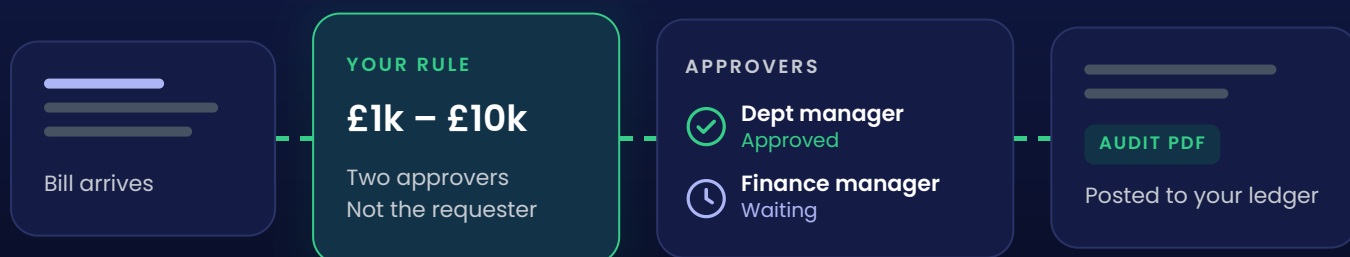


FREE GUIDE AND TEMPLATE

Who approves what?

Every business has an approval policy. Very few have ever written down the matrix behind it. This guide walks you through how to write yours, and comes with the spreadsheet to do it in.



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WRITTEN FOR



Finance teams

In a growing business, writing the rules down properly for the first time.



Multi-entity groups

Where each subsidiary has drifted into its own way of approving things.



Accounting practices

Building one baseline to roll out across a client book, and handing this to clients.

A policy is not a matrix

Ask a finance team who approves what and you'll get an answer.

Ask them to write it down, row by row, and something else happens.

Two firms told us the same thing, independently, on opposite sides of the world.

“

Often, people say they have an approval process and then when you dive in, they realise it's not as well structured as they think.

Carl Ferner

Partner, [BDO New Zealand](#)

“

When we ask clients 'who approves what' they suddenly realise their processes are flawed. It's a good wake-up call for a lot of clients to consider what structure they actually need.

Peter Sean Magner

Sales and Marketing Director, [Iridium](#)

The gap is rarely that nobody knows the rules. **The rules live in several people's heads in slightly different versions, and nobody has ever had to reconcile them.**

A FINANCE LEAD AT A UK CHARITY

A finance lead at a UK charity described hers like this: some of the senior team have a £500 sign-off, **“but is that £500 per transaction, is that for lots of £500 or 40 lots of £500? Because there’s a big price difference there.”** Nowhere was it written down, which means in practice the answer is whatever the person spending the money assumes it is.

THE POLICY SAYS

Managers can approve up to £500.

One line. Everyone agreed it.

WHAT FOUR PEOPLE THINK IT MEANS

£500 per invoice

Finance

£500 a month, total

Operations

£500 per supplier

Marketing

£500, unless it's urgent

The CEO

Nobody here is wrong, because nobody wrote down which one it was. The matrix is the document that settles it.



THE MATRIX SAYS

Department managers approve bills up to £500 per invoice.

Role, amount and period in one line. [Question 2](#) covers this.

Four questions to answer first

Fifteen minutes on these four questions will tell you more about your financial controls than a policy document will.

Why it's worth doing

An approval policy that only exists as a shared understanding fails in three predictable ways. It fails at audit, when you're asked to evidence who authorised a payment and the answer is somewhere in an inbox. It fails at handover, when the person who held the rules in their head goes on leave or leaves altogether. And it fails in between, because a rule nobody wrote down gets interpreted generously under time pressure.

THREE WAYS AN UNWRITTEN POLICY FAILS

1 At audit

No evidence of who authorised the payment

2 At handover

The rules leave with the person who held them

3 In between

Unwritten rules bend under time pressure

What you end up with

FOR THE AUDITOR

Evidence, not recollection

A document showing the rule that applied to any given payment, and who was supposed to authorise it. The first thing requested, usually the slowest to produce.

FOR THE TEAM

An answer to “can I just approve this?”

The question that eats finance time. Written thresholds answer it once instead of every week.

FOR A HANDOVER

A process that survives people leaving

When the person who held the rules in their head moves on, the rules stay.

