

Standard Operating Procedure (SOP): Payment Processing and Invoicing Workflows

This SOP details the **payment processing and invoicing workflows**, encompassing invoice generation, payment verification, transaction recording, and reconciliation procedures. It ensures accuracy in billing, timely payment collection, and proper documentation to maintain financial integrity and support efficient accounts receivable management within the organization.

1. Purpose

To standardize the processes for generating invoices, processing payments, recording transactions, and reconciling accounts to ensure accurate financial records and timely payment collection.

2. Scope

This SOP applies to all employees involved in accounts receivable, finance, and payment processing within the organization.

3. Responsibilities

Role	Responsibility
Accounts Receivable Clerk	Generate and send invoices; record payments; monitor aging reports.
Finance Manager	Review and authorize invoices; oversee reconciliation; approve write-offs.
Cashier / Accountant	Verify and process received payments; update financial records.

4. Definitions

- **Invoice:** A billing document issued to a customer for goods/services rendered.
- **Payment Verification:** The process of ensuring incoming payments match the corresponding invoices.
- **Reconciliation:** Matching bank statements with recorded transactions to identify discrepancies.

5. Procedure

5.1 Invoice Generation

1. Gather billing information from relevant departments or systems.
2. Generate invoice using approved template, ensuring accuracy of all details (amount, tax, due date, recipient information).
3. Assign a unique invoice number for tracking.
4. Send invoice to customer via agreed channel (email, mail, customer portal).
5. Record the invoice in the accounting/ERP system.

5.2 Payment Processing

1. Monitor receipt of payment via bank transfer, cheque, credit card, or other approved method.
2. Verify payment details match the invoice(s) (amount, reference number, payer).
3. Update the accounting system to reflect payment receipt.
4. If partial payment, update outstanding balance and follow up as per credit policy.

5.3 Transaction Recording

1. Record all payments with corresponding invoice numbers for accurate tracking.
2. File payment confirmations and documentation electronically or physically as per retention policy.
3. Update accounts receivable ledger timely to maintain current records.

5.4 Reconciliation

1. On a scheduled basis (e.g., monthly), retrieve bank statements and compare with accounting records.

- 2. Identify and investigate any discrepancies (e.g., missing payments, unmatched transactions).
- 3. Adjust records as necessary after investigation and approval.
- 4. Report reconciled statements to management for review and sign-off.

6. References

- Organization Chart
- Financial Policy Manual
- Record Retention Policy

7. Revision History

Date	Version	Description	Author
2024-06-20	1.0	Initial SOP release	Finance Dept