

SOP: Payment Authorization Workflows and Approval Hierarchies

This SOP defines **payment authorization workflows and approval hierarchies**, detailing the step-by-step processes for initiating, reviewing, and approving payments within the organization. It establishes clear roles and responsibilities, outlines approval thresholds, and enforces compliance with financial controls to ensure accuracy, accountability, and fraud prevention. The goal is to streamline payment processing while maintaining transparency and safeguarding company funds.

1. Purpose

To outline standardized workflows for payment authorization, specify approval levels, and define control measures to ensure secure, accurate, and transparent payments.

2. Scope

This SOP applies to all employees and departments involved in the payment process, including invoice payments, reimbursements, and wire transfers.

3. Definitions

- **Payment Initiation:** The process of submitting a payment request for review.
- **Approval Hierarchy:** The chain of authority required to authorize payments based on the amount or type.
- **Threshold:** The payment amount that dictates the required level of authorization.

4. Roles and Responsibilities

Role	Responsibility
Requestor/Initiator	Submits payment request with requisite documents.
Department Manager	Reviews and approves requests up to assigned threshold.
Finance Team	Verifies budget availability, correctness, and compliance.
Senior Management	Approves payments exceeding department manager's threshold.
Authorized Signatory	Final sign-off for payment execution.
Internal Audit	Performs periodic review of payment processes and approvals.

5. Approval Thresholds

Amount (USD)	Approver(s) Required
Up to \$1,000	Department Manager
\$1,001 â€“ \$10,000	Department Manager & Finance Team
\$10,001 â€“ \$50,000	Senior Management & Finance Team
Above \$50,000	Authorized Signatory, Senior Management, & Finance Team

6. Payment Authorization Workflow

1. **Initiation:** Requestor submits complete payment request with supporting documents.
2. **Departmental Review:** Department Manager reviews validity, approves within limits, or escalates based on thresholds.
3. **Finance Verification:** Finance team reviews for compliance, budget availability, and accuracy.
4. **Higher-Level Approval:** If required, Senior Management or Authorized Signatory reviews and approves.
5. **Payment Execution:** Upon final approval, Finance executes payment and updates records.
6. **Record Keeping:** Finance maintains a record of all authorization documents and approvals for audit purposes.

7. Controls and Compliance

- Ensure all approvals are documented and traceable.
- Segregation of duties: No individual can initiate and approve the same payment.
- Periodic reviews and audits of payment processes and authorizations.
- Regular training for employees involved in payment processing.
- Immediate reporting of unauthorized payments or breaches.

8. Revision History

Version	Date	Description	Author
1.0	2024-06-15	Initial release	Finance Dept.