Purchase order and spend approval

Manual | 11 steps | 3 roles | Created Sep 2, 2026 | Updated Sep 2, 2026 | v1

How a purchase request is approved and raised as an order, so spend is committed by someone with the authority to commit it.

TRIGGER

When a team member needs to commit company money to an external supplier.

11 STEPS

1. **Requester raises a purchase requisition stating what, why, the estimated cost, and the budget line it comes from.**

   The budget line matters. A request with no budget line cannot be approved by anyone accountable for it, so it ends up approved by whoever is nearest.

2. **Requester confirms whether the goods or services have already been ordered or received.**

   Ask this explicitly rather than assuming. Retrospective orders are common and pretending otherwise means they never get counted.

   Not yet ordered: Go to step 3: Requester checks whether an approved supplier already exists for this category.
   Already ordered or received: Go to step 10: Finance Lead records the retrospective order, notifies the Budget Holder, and raises a PO to cover the committed spend.

3. **Requester checks whether an approved supplier already exists for this category.**

   Approved supplier exists: Go to step 5: Requester checks the value against the competitive quote threshold.
   New supplier needed: Go to step 4: Finance Lead completes new-supplier checks before any commitment: legal entity, bank details verified independently, and tax or registration status.

4. **Finance Lead completes new-supplier checks before any commitment: legal entity, bank details verified independently, and tax or registration status.**

   Verify bank details by phoning a number you already hold, never one supplied in the email or the invoice. This is the single most exploited step in procurement.

   Supplier approved: Go to step 5: Requester checks the value against the competitive quote threshold.
   Rejected: Go to step 11: Requester is informed of the rejection with the reason, and the requisition is closed.

5. **Requester checks the value against the competitive quote threshold.**

   Below threshold: Go to step 7: Budget Holder reviews the requisition against remaining budget and approves or rejects it in the system.
   At or above threshold: Go to step 6: Requester obtains the required number of quotes, or documents why a single source is justified.

6. **Requester obtains the required number of quotes, or documents why a single source is justified.**

   A written single-source justification is a legitimate outcome. An undocumented one is the finding.

Quotes obtained: Go to step 7: Budget Holder reviews the requisition against remaining budget and approves or rejects it in the system.
Single source justified in writing: Go to step 7: Budget Holder reviews the requisition against remaining budget and approves or rejects it in the system.

7 Budget Holder reviews the requisition against remaining budget and approves or rejects it in the system.

In the system, not by replying to a message. An approval that exists only in a chat thread cannot be evidenced.

Approved: Go to step 8: Finance Lead applies the second approval where the value exceeds the escalation threshold, and records it.
Rejected: Go to step 11: Requester is informed of the rejection with the reason, and the requisition is closed.

8 Finance Lead applies the second approval where the value exceeds the escalation threshold, and records it.

Two approvers above a stated value, and the same person cannot provide both. Set the value in writing.

Approved or not required: Go to step 9: Finance Lead issues the purchase order to the supplier and records the PO number against the requisition.

9 Finance Lead issues the purchase order to the supplier and records the PO number against the requisition.

The PO number is what makes the three-way match possible when the invoice arrives. Without it, invoice approval has nothing to check against.

PO issued: Ends the procedure

10 Finance Lead records the retrospective order, notifies the Budget Holder, and raises a PO to cover the committed spend.

Record it as retrospective rather than backdating it. A backdated PO destroys the only signal that the control is being bypassed, and the pattern is what needs fixing.

Recorded and covered: Go to step 7: Budget Holder reviews the requisition against remaining budget and approves or rejects it in the system.

11 Requester is informed of the rejection with the reason, and the requisition is closed.

Record the reason. A rejected request resubmitted through a different approver is a pattern worth being able to see.

Closed: Ends the procedure

ROLES INVOLVED

Requester | Budget Holder | Finance Lead

REVIEW CADENCE

Annually, and immediately after any change to thresholds or signatories, or after any unapproved spend that reached an invoice.

Name the person accountable for this procedure before you put it into use.

CHANGE THESE BEFORE YOU USE IT

- Set your competitive quote threshold in step 5 and your second-approval threshold in step 8, both in writing.
- Define how many quotes count as competitive for your business, since "the required number" is not followable.
- Name your actual requisition system. If there is not one, decide the single channel and name it, or requests will arrive by chat.
- Add category-specific rules if some spend needs extra approval, for example anything touching customer data or committing you beyond twelve months.
- Connect step 9 to your invoice approval procedure so the PO number is the key both use.

This is a free starting point from sendabrief.com, not compliance advice. It is written to be adapted.

Source: https://sendabrief.com/templates/purchase-order-approval