

# SOP: Bill Preparation and Payment Processing

This SOP details the process for **bill preparation and payment processing**, covering invoice verification, data entry, approval workflows, payment scheduling, and record keeping. It ensures accuracy, timely payments to vendors, and compliance with financial policies, thereby maintaining effective financial management and vendor relationships.

## 1. Purpose

To establish standard procedures for verifying, preparing, approving, and processing vendor bills and payments to ensure completeness, accuracy, and compliance with organizational financial policies.

## 2. Scope

This SOP applies to all employees involved in the invoice processing and payment function, including Accounts Payable, department managers, and authorized approvers.

## 3. Responsibilities

Role	Responsibility
Accounts Payable Staff	Receive, verify, and process invoices; maintain records.
Department Managers	Approve invoices for expenditure within their department.
Finance Manager	Final approval of payments and periodic review.

## 4. Procedure

- Invoice Receipt and Verification**
  - Receive invoices from vendors via email, mail, or upload to accounting system.
  - Verify that the invoice contains all required information (vendor details, PO numbers, descriptions, amounts, dates, etc.).
  - Match invoice to purchase order and delivery receipts where applicable.
  - Check for any discrepancies and resolve with vendor if necessary.
- Data Entry**
  - Enter invoice details into the accounting/ERP system accurately.
  - Attach supporting documents (PO, delivery note, approvals).
- Approval Workflow**
  - Route invoice for relevant department manager's approval as per authorization limits.
  - Finance manager reviews and approves invoices over predetermined threshold.
- Payment Scheduling**
  - Schedule payment according to vendor terms and the organization's cash flow policies.
  - Prepare payment batches (cheque, EFT, etc.), ensuring dual control where required.
- Payment Processing**
  - Process payment and obtain required authorizations/signatures.
  - Send remittance advice to vendor.
- Record Keeping**
  - Maintain copies of invoices, payment proofs, and related correspondence securely, physically or electronically, as per the retention policy.
  - Update accounts payable ledger and reconcile monthly.

## 5. Compliance

- Ensure all payments comply with internal controls and organizational policies.
- Remain compliant with all relevant accounting standards and regulations.

## 6. Review and Updates

This SOP must be reviewed annually or when there are significant changes to the payment process or financial policies.

## 7. References

- Company Financial Policy Manual
- Procurement Policy