

# SOP: Pre-Approval Procedures for Anticipated Expenses

This SOP details the **pre-approval procedures for anticipated expenses**, outlining the step-by-step process required to obtain authorization before incurring costs. It includes guidelines for submitting expense requests, required documentation, approval hierarchies, budget verification, and timelines. The goal is to ensure financial control, compliance with organizational policies, and effective budget management by securing necessary approvals prior to committing funds.

## 1. Purpose

To establish clear procedures for obtaining pre-approval for anticipated expenses, ensuring compliance with internal controls and budget constraints.

## 2. Scope

- Applies to all employees, managers, and departments within the organization.
- Covers all non-routine and budgeted expenses requiring pre-approval.

## 3. Definitions

Term	Definition
Anticipated Expense	Any planned expenditure that is not yet incurred but will be necessary in upcoming operations/projects.
Expense Request Form	The designated form used to request approval for expenses in advance.
Approval Hierarchy	The chain of authority designated to review and approve expense requests.
Budget Verification	The process of confirming available funds within the relevant budget line before approval is granted.

## 4. Responsibilities

- **Requester:** Completes and submits the Expense Request Form and supporting documentation.
- **Manager/Supervisor:** Reviews requests for appropriateness and necessity.
- **Finance:** Verifies budget availability and compliance with policies.
- **Approving Authority:** Grants final approval based on established approval hierarchy.

## 5. Procedures

1. **Identify Need:**
  - Determine the necessity and estimated cost of the expense.
2. **Complete Expense Request Form:**
  - Fill out the required fields, including justification, description, estimated amount, and relevant account codes.
3. **Attach Supporting Documentation:**
  - Include quotes, invoices, contracts, or other supporting documents relevant to the anticipated expense.
4. **Submit Request:**
  - Forward the completed form and attachments to the immediate supervisor or designated reviewer.
5. **Manager/Supervisor Review:**
  - Assess necessity, appropriateness, and completeness of documentation.
  - Approve or return for revision if necessary.
6. **Finance Verification:**
  - Confirm sufficient funds are available in the relevant budget line.
  - Check for compliance with policies and procedures.
7. **Route for Approval:**
  - Forward to the next level in the approval hierarchy, as specified in company policy (see Section 6).
8. **Final Approval:**
  - Approving authority grants formal authorization before any commitment or expenditure occurs.

9. **Notification:**

- Requester is informed of approval status. Approved requests are retained for recordkeeping.

10. **Recordkeeping:**

- All pre-approval documents and communications must be retained in accordance with the records management policy.

## 6. Approval Hierarchy Example

Expense Amount	Approving Authority
Up to \$500	Immediate Supervisor
\$501â€“\$5,000	Department Manager
\$5,001 and above	Finance Director / Executive Management

## 7. Timelines

- Requests should be submitted a minimum of **10 business days** prior to expected expense.
- Each review and approval step should be completed within **2 business days**, wherever possible.

## 8. Compliance

- Employees must not commit to, or incur, any expense prior to written approval.
- Non-compliance may result in personal liability for the expense and/or disciplinary action.

## 9. Related Documents

- Expense Request Form (Template)
- Records Management Policy
- Organizational Expense Policy
- Delegation of Authority Matrix

## 10. Revision History

Version	Date	Description of Change
1.0	2024-06-15	Initial release