SOP Template: Payment Posting and Reconciliation Steps

This SOP details the **payment posting and reconciliation steps**, including the accurate recording of incoming payments, verification of payment details against invoices, updating financial records, resolving discrepancies, and ensuring that all transactions are properly matched to customer accounts. The procedure aims to maintain financial accuracy, improve cash flow tracking, and ensure accountability in the payment processing workflow.

1. Purpose

To outline the procedure for accurate posting of incoming payments and reconciliation against invoices, ensuring up-to-date financial records and timely resolution of discrepancies.

2. Scope

This SOP applies to the Accounts Receivable and Finance teams handling customer payments across all business units.

3. Responsibilities

- Accounts Receivable Specialist: Receives and applies payments, verifies payment details, and records transactions.
- Finance Manager: Reviews reconciliations, resolves complex discrepancies, and approves write-offs.
- IT/Systems Support: Maintains access to the accounts receivable and billing systems.

4. Procedure

1. **Receive Payment Information**
   - Collect payment data from bank statements, payment processors, checks, or electronic funds transfers (EFTs).
   - Ensure all remittance information is available for accurate identification.
2. **Verify Payment Details**
   - Match payment amount, date, payer name, and reference/invoice number with records.
   - Ensure any discounts or adjustments are valid.
3. **Post Payment**
   - Apply payment to the correct customer account and invoice in the accounting system.
   - Record payment method, date received, and any notes regarding special handling.
4. **Update Financial Records**
   - Ensure accounts receivable and bank ledger are updated.
   - Confirm that payment is reflected in daily or period-end financial reports.
5. **Reconcile Payments**
   - Review unmatched payments and investigate discrepancies.
   - Contact customers for clarification if necessary.
   - Adjust records or issue refunds as appropriate.
6. **Escalate Unresolved Issues**
   - Refer complex discrepancies to the Finance Manager.
   - Document resolution steps taken.
7. **File and Archive Documentation**
   - Save supporting documents (remittance advices, copies of checks, bank notifications) per company policy.

5. Key Controls & Documentation

Control	Documentation	Retention Period
Payment Application Audit Log	System-generated payment logs	7 years
Discrepancy Resolution	Investigation notes, customer correspondence	7 years
Reconciliation Reports	Monthly reconciliation summaries	7 years

6. Review & Updates

This SOP should be reviewed annually, or when changes to payment processing or reconciliation systems occur.