SOP: Payment Processing and Billing Procedures

This SOP details the **payment processing and billing procedures**, covering invoice generation, payment methods, transaction verification, handling of overdue accounts, refunds and adjustments, and record keeping. The aim is to ensure accurate, timely, and secure financial transactions to maintain transparency and facilitate smooth business operations.

1. Scope

This procedure applies to all payment processing and billing activities, including all staff involved in the handling of customer transactions, invoicing, collections, refunds, and financial record keeping.

2. Responsibilities

- **Finance Department**: Execute billing, process payments, manage overdue accounts, handle refunds, and maintain financial records.
- **Sales/Accounts Teams**: Provide accurate client billing information and liaise with clients on invoicing queries.
- **Management**: Review, approve, and audit financial transactions; ensure compliance with policies and regulations.

3. Procedures

3.1. Invoice Generation

1. Collect all necessary billing information (client details, products/services, rates, dates).
2. Generate an itemized invoice using the approved template or accounting system.
3. Assign a unique invoice number and date of issue.
4. Send the invoice to the client via approved communication channels.
5. Record the invoice details in the accounting system for tracking.

3.2. Accepted Payment Methods

- Bank Transfer (Wire, ACH)
- Credit/Debit Card
- Online Payment Platforms (e.g., PayPal, Stripe)
- Cash or Cheque (where applicable, to be logged and secured appropriately)

3.3. Payment Processing & Transaction Verification

1. Check daily transaction reports from banks and payment gateways.
2. Match incoming payments to corresponding invoices.
3. Mark invoices as "Paid" in the accounting system upon successful receipt.
4. Send payment confirmation receipts to clients within 2 business days.
5. Investigate and resolve any discrepancies or failed transactions promptly.

3.4. Handling Overdue Accounts

1. Monitor accounts for overdue payments on a weekly basis.
2. Send reminders to clients for overdue invoices as per the escalation schedule:
   - 1st Reminder: 7 days overdue
   - 2nd Reminder: 14 days overdue
   - 3rd Reminder/Account Hold Notice: 21+ days overdue

3. Escalate chronic non-payment issues to management for further action.
4. Apply late fees or interest charges as per company policy (if applicable).

3.5. Refunds and Adjustments

1. Receive and review refund/adjustment requests from clients.
2. Obtain required approvals per financial authority matrix.
3. Process refunds via the original payment method wherever possible.
4. Update accounting records and notify clients of the outcome.

3.6. Record Keeping

1. Maintain accurate and up-to-date records of all invoices, payments, refunds, and adjustments.
2. Back up digital records regularly and store physical documents securely.
3. Archive financial documents according to legal and company retention requirements.
4. Ensure all records are accessible for auditing purposes.

4. Documentation and Forms

- Invoice Template
- Payment Receipt Template
- Refund Request Form
- Transaction Log Sheet

5. Revision History

Version	Date	Description	Author
1.0	2024-06-12	Initial SOP template created.	Finance Lead

This SOP should be reviewed annually or upon significant change in payment processing or billing operations.