

Standard Operating Procedure (SOP)

Expense Approval Workflow and Authorization Levels

This SOP defines the **expense approval workflow and authorization levels** to ensure proper financial control and accountability. It details the step-by-step process for submitting, reviewing, and approving expense requests, including the roles and responsibilities of employees, managers, and finance personnel. The document establishes clear authorization thresholds based on expense amounts, promotes compliance with company policies, and aims to streamline expense management while minimizing errors and unauthorized expenditures.

1. Purpose

To outline the standardized process for submitting and approving business expenses and to define authorization levels for expense approval to ensure transparency, accountability, and compliance with corporate financial policies.

2. Scope

This SOP applies to all employees, managers, and finance personnel involved in the preparation, review, and approval of business expense requests.

3. Definitions

- **Expense Request:** A formal submission by an employee for reimbursement or payment of business-related costs.
- **Authorization Level:** The maximum expense amount that designated roles are permitted to approve.
- **Expense Approver:** Individual(s) responsible for reviewing and approving expense requests.

4. Roles and Responsibilities

Role	Responsibility
Employee	Prepares and submits accurate expense requests with supporting documentation.
Manager/Supervisor	Reviews expense requests for appropriateness and compliance; approves requests within authorized limit.
Finance Department	Conducts final review, processes approved expenses, maintains records, and ensures compliance.
Executive Management	Approves expenses exceeding managerial thresholds or those of significant value or sensitivity.

5. Expense Approval Workflow

1. **Submission:** Employee completes an expense request form and attaches all necessary receipts/documentation.
2. **Managerial Review:** Immediate supervisor/manager reviews for policy compliance and budget availability.
 - If within authorization level, manager approves or rejects request.
 - If above authorization, escalates request to next level approver.
3. **Finance Review:** Finance department verifies documentation, compliance, and facilitates payment processing.
4. **Senior Approval (if required):** Expenses exceeding managerial limits are routed to executive management for approval.
5. **Recordkeeping:** All approved and processed expenses are logged and stored for auditing purposes.

6. Authorization Levels

Approver	Authorization Limit (per single request)
Department Manager	Up to \$1,000
Director / Senior Manager	\$1,001 – \$5,000
VP / Executive	\$5,001 – \$20,000

Chief Financial Officer / CEO	Above \$20,000
-------------------------------	----------------

7. Compliance and Exceptions

- All expense requests must comply with company policy.
- Exceptions require written justification and executive approval.
- Non-compliance may result in disciplinary action.

8. Related Documents

- Employee Expense Policy
- Expense Request Form Template
- Company Financial Approval Matrix

9. Revision History

Date	Revision	Description	Approved By
2024-06-15	1.0	Initial Release	Finance Director