Accounts Payable Policies and Procedures

Company: AbhishekInc

Effective Date: January 1, 2025

Version: 1.0

# 1. Purpose

The purpose of this policy is to establish standardized procedures for the receipt, verification, approval, and payment of vendor invoices at AbhishekInc. This ensures timely and accurate payments while maintaining compliance with internal controls, financial reporting standards, and audit requirements.

# 2. Scope

This policy applies to all business units and subsidiaries of AbhishekInc. It governs the processing of all vendor invoices, credit notes, and related financial obligations. All Accounts Payable (AP) activities are centralized under the Finance Shared Services organization.

# 3. Invoice Processing Workflow

1. Invoice Receipt: Invoices are received electronically via email or supplier portal. All invoices must reference a valid Purchase Order (PO).

2. Data Extraction: Key header and line item details are extracted using intelligent document processing (IDP) or LLM-based parsers. Data includes invoice number, vendor ID, PO number, currency, tax code, and total amount.

3. Three-Way Match: Invoices are matched to Purchase Orders (EKKO/EKPO) and Goods Receipts (MSEG/EKBE). Discrepancies are routed for AP review or escalated to Procurement for resolution.

4. Invoice Posting: Fully matched invoices are posted automatically in the accounting system (BKPF/BSEG) under document type RE. Invoices requiring manual review are held in a workflow queue pending resolution.

5. Payment Execution: Payments are processed via standard payment run (F110). Output files are generated for payment tables (REGUH/REGUP) and transmitted securely to the banking system.

# 4. Approval Matrix

|  |  |  |
| --- | --- | --- |
| Invoice Amount (USD) | Approval Level | Approver Title |
| 0 – 5,000 | Auto-Approved | AP Automation Workflow |
| 5,001 – 25,000 | Level 1 | AP Supervisor |
| 25,001 – 100,000 | Level 2 | Finance Manager |
| Above 100,000 | Level 3 | Director of Finance |

# 5. Payment Terms

Standard payment terms are applied based on vendor classification. The following terms apply unless otherwise stated in a formal agreement:

|  |  |  |
| --- | --- | --- |
| Vendor Type | Default Terms | Notes |
| Standard | Net 30 | Payment within 30 days from invoice date. |
| Preferred | 2%/10 Net 30 | 2% discount if paid within 10 days. |
| Contractual | As per agreement | Per vendor-specific contractual terms. |

# 6. Exception Handling

AbhishekInc recognizes that invoice discrepancies may occur. The following procedures govern exception handling:

- Quantity or price discrepancies: Invoice is placed on hold pending GR or PO correction.

- Missing PO reference: Invoice is routed to Procurement for validation and PO creation.

- Duplicate invoices: The AP system performs duplicate checks using invoice number and vendor ID.

- Tax code or currency errors: Routed to the Tax or Treasury team for correction.

# 7. Compliance and Audit

All invoice documents, approval logs, and supporting materials are retained for a minimum of seven (7) years. System controls ensure segregation of duties between invoice entry, approval, and payment processing. Internal and external audits are conducted annually to ensure adherence to policy.

# 8. Contacts

For questions regarding this policy or AP processing guidelines, please contact:

Accounts Payable Shared Services Team  
AbhishekInc Finance Division  
Email: ap\_support@abhishekhq.com