SOP
THREE WAY MATCHING
VENDOR PAYMENTS

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operating Standards are established to ensure that vendor payment documents and processes are accurate, transparent, and accountable.

WHAT IS THREE WAY MATCHING?

Three-Way Matching is a method of verifying vendor payments by comparing three key documents to ensure that the goods paid for are the same goods that were actually ordered, received, and invoiced as agreed.

PURCHASE ORDER (PO) — Proof of an order placed by a company with a vendor.

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GOODS RECEIPT NOTE (GRN) — Proof that the goods have been received as ordered.

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PURCHASE INVOICE — Invoices from vendors for goods that have been shipped.

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Payments will only be processed if all three documents are in order.

3-WAY MATCHING FLOW

1. PURCHASE ORDER
THE PURCHASING DEPARTMENT ISSUES A PURCHASE ORDER TO THE VENDOR.

2. GOODS RECEIPT
THE VENDOR SHIPS THE GOODS; THE RECEIVING DEPARTMENT INSPECTS THEM AND ISSUES A GRN.

3. PURCHASE INVOICE
THE VENDOR SENDS AN INVOICE; ACCOUNTING RECEIVES THE INVOICE.

4. 3-WAY MATCHING
RECONCILE PURCHASE ORDERS (POS), GOODS RECEIPT NOTES (GRNS), AND INVOICES TO ENSURE THE DATA MATCHES.

5. APPROVAL
THE FINANCE CONTROLLER REVIEWS CASH FLOW AND APPROVES PAYMENTS.

6. PAYMENT
THE CASHIER MADE A PAYMENT TO THE VENDOR.

DOCUMENTS

- Purchase Order (PO)
- Goods Receipt Note (GRN)
- Vendor Invoice & Delivery Note
- Payment Voucher Request (PVR)
- Payment Voucher
- Purchase Invoice

PURPOSE OF THE SOP

- Ensure that the documents are complete and accurate before payment is made.
- Establish a workflow.
- Supports the company internal controls.
- Preventing unauthorized payments.

- Ensure that the Purchase Order, Goods Receipt Note, and Invoice match before making payment.
- Each process is clearly documented.
- To reinforce internal controls and minimize the risk of errors.

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