

# Standard Operating Procedure (SOP)

## Purchase Order Creation and Approval Workflow

This SOP describes the **purchase order creation and approval workflow**, detailing the step-by-step process for initiating, reviewing, and approving purchase orders. It includes guidelines for ensuring accuracy in order details, verifying budget availability, obtaining necessary authorizations, and maintaining compliance with organizational procurement policies. The objective is to streamline the procurement process, enhance accountability, and ensure timely and cost-effective purchasing decisions.

### 1. Purpose

To establish a standardized process for creating and approving purchase orders (POs) to ensure efficient, transparent, and compliant procurement activities.

### 2. Scope

This SOP applies to all employees involved in the procurement process, including requesters, approvers, procurement staff, and finance personnel.

### 3. Roles and Responsibilities

Role	Responsibility
Requester	Initiates the purchase order request and ensures accuracy of details.
Department Head	Reviews and approves PO requests for budget compliance.
Procurement Team	Reviews, processes, and issues POs; ensures compliance with policies.
Finance Department	Verifies budget availability and approves funding.
Authorized Approver	Provides final approval as per the authority matrix.

### 4. Definitions

- **Purchase Order (PO):** A formal document authorizing a purchase transaction with a supplier.
- **Requester:** Employee initiating a request for goods or services.
- **Approver:** Authorized personnel who verifies and approves PO requests.

### 5. Procedure

1. **Purchase Request Initiation:**
  - Requester identifies procurement need and raises a purchase request in the system.
  - Completes details including item description, quantity, specifications, and preferred supplier.
  - Submits supporting documents (quotes, specifications, etc.).
2. **Departmental Review and Budget Check:**
  - Department Head reviews the request for necessity and alignment with department goals.
  - Finance verifies availability of budget and confirms funding.
3. **Procurement Review:**
  - Procurement team reviews request for compliance with procurement policies.
  - Ensures proper documentation and supplier due diligence.
4. **Purchase Order Preparation:**
  - Procurement team prepares the PO based on approved request.
  - Enters order details in the procurement system for tracking.
5. **Approval Workflow:**
  - PO submitted electronically to designated approvers according to the approval matrix (e.g., value thresholds).
  - Each approver reviews and endorses or rejects the PO request.
6. **Issue Purchase Order:**
  - Upon final approval, procurement issues the PO to the supplier.
  - Copies of the PO are shared with finance and relevant stakeholders.
7. **Record Keeping:**
  - All documentation related to the PO is saved in the procurement system for audit and compliance purposes.

### 6. Compliance and Monitoring

- Regular audits will be conducted to ensure adherence to the SOP.
- Any deviations or non-compliances should be reported and corrective action taken immediately.

## 7. References

- Procurement Policy Manual
- Delegation of Authority Matrix
- Supplier Evaluation Guidelines

## 8. Revision History

Version	Date	Description	Author
1.0	2024-06-12	Initial version	Procurement Dept