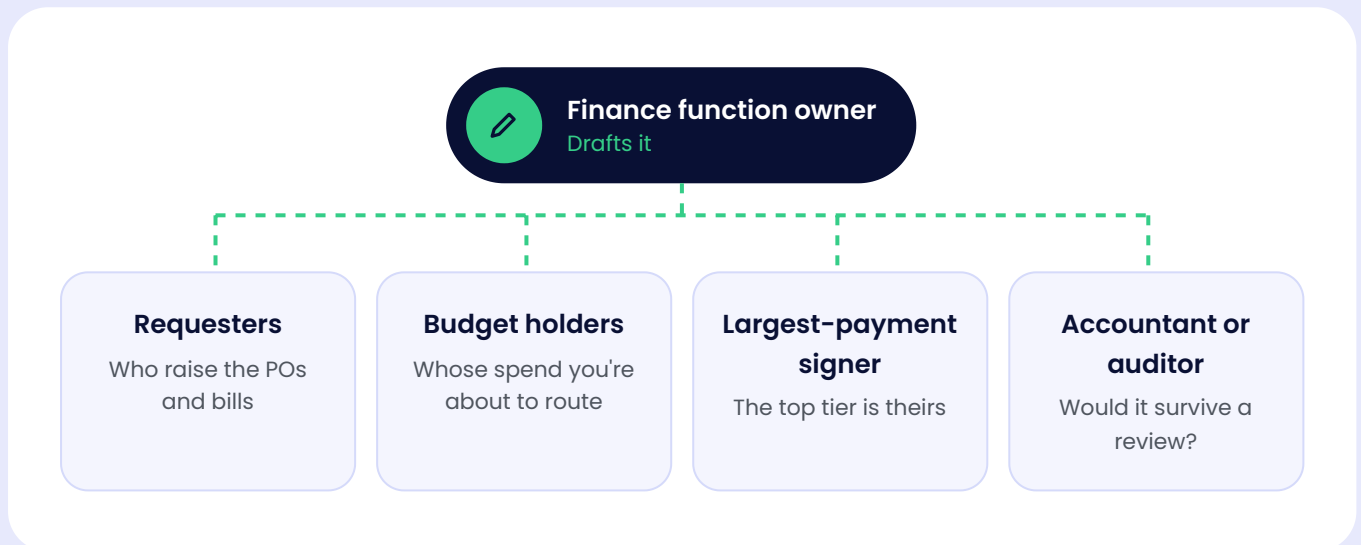
FOR THE SOFTWARE

A spec you can configure against

Doing this on paper first is faster than discovering the gaps in a settings screen.

Who should be in the room

Whoever owns the finance function should draft it, but four other groups need to see it before it counts. The requesters who raise POs and bills, because they follow the rules every day. The budget holders, whose spend you're about to route. Whoever signs off the largest payments, because the top tier is theirs. And your accountant or auditor, who will tell you in five minutes whether what you've written would survive a review.



IF YOU RUN THE FINANCE FUNCTION

Draft it, then get it challenged

You'll write a better first version than anyone else, and you'll also be blind to the rules you apply without noticing. The budget holders will find those.

IF YOU'RE AN ACCOUNTING PARTNER

Send the questions ahead

Give these four to your client's finance lead before your next planning meeting. What comes back blank is your agenda.



TRY THIS FIRST

Book 30 minutes with all four groups

Share your draft a day ahead and ask each group one question: which rule here would you break first?

The questions

Answer these before you open the template. Each answer becomes part of a rule in your matrix.

1

Who can approve a bill, and up to what value?

Names or roles, and a number. "Department managers" is a start. "Department managers, up to 2,500" is a rule.

2

Is that limit per transaction, per month, or per supplier?

The one almost nobody has written down, and the one that gets exploited without anyone intending to. A £500 limit with no period attached is not a limit.

3

Who approves when that person is away, and who decides they're away?

A rule with no named substitute means one person's annual leave stops the payment run, and the workaround invented that week becomes the new process.

4

Can the person who raised a request also approve it?

If the answer is "not in practice" rather than "no", it isn't a control. This is the first thing an auditor tests.

What a rule is made of

A matrix is a list of rules, and every rule answers the same six things. Keep them consistent and it stays readable at 40 rows.

ONE RULE, ONE ROW Letters match the six parts below

A TYPE	B CONDITION	C FROM / TO	D APPROVERS	E BACKUP	F SELF-APPR.
Bill	Value band	1,000 – 10,000	Dept mgr → Finance	Finance dir.	No

A

DOCUMENT TYPE

Bill, PO, expense, supplier

Each behaves differently and deserves its own rules.

B

CONDITION

What triggers the rule

Usually a value band. It can also be a department, a supplier, or “the supplier is new”.

C

AMOUNT FROM / TO

The band it covers

Leave the top band open-ended, or the largest bills match no rule at all.

D

APPROVERS

In order, one to three

Most workflows need fewer steps than teams expect.

E

BACKUP

Named, for every rule

A person, not “the finance team”.

F

SELF-APPROVAL

Can the requester approve?

Almost always no. Writing it down is what turns a habit into a rule.

