CHECKLIST

Invoice Approval Workflow Checklist

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If you want your organization to succeed, paying your vendors on time is indispensable. Learn about the invoice approval workflow and how to optimize it.

Introduction

Do you still manually approve every invoice?

A paper-based invoice workflow is less efficient as it consumes hours of valuable time between document filing, invoice data entry, and the seemingly never-ending wait for approval. Fortunately, technology has been a boon for the invoice approval process making it a lot more efficient. Here are a few solid reasons you should consider implementing a paperless invoice approval system.

What is Invoice Approval Workflow?

An Invoice Approval Workflow is a process organizations follow to clear an invoice for payment. Think of it as a process to determine whether an invoice is valid. Depending on the size of your organization, the Accounts Payable Manager (APM) may perform this process, or the work may require an entire Accounts Payable (AP) department.

The workflow generally begins when a vendor submits an invoice. The AP team then reviews the invoice to ensure its accuracy, including looking at the billed services, the information needed for processing, and the amount requested. After everything checks out, Accounts Payable or the finance manager approves the invoice, and the appropriate person processes the payment.



Invoice Approval Workflow Checklist

The Invoice Approval Workflow Checklist is a series of steps the AP team needs to take to validate and pay an invoice. The process includes verifying the invoice information and getting the necessary approvals before initiating vendor payment. The AP team must clear each invoice and then remit the payment to the appropriate vendor.

The workflow may differ across organizations. In general, it includes at least the following steps:

Determine Which Vendor Compliance Requirements Apply to Your Industry	
☐	Verify the invoice by comparing all the information against purchase orders, goods/services receipts, delivery quality, progress reports, and other documents
☐	Request further information and clarification if you find any discrepancies for focused reviews on deviations from tolerance levels
☐	Request the proper signatures to approve the invoice (unless you run a one-person business)
☐	Process the payment and issue the payment to the vendors



How to design an Invoice Approval Workflow?

1. Create a database to receive invoices

The ideal invoice approval workflow will begin with all invoices going into a queue - making it easier to track and process them in batches. Here are two ways to achieve this:

- Designate an email address to receive invoices – and invoices only, nothing else. (This is the key!)
- Create an invoice submission form that automatically adds submissions to a queue for review.

2. List approval conditions

Your AP team must determine whether it's valid to process an invoice. The validation criteria may differ depending on the organization and type of vendor-supplied products or services. For example, here are some basic questions someone reviewing the invoice may ask:

- Did the vendor deliver the product or render the service?
- Were there issues with the product or service that justifies a reorder or discount?
- Does the invoice include all information needed for processing, such as where to remit payment?
- Does the invoice amount align with established prices?

3. Outline the approval hierarchy

Most organizations have specific decision-makers responsible for validating invoices. For example, the president of a small organization may be hands-on in every project and therefore approve or deny all invoices.

In larger organizations with numerous departments and hundreds, if not thousands, of employees, department heads or Accounts Payable managers will probably be the decision-makers for invoices specific to their units. Make a list of anyone in charge of approving invoices and specify what types of invoices they're responsible for.

4. Outline workflow routes

You can frame every condition from step two as an action item on a checklist. Then, structure the checklist to confirm basic information (such as information needed for payment) and gradually increase complexity. This is how you map a logical if-then approval workflow.

- If the invoice lists a bank account to remit payment, then move it to the next item on the list.
- If the invoice is missing this information, reply to the sender to inform them that they need to provide more details.

This helps map out the approval hierarchy in a workflow as well. For example, if the invoice is from a product designer, send it to the Product Director to validate. Once all workflow elements are in place, you'll remove uncertainty about how to process invoices – and your team will be able to perform approval tasks faster.

Why does going digital give your Invoice Approval Workflow a boost?

Digital invoice approval solutions combine data capture, automatic routing, contract management, and integration capabilities in a single platform. For example, using a solution like Aavenir Invoiceflow to handle invoice approvals, eliminates paperwork, reduces manual error in data collection and retrieval, accelerates the approval cycle, and increases straight-through invoice processing.

Enterprises and SMBs alike can enjoy innumerable benefits by using such a solution. This way, they take advantage of a host of benefits:

- Automatic three-way matching
- Improved regulatory compliance (SOX, FASB)
- Integration with finance and ERP systems
- Enhanced visibility over liabilities
- Increased employee productivity
- Lowered processing costs and time
- Reduced the chance of errors and fraud
- No more late payment penalties
- Streamlined reconciliation

Are You Ready To Revolutionize AP?

Are you aware that your Accounts Payable team is wasting 24% of their workday on manual invoice processing?

Do you wish to make your AP teams strategic?
Schedule a Live Demo with Aavenir to know how to capture invoices efficiently, build smart invoice workflows, and automate 2-way/3-way validation.

If you're ready to experience the many benefits of invoice automation, give us a call at +1 408-554-2656 to learn how you can get started today.



About Aavenir

Aavenir revolutionizes age-old procurement processes with AI-enabled Source-to-Pay solutions, including RFPflow, Onboardingflow, Contractflow, Obligationflow, and Invoiceflow. Built on ServiceNow, Aavenir solutions streamline procurement, legal, and accounts payable work processes using the latest technologies such as AI, ML, and NLP to

Explore Aavenir Source-to-Pay Solutions on ServiceNow



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