

SOP: Payment Scheduling and Batch Processing

This SOP describes the procedures for **payment scheduling and batch processing**, including the planning and timing of payment runs, grouping payments into batches for efficient processing, validation and approval workflows, error handling, reconciliation, and reporting. The objective is to ensure timely, accurate, and secure execution of payments while maintaining compliance with financial policies and minimizing risks associated with payment errors.

1. Scope and Applicability

This SOP applies to all personnel involved in the initiation, approval, processing, validation, and reconciliation of payments across the organization.

2. Roles and Responsibilities

| Role | Responsibility |
|--------------------------|--|
| Accounts Payable Clerk | Prepares payment requests, supports batch processing, and initiates payment schedules. |
| Finance Manager | Reviews, validates, and approves scheduled payments and payment batches. |
| IT/Systems Administrator | Maintains payment processing systems and ensures data security and backup. |
| Internal Auditor | Monitors compliance with policies and reviews reconciliation reports. |

3. Procedures

3.1 Payment Scheduling

- Identify all due and upcoming payable invoices and payment obligations.
- Set a payment run schedule (e.g., daily, weekly) based on contractual terms, cash flow, and business requirements.
- Communicate schedules to relevant stakeholders for transparency and prior approval.

3.2 Batch Processing

- Group payment requests by criteria such as due date, payment type, or vendor.
- Generate payment batches in the payment processing system.
- Assign batch numbers and store related documentation for tracking.

3.3 Validation and Approval Workflow

- Validate payment details against supporting documentation and approval matrices.
- Route batches through the defined approval workflow (e.g., dual authorization).
- Log approvals and maintain audit trails.

3.4 Execution of Payments

- Execute approved batches in the designated banking or ERP system.
- Ensure system notifications are enabled for successful and failed payments.

3.5 Error Handling

- Monitor payment status reports post-processing for errors or exceptions.
- Investigate and resolve issues (e.g., mismatches, rejection by bank).
- Document root cause analysis and corrective actions taken.

3.6 Reconciliation

- Reconcile processed payments with bank statements and internal ledgers.
- Investigate and resolve discrepancies in a timely manner.

3.7 Reporting

- Generate regular payment and exception reports for management review.
- Archive all records and reports in accordance with data retention policies.

4. Compliance and Controls

- Adhere to all internal financial policies, legal, and regulatory requirements.
- Ensure segregation of duties is maintained between payment preparation, approval, and execution.
- Safeguard sensitive payment information and perform regular system access reviews.

5. Review and Updates

This SOP should be reviewed annually or as required due to changes in process, systems, or regulatory environment. All revisions must be approved by relevant stakeholders.

6. References

- Financial Policy Manual
- Internal Approval Matrix
- Payment Processing System User Guide

7. Document Control

| Version | Date | Author | Change Description |
|---------|------------|-------------------------|------------------------------|
| 1.0 | 2024-06-14 | Finance/Compliance Team | Initial SOP template release |