

SOP: Vendor Payment Processing and Documentation Management

This SOP details the procedures for **vendor payment processing and documentation management**, covering invoice verification, approval workflows, payment scheduling, record keeping, and compliance with financial policies. It aims to ensure accurate, timely payments to vendors while maintaining complete and organized documentation for audit readiness and financial accountability.

1. Purpose

To outline the standardized process for processing vendor payments and managing related documentation in compliance with organizational financial policies.

2. Scope

This SOP applies to all employees involved in the processing, approval, and documentation of vendor payments.

3. Responsibilities

- **Accounts Payable Team:** Responsible for invoice verification, data entry, payment processing, and record keeping.
- **Department Managers:** Review and approve vendor invoices for their respective departments.
- **Finance Manager:** Final approval of payment batches and ensuring compliance with policies.
- **Auditors:** Periodic review of payment records and documentation for compliance.

4. Procedure

4.1. Invoice Receipt and Verification

1. Receive invoice via approved channels (email, portal, mail).
2. Verify required details: Vendor name, PO number, invoice date, amount, and authorization.
3. Match invoice with relevant Purchase Order and Goods Receipt Note, if applicable.
4. Highlight discrepancies for resolution prior to further processing.

4.2. Approval Workflow

1. Forward verified invoices to the concerned Department Manager for review.
2. Department Manager reviews and electronically signs or stamps approval.
3. Send approved invoices to Accounts Payable for final review.
4. Finance Manager to review and approve final payment batch.

4.3. Payment Scheduling and Execution

1. Accounts Payable schedules payments based on payment terms (e.g., Net 30, Net 60).
2. Prepare payment batches and obtain necessary approvals.
3. Process payments via approved methods (EFT, cheque, bank transfer).
4. Notify vendors upon successful payment processing.

4.4. Documentation Management

1. Maintain digital and/or physical copies of all payment-related documents (invoices, approvals, payment proofs) in a centralized, secure repository.
2. Assign unique reference numbers to each transaction for traceability.
3. Ensure all documentation is organized and easily retrievable for audits and internal reviews.

4.5. Compliance and Audit Readiness

1. Periodically review payment processes and documentation for adherence to internal policies and regulatory requirements.
2. Cooperate fully with internal and external auditors during audit processes.
3. Implement corrective actions for issues identified during audits.

5. Records Retention

- Retain all payment and supporting documentation for a minimum of **7 years** or in accordance with local laws and company policy.

6. References

- Finance Policy Manual
- Procurement and Purchasing SOPs
- Records Retention Policy

7. Revision History

| Version | Date | Description | Approved by |
|---------|------------|-----------------|-----------------|
| 1.0 | 2024-06-22 | Initial Release | Finance Manager |