until resolved.

serina.ai/vendor-invoice-processing-checklist

OVERVIEW

Contents

Ten working sections. Stages 1–5 run in sequence on every invoice; the remaining sections are reference and periodic controls.

1 Invoice Receipt Verification

Before touching the invoice data, confirm it arrived through a legitimate, traceable channel.

- [ ] **Received via an approved channel** — authorised email, vendor portal, EDI feed, or designated shared inbox. Not a personal inbox, forwarded chain, or unregistered sender.
- [ ] **Sender identity confirmed** — the "from" address or portal login matches the vendor's registered contact. New or unrecognised senders are verified before entering the queue.
- [ ] **Logged in the AP system on receipt** — date, time, and source channel recorded. No invoice enters the queue without a log entry; this starts the audit trail.
- [ ] **Assigned a unique internal reference** — prevents duplicate processing if the same invoice arrives via more than one channel.
- [ ] **Immediate duplicate check run** — confirm this invoice number has not already been submitted or paid. Same vendor, amount, and date under a different number is also a duplicate flag.

- [ ] NOTES & EXCEPTIONS

2

Invoice Data Validation

Verify the invoice contains all required information before matching it to a PO or routing it for approval.

- [ ] **Vendor name matches the vendor master exactly** — not a variation, abbreviation, or informal trading name unless documented.
- [ ] **Vendor address and contact details** present and matching the vendor master file.
- [ ] **Unique invoice number present**, following the vendor's documented format. Missing or non-standard numbers are queried before processing.
- [ ] **Invoice date and due date stated and reasonable** — invoices dated more than 90 days in the past are reviewed for legitimacy before acceptance.
- [ ] **Description of goods or services is specific** — not vague. "Consulting services — Q2" with no further detail requires clarification.
- [ ] **Quantities and unit prices listed at line-item level** — not a lump-sum total only.
- [ ] **Subtotals, taxes, and total verified by recalculation** — a total that does not match the sum of line items is an immediate hold.
- [ ] **Tax / VAT number present where required** and matching the vendor's registered number.
- [ ] **Currency stated and matches the vendor agreement** — an unexpected currency requires confirmation before processing.
- [ ] **Bank details match the vendor's registered details** — any change is verified directly with the vendor via a known contact before updating the master, never from the invoice alone.

3 PO Matching & 3-Way Match Verification

For PO-backed invoices, match against both the purchase order and the goods receipt note before approval.

- [ ] **PO number present, formatted, and matching an open PO** — invoices without a valid PO for PO-backed purchases are returned to the vendor.
- [ ] **Items, quantities, and prices match the PO at line-item level** — a matching total with differing lines is still a discrepancy.
- [ ] **Goods receipt note (GRN) confirmed** — goods or services received and signed off before payment. Do not pay for goods not yet received.
- [ ] **Partial delivery handled correctly** — invoice matches the received quantity only, not the full PO value. Flag full-PO billing against a partial delivery.
- [ ] **Price variance within configured tolerance** — variances within tolerance proceed; above threshold are held and an exception is raised.
- [ ] **Non-PO invoices coded before routing** — GL code and cost centre assigned by an authorised team member for indirect spend, utilities, and emergency purchases.

Reference

The 3-way match compares the **invoice**, the **purchase order**, and the **goods receipt note**. All three must agree at line-item level before the invoice can proceed to approval.

- [ ] NOTES & EXCEPTIONS

4 Approval Routing & Exception Handling

Route to the correct approver — determined by amount, cost centre, and vendor category, not by who is available.

- [ ] **Routed to the correct approver per the approval matrix** — approver, amount threshold, and cost centre assignment all consistent.
- [ ] **Approval deadline set** — invoices nearing their due date are flagged urgently to prevent late payment.
- [ ] **Approval confirmation received and timestamped** — verbal approvals are not valid. Record approver name, date, and time.
- [ ] **Exception clearance confirmed** — anything flagged at Stage 2 or 3 is fully resolved before routing, not just acknowledged.
- [ ] **Segregation of duties confirmed** — the approver did not raise the original PO and does not hold sole authority to process the payment. Flag any overlap immediately.
- [ ] **Returned invoices logged as "on hold"** — reason and return date recorded. Do not manage holds via email chains.

Hard stop

A segregation-of-duties conflict must be escalated to the Finance Controller and remediated **before** processing continues — never worked around.

5 Payment Scheduling & Record-Keeping

Once approved, the final stage covers payment scheduling, disbursement, and filing.

