

SOP



ICAESS

International
Conference on Applied
Economics and
Social Science

THREE WAY MATCHING VENDOR PAYMENTS

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.

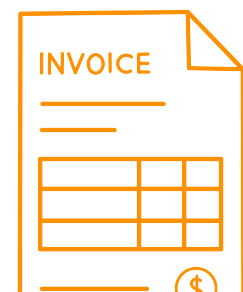
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**GOODS
RECEIPT
NOTE (GRN)**

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.

