

Two-way, three-way, no-way

A practical guide to invoice matching for AP teams

Why matching matters

Every supplier invoice asks you to agree to three things: you ordered it, you received it, and the price is right. Invoice matching is how you check all three before the money goes.

Skip the check and the problems are predictable. You pay for goods that never arrived. You pay last year's price, or a price nobody agreed. You pay the same invoice twice because it came in once by email and once by post. And now and then, you pay a fraudster who sent a convincing invoice for something you never ordered.

Matching isn't complicated. Doing it consistently, at volume, with half the information in someone else's inbox, is the hard part. This guide covers the matching types, how purchase orders change the picture, how to set tolerances, and how to handle the exceptions that eat most of the time.

Inside

- No match, two-way and three-way: when to use each
- Itemised and blanket purchase orders
- Setting tolerances that don't create noise
- The seven most common exceptions and who should fix them
- The numbers worth tracking

The three ways to match

No match

The invoice is approved on its own, with no purchase order to check against. It's fine for some spend: utilities, rent, subscriptions and other regular bills where a PO adds admin and no control. It still needs an approver who knows what the bill should be, and a budget it's coded to.

Two-way match

The invoice is checked against the purchase order: right supplier, right items, right quantity, right price. Two-way matching suits services, where there's no physical delivery to confirm.

Three-way match

The invoice is checked against the purchase order and the goods receipt or delivery note. It's the standard for physical goods, because it's the only one that proves the goods arrived.



TYPE	COMPARES	CATCHES	BEST FOR
No match	Invoice and approver judgement	Very little on its own	Utilities, rent, subscriptions
Two-way	Invoice and PO	Wrong price, wrong items, no PO	Services and fixed fees
Three-way	Invoice, PO and goods receipt	All of the above, plus goods not received or short deliveries	Physical goods and materials

Some businesses add a fourth check, inspection, for goods that need testing before they're accepted. For most finance teams, three-way is the ceiling.

Itemised and blanket purchase orders

How you match depends on what kind of PO you raised.

Itemised POs

An itemised PO lists each line: product, quantity, unit price. Matching happens line by line. It's precise, and it handles real life well when it's done right:

- **Partial deliveries.** 100 ordered, 60 delivered. The invoice for 60 matches; the PO stays open for the other 40.
- **Several invoices per PO.** Each one draws down against what's left.
- **Price changes.** A line at the wrong price stands out on its own instead of hiding in a total.

Blanket POs

A blanket PO commits a value with a supplier over a period, without listing every item. Cleaning at £1,500 a month for a year. Stationery up to £5,000 a quarter. Invoices are matched against the supplier, the category and the balance left, not individual lines.

Blanket POs save a lot of admin. They also need watching:

- **Track the balance.** Know what's left before the next invoice arrives, not after it's gone over.
- **Set an end date.** An open-ended blanket PO is a standing approval nobody remembers giving.
- **Don't let them become a workaround.** If a blanket PO is being used to avoid approving individual purchases, it's doing the wrong job.

Itemised PO

Line 1 against invoice line 1 ■ **Matched**

Line 2 against invoice line 2 ■ **Matched**

Line 3 against invoice line 3 ■ **Price differs**

Blanket PO

Cleaning at £1,500 a month for a year



£6,000 invoiced

£12,000 left

Tolerances: close enough is good enough

Insist on an exact match and every penny of rounding becomes an exception. Allow too much and you've stopped checking. Tolerances set the line.

Two kinds of tolerance

- **Price tolerance.** How far the invoice price can differ from the PO price before it's flagged. Usually a percentage, a fixed amount, or whichever is lower.
- **Quantity tolerance.** How far the invoiced quantity can differ from what was received. Useful for goods sold by weight or length.

