

SOP Template: Approval Hierarchy and Authorization Levels

This SOP defines the **approval hierarchy and authorization levels** within the organization, detailing the roles and responsibilities for decision-making processes, approval workflows, and authority limits. It ensures clear delegation of authority, accountability, and efficient approval of documents, expenditures, and operational activities to maintain organizational control and compliance.

1. Purpose

To establish a structured and transparent approval hierarchy and define authority levels for various functions and transactions within the organization.

2. Scope

This SOP applies to all employees, departments, and business units involved in decision-making, financial expenditures, and operational approvals.

3. Definitions

- **Approval Hierarchy:** The structured chain of command outlining who has the authority to approve specific transactions or actions.
- **Authorization Level:** The maximum limit or scope up to which a role or individual may approve or authorize actions.
- **Delegation of Authority:** Assignment of specific powers or authority to another individual or role within defined limits.

4. Roles & Responsibilities

- **Board of Directors:** Approves policies, strategies, and transactions exceeding executive management limits.
- **Chief Executive Officer (CEO):** Approves major decisions within defined monetary and operational limits.
- **Department Heads/Managers:** Approve departmental expenditures and operational tasks within their authority.
- **Supervisors/Team Leads:** Approve routine activities and expenditures as delegated.
- **Employees:** Initiate requests and ensure necessary documentation is submitted for approvals.

5. Approval Hierarchy & Authorization Matrix

Transaction/Activity	Employee/Initiator	Supervisor/Team Lead	Manager/Head	CEO	Board of Directors
Purchase Requests (up to \$1,000)	Initiate	Approve	Notify	-	-
Purchase Requests (\$1,001 - \$10,000)	Initiate	Recommend	Approve	Notify	-
Capital Expenditure (> \$10,000)	Initiate	Recommend	Recommend	Approve	Notify/Approve if > \$100,000
Policy Changes	Propose	Review	Review	Recommend	Approve
Hiring Decisions	Recommend	Review	Approve	Approve (for executives)	-

6. Approval Procedures

1. The initiator completes the relevant request form and submits it to the immediate supervisor.
2. Each approval stage reviews the request for compliance and aligns it with budget and policy.
3. If the amount or action exceeds the approver's limit, escalate to the next level in the hierarchy.
4. Final approval and notification are provided to all relevant stakeholders.
5. Documentation is archived for audit and compliance.

7. Delegation of Authority

Temporary delegation is allowed in writing during leaves of absence or other justifiable circumstances, with the delegate acting within the specified limits.

8. Compliance & Monitoring

- Regular audits will be conducted to ensure adherence to the approval hierarchy.
- Non-compliance will result in corrective action and potential disciplinary measures.

9. Review & Revision

This SOP will be reviewed annually or as necessary to ensure it remains current and effective.

10. Document Control

- **Version:** 1.0
- **Effective Date:** [Insert Date]
- **Reviewed By:** [Name/Position]
- **Next Review Date:** [Insert Date]