

Purchase Order Approval Process

Business Process Document

Document ID: BP-2024-008 | Version: 2.0 | Date: April 2024 | Owner: Finance & Procurement

1. Business Objective

This document defines the standard purchase order (PO) approval process for Acme Corporation. The objective is to ensure all expenditures are properly authorized, budgeted, and documented in accordance with corporate financial controls and audit requirements. All procurement requests exceeding \$500 must follow this process.

2. Process Triggers & Conditions

| | |
|----------------|--|
| Trigger | Department submits a Purchase Request (PR) in the procurement system. |
| Scope | All vendors; all departments; all spend categories excluding pre-approved recurring contracts. |
| Approval Tiers | \$500–\$4,999: Department Manager \$5,000–\$24,999: Director \$25,000+: VP + CFO |
| SLA | Standard approvals completed within 3 business days. Emergency requests within 4 hours. |

3. Process Flow

| | | |
|--------|-------------------|--|
| Step 1 | Submit Request | Requestor logs into the procurement portal and submits a Purchase Request with vendor, amount, justification, and GL code. |
| Step 2 | Budget Validation | System automatically checks budget availability. If insufficient funds, the request is routed back to the requestor with a notification. |
| Step 3 | Manager Review | Department manager reviews and either approves, requests modification, or rejects. Comments are required for any non-approval action. |
| Step 4 | Finance Audit | Finance team validates GL coding, tax implications, and vendor compliance status before escalating to senior approvers. |
| Step 5 | Senior Approval | Based on amount tier, Director and/or VP+CFO provide final authorization within the procurement system. |
| Step 6 | PO Issuance | Procurement team generates and transmits the official Purchase Order to the vendor. Requestor receives confirmation. |
| Step 7 | Three-Way Match | Upon delivery, Finance reconciles the PO, packing slip, and vendor invoice before processing payment. |

4. Exception Handling

- Emergency purchases may bypass standard routing with VP pre-approval; retroactive PO required within 24 hours.
- Rejected requests may be resubmitted once with revised justification and manager countersignature.
- Vendor disputes are escalated to the Procurement Manager; payment is held pending resolution.

5. Key Metrics

| | |
|---------------------------|--|
| Avg. Approval Time | Target: ≤ 3 business days Current: 2.4 business days |
| PO Accuracy Rate | Target: ≥ 98% Current: 97.6% |
| Exception Rate | Target: ≤ 5% Current: 3.1% |