- [ ] **Due date and early-payment discount window confirmed** — check whether a 2/10 net 30 or similar term applies and schedule accordingly.
- [ ] **Payment method matches the vendor's registered preference** and the invoice's bank details — ACH, bank transfer, or other agreed method.
- [ ] **Payment scheduled in the ERP** with correct posting date, GL code, cost centre, and vendor reference.
- [ ] **Payment confirmation sent to the vendor** after disbursement — via portal, remittance email, or automated AP notification.
- [ ] **Invoice marked as paid** in the AP system with payment date, amount, and reference number recorded.
- [ ] **All documents filed together** — original invoice, PO, GRN, approval record, and payment confirmation, under the correct vendor and date references.
- [ ] **Recurring vendor flagged** — mark for inclusion in the next monthly vendor statement reconciliation.

10 Red Flags That Stop Payment

Any one of these warrants an immediate payment hold and escalation to the AP manager or finance controller — reasons to investigate, not automatic rejections.

1. ☐ **Bank details changed on or with an invoice** — the most common AP fraud vector. Always verify directly with the vendor via a known phone number or signed document.
2. ☐ **Vendor not in the approved vendor master** — may indicate a fictitious-vendor scheme. Complete onboarding before approval.
3. ☐ **Duplicate invoice number from the same vendor** — even a one-character variation warrants verification before payment.
4. ☐ **Total does not match the sum of line items** — a common billing error or fraud indicator. Recalculate before approving.
5. ☐ **No corresponding PO for the goods or services** — require a retrospective PO or written authorisation from the budget owner.
6. ☐ **Invoice dated more than 90 days ago** — may be a resubmission of an already-paid invoice or a claim against a closed period.
7. ☐ **Rounded amounts with no line-item detail** — a round-sum total with a vague description requires a breakdown before approval.
8. ☐ **New vendor, first invoice, large or unusual amount** — apply the new-vendor checks plus second-pair-of-eyes approval regardless of threshold.
9. ☐ **P.O. Box as the only address** — not automatically fraudulent, but with other flags warrants verifying the registered address.
10. ☐ **Submitted directly to an approver, bypassing AP intake** — return to sender and route through the correct channel before any action.

New Vendor: First-Invoice Checks

The first invoice from any vendor not previously paid carries added risk. Run these before the first payment, in addition to the standard 5 stages.

- [ ] **Vendor onboarding complete** — tax forms, banking details, and required compliance documents on file before any invoice is processed.
- [ ] **Business registration verified** — confirm a registered legal entity. For significant relationships, check the registration number and trading address against a registry or credit bureau.
- [ ] **Banking details received via a secure channel** — onboarding form, verified portal submission, or signed letter from a known contact. Not from the invoice alone.
- [ ] **Contract or purchase agreement on file** — signed, documenting what was ordered, at what price, and under what terms, before any payment.
- [ ] **Second-pair-of-eyes approval** — the first payment to any new vendor requires authorisation from a manager or controller above the standard threshold, regardless of amount.

- [ ] ONBOARDING NOTES

Monthly AP Self-Audit

Run this internal-controls sweep once a month. For most teams it takes under two hours and surfaces issues before they become expensive.

- [ ] **Duplicate payment report run** — check for invoices paid twice in the past 30 days; confirm recovery or credit is in progress.
- [ ] **Exception queue reviewed** — which vendors or invoice types generated the most exceptions? A consistent pattern signals a data-quality or relationship issue.
- [ ] **Open invoices checked against payment terms** — identify approaching or past-due invoices not yet processed and escalate.
- [ ] **GL code mappings verified as current** — chart-of-accounts changes and reorganisations make assignments stale. Confirm accuracy.
- [ ] **Approval matrix confirmed** — still reflects current roles; leavers and role-changers have active backup delegates assigned.
- [ ] **Vendor master spot-check** — pull 10–15 records and confirm name, address, bank details, and tax number match contracts on file.
- [ ] **Outstanding POs checked** — identify POs raised but not yet invoiced and confirm the goods or services are still expected.

Proceed vs. Escalate

A quick-reference decision guide for the most common exceptions.

SITUATION	ACTION	WHO HANDLES IT
Variance within configured tolerance	**Proceed** Auto-approve if configured for tolerances	System or AP team
Variance exceeding tolerance	**Hold** Raise exception; contact vendor or purchasing	AP team + vendor
PO number missing on a PO-backed invoice	**Return** Do not process without a valid PO reference	AP team
Bank account change request	**Hold** Verify with vendor via a known, independent contact	AP Manager + Finance Controller
Invoice from an unregistered vendor	**Hold** Complete vendor onboarding before processing	AP Manager + Procurement
Duplicate invoice number detected	**Hold** Verify whether resubmission or new invoice	AP team
Any of the 10 red flags triggered	**Hold** Escalate for AP manager review before any action	AP Manager
Segregation-of-duties conflict	**Escalate** Remediate before processing continues	Finance Controller + Compliance

Keep it consistent

A checklist is only as useful as its consistent adoption. Worked through on every invoice, every cycle, it protects against the errors, fraud, and compliance gaps that cost far more to fix after payment than before it.