

SOP Template: Disbursement of Funds through Preferred Payment Method

This SOP details the process for the **disbursement of funds through preferred payment methods**, covering authorization protocols, verification of payment details, selection of appropriate payment channels, transaction processing, documentation and record-keeping, compliance with financial policies, and audit procedures. The objective is to ensure efficient, secure, and accurate transfer of funds while maintaining transparency and accountability.

1. Purpose

To outline the standardized procedure for disbursing funds using an individual's or entity's preferred payment method, and to ensure all transactions are processed securely, compliantly, and efficiently.

2. Scope

This procedure applies to all departments and personnel involved in the initiation, authorization, processing, and documentation of fund disbursement transactions.

3. Roles and Responsibilities

- **Requestor:** Submits fund disbursement request and provides necessary supporting documents.
- **Finance Officer:** Reviews requests, verifies documents, and processes payment.
- **Authorizing Officer:** Reviews and approves fund disbursement requests.
- **Auditor:** Conducts periodic review of disbursement records for compliance.

4. Procedure

1. **Receipt of Disbursement Request:**
 - Requestor completes and submits a fund disbursement form with required supporting documents.
2. **Verification and Authorization:**
 - Finance Officer reviews documents for completeness and accuracy.
 - Authorizing Officer verifies the legitimacy and necessity of the disbursement.
 - Approval is documented through signature or digital approval workflow.
3. **Verification of Payment Details:**
 - Confirm recipient's preferred payment method (e.g., bank transfer, cheque, digital wallet).
 - Validate recipient's account information or payment credentials.
4. **Selection of Payment Channel:**
 - Select the payment channel based on recipient preference and organizational policy.
5. **Processing the Transaction:**
 - Initiate the payment through the approved financial system or banking platform.
 - Double-check payment details for accuracy prior to execution.
6. **Documentation and Record-Keeping:**
 - Record transaction reference number, date, amount, and payment method.
 - Attach supporting documents (e.g., invoices, receipts).
 - Retain electronic or hard-copy records according to retention policy.
7. **Notification to Recipient:**
 - Send payment confirmation and details to the recipient.
8. **Compliance and Audit:**

- Ensure all transactions comply with relevant financial policies, laws, and regulations.
- Participate in periodic audits and provide records as requested.

5. Documentation

- Disbursement Request Form
- Authorization and Approval Logs
- Transaction Records and Confirmations
- Supporting Documents (e.g., Invoices, Receipts)
- Audit Trail

6. Compliance

Follow all applicable organizational and regulatory policies regarding financial operations and record retention.

7. Review and Update

This SOP is to be reviewed annually or as necessary to reflect changes in policies, technologies, or regulations.

8. References

- Financial Policy Manual
- Internal Control Procedures
- Related Compliance Guidelines