Setting them

- **Start tight.** You can loosen a tolerance once you've seen the exceptions. Tightening one after a problem is harder.
- **Use "whichever is lower".** A percentage alone lets big invoices through with big differences. For example, 2% or £50, whichever is lower.
- **Vary by category.** Fuel and raw materials move in price. Software licences shouldn't.
- **Treat delivery charges separately.** Decide up front whether they need a PO line or sit inside a tolerance.
- **Review quarterly.** If one supplier is always just inside tolerance, look closer.

Handling exceptions

Most invoices match. The ones that don't take most of the time. The fix is rarely working harder in AP: it's getting each exception to the person who can actually resolve it.

EXCEPTION	LIKELY CAUSE	WHO FIXES IT	WHAT TO DO
Price mismatch	Old price list, missed discount, supplier error	Buyer	Check the contract price, then credit note or PO update
Quantity mismatch	Short delivery or invoicing ahead	Receiver	Confirm what arrived; pay for that
No goods receipt	Goods arrived, nobody booked them in	Receiver	Book in, or chase the supplier
No PO	Bought outside the process	Budget holder	Retrospective approval, logged as an exception
Duplicate invoice	Same invoice sent twice, or resent with a new number	AP	Reject and tell the supplier
Partial delivery	Rest of the order still to come	AP	Pay what matches; keep the PO open
New bank details	Genuine change, or fraud	AP and supplier manager	Verify by phone on a known number before paying

Four rules for an exception process that works

- 01** **Route, don't chase.** Send the exception to the owner with the problem already described. AP shouldn't be the middle of every email chain.
- 02** **Set a deadline.** An exception with no deadline becomes a late payment.
- 03** **Record the reason.** Use a short list of reason codes, so you can count them.
- 04** **Fix the cause, not just the invoice.** If one supplier causes a third of your price mismatches, update the price list or talk to the supplier.

CHEAT SHEET

3-way match exception cheat sheet

Download →

CHECKLIST

Supplier bank detail fraud checklist

Download →

EXPLAINER

E-invoicing 2029 explainer

Read →

The numbers worth tracking

MEASURE	WHY IT MATTERS
First-time match rate	The share of invoices that match with no human touch. Your headline number
Exceptions by reason	Tells you where to fix the process
Time to resolve an exception	Shows whether routing works
Invoices paid late because of exceptions	The cost to supplier relationships and any late-payment charges
Duplicates caught	Proof the controls are working

Quick check: how does your matching hold up?

- ☐ We know which spend needs a PO and which doesn't
- ☐ Goods receipts are recorded when goods arrive, not when the invoice turns up
- ☐ Tolerances are written down and reviewed
- ☐ Blanket POs have end dates and tracked balances
- ☐ Exceptions go to the person who can fix them, with a deadline
- ☐ We count exceptions by reason every month
- ☐ We'd catch an invoice for something never ordered

How Webexpenses Accounts Payable helps

Invoices read as they arrive. Matched to order and receipt. More volume, same team.

- **Data capture to line level.** From PDFs, spreadsheets, Word documents, CSVs and images, with duplicates caught before they're processed twice.
- **Choose the level of matching.** Two-way or three-way, by supplier, category or value, against itemised or blanket purchase orders.
- **Tolerances you set.** Allow small price or quantity variances without holding the invoice.
- **Clear exceptions.** See exactly which line doesn't match, and by how much. Discrepancies go to the right person to approve, query or reject.
- **Proof of receipt.** Goods received recorded on a phone, with photos attached from the mobile app.
- **Contract pricing checks.** Invoices also checked against the rate agreed in Webexpenses Contract Management.
- **Supplier statements reconciled.** Statements matched against your invoices, with missing invoices and differences flagged and a copy requested from the supplier in one click.
- **Written back to your ERP.** Your ERP stays the system of record.

Part of the FinOps platform: one record per transaction, from purchase order to payment.

See it on your own process

Every finance team works differently, so we start with a conversation, not a demo. On a discovery call we'll talk through how you work today and where it slows down. Then we'll tailor a demo to what matters to you.

Book a discovery call

webexpenses.com/finops-platform/try-us/