

SOP: Payment Processing and Verification Steps

This SOP details the **payment processing and verification steps** to ensure accurate and secure financial transactions. It covers the procedures for receiving payments, validating payment information, confirming transaction authenticity, recording payment details, and resolving any discrepancies or errors. The aim is to maintain financial integrity, prevent fraud, and facilitate timely payment reconciliation for efficient business operations.

1. Purpose

To establish a standardized process for accurately processing and verifying payments, ensuring all financial transactions are secure, properly documented, and reconciled.

2. Scope

This SOP applies to all employees involved in the payment processing cycle, including accounts receivable, finance, and customer service personnel handling payment transactions.

3. Responsibilities

- **Accounts Receivable:** Receives and records payments, initiates verification steps.
- **Finance Team:** Oversees reconciliation, investigates discrepancies, maintains records.
- **Customer Service:** Addresses customer queries regarding payments and assists in resolving payment issues.

4. Payment Processing Steps

1. Receive Payment

- Payments can be received via cash, cheque, credit/debit card, bank transfer, or online payment gateways.
- Issue a provisional receipt or acknowledgment to the payer upon receiving the payment.

2. Validate Payment Information

- Verify payer details (name, account number, invoice/reference number).
- Check payment amount matches the invoice or agreement.
- Ensure payment method is acceptable and properly documented.

3. Confirm Transaction Authenticity

- For electronic payments, confirm transaction via bank or payment gateway.
- For cheques, verify signature, date, and check for sufficient funds (deposit and await clearing).
- For cash payments, count cash in the presence of the payer (if feasible).

4. Record Payment Details

- Enter payment in the financial management/accounting system with all relevant details.
- Generate and provide an official receipt to the payer.
- File supporting documents (payment advice, bank receipts, cheques, etc.).

5. Reconcile Payments

- Match payments received to outstanding invoices/orders daily.
- Investigate and resolve any mismatches or unidentified payments.

6. Resolve Discrepancies

- Identify the source of errors or mismatches.
- Contact the payer if additional clarification is needed.
- Rectify records and update systems as necessary.

5. Documentation & Records

- Maintain copies of receipts, payment confirmations, and reconciliation reports for a minimum of **7 years** or as required by law.
- Ensure all documentation is securely stored and access is limited to authorized personnel.

6. Controls & Security

- Enforce segregation of duties (payment receipt, verification, and posting performed by different staff when possible).
- Utilize secure channels for electronic payments.
- Monitor for suspicious or fraudulent activity and report immediately to management.

7. Revision & Audit

- Review SOP annually or upon significant change in payment procedures.
- Conduct periodic audits to ensure compliance and effectiveness.

Note: Non-compliance with this SOP may result in disciplinary actions and increased risk of financial loss or fraud.