TRY THIS FIRST

Write one rule before opening the template

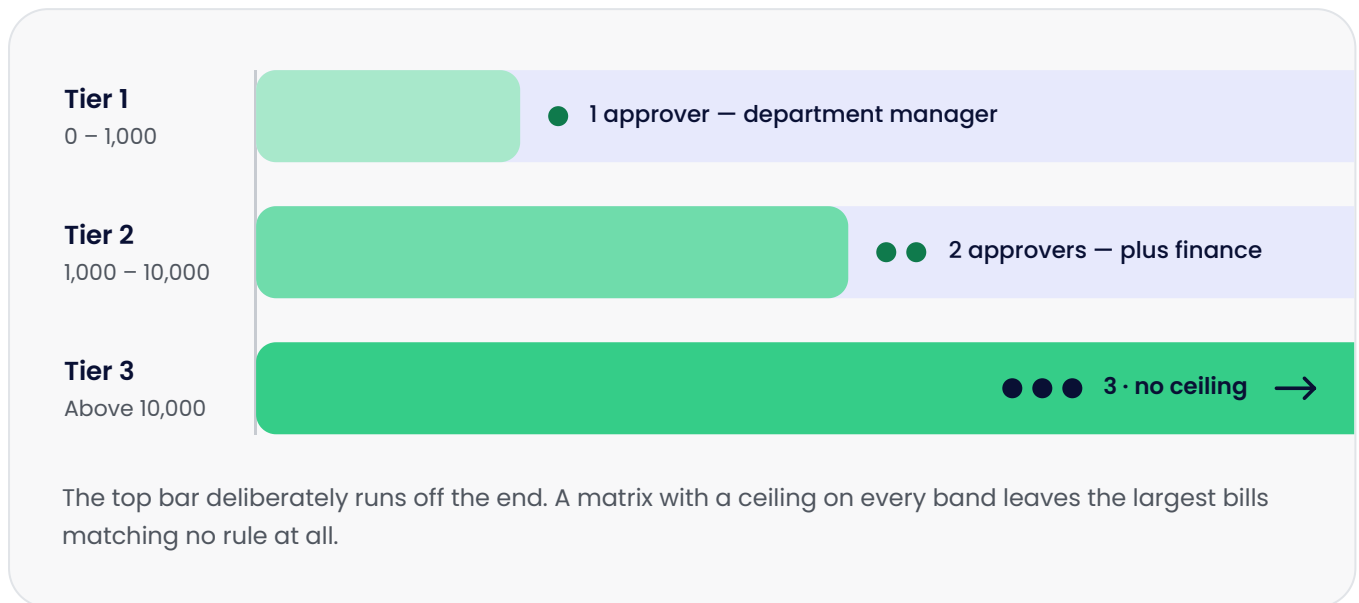
Take your most common bill and fill in all six parts. Any box you can't fill is the first gap to fix.

WATCH FOR OVERLAPS

One bill should match one rule

If a bill could fit two rows, for example a new supplier above 10,000, decide which rule wins and write it down.

How the tiers stack up



So how many steps is normal?

This is the question every team gets wrong in the same direction, so anchor to what everyone else actually does rather than to instinct.

2.4

average approval steps per workflow,
across more than 21,000 organisations
using ApprovalMax

~85%

route conditionally rather than sending
everything to the same person

Across more than 21,000 organisations using ApprovalMax, the average approval workflow runs 2.4 steps, and around 85% route conditionally rather than sending everything to the same person. **More levels on everything doesn't mean better control.** It means a slower queue and approvers who clear it without reading.

A matrix that works

A services business, around 40 staff, roughly 120 bills a month, one entity on Xero. Amounts in GBP.

DOCUMENT	CONDITION	FROM	TO	APPROVAL CHAIN, IN ORDER	BACKUP
Bill	Value band	0	1,000	Dept manager	Finance manager
Bill	Value band	1,000	10,000	Dept manager → Finance manager	Finance director
Bill	Value band	10,000	No ceiling	Dept manager → Finance manager → Finance director	CEO
Bill	Supplier is new	Any	Any	Finance manager → Finance director	CEO
Bill	Tracking category	Any	Any	Marketing lead → Finance manager	Finance director
Purchase order	Value band	0	5,000	Dept manager	Finance manager
Purchase order	Value band	5,000	No ceiling	Dept manager → Finance director	CEO
Expense claim	Value band	0	250	Line manager	Finance manager
Expense claim	Claimant is a director	Any	Any	CEO	Chair
New supplier	Record created	Any	Any	Finance manager	Finance director



Top bands stay open

The highlighted rows have no ceiling: the most commonly missed rule in a matrix, and the one covering the largest bills.

Every rule has a backup

A named person on every row, not “the finance team”. Heavier lines separate document types.

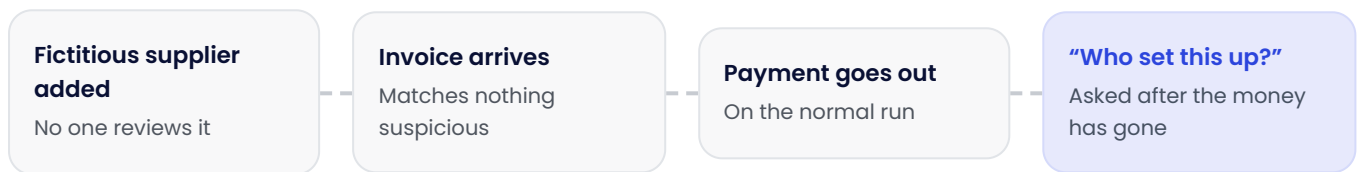
Suppliers get their own step

Bills from a new supplier go to finance, and the supplier record gets its own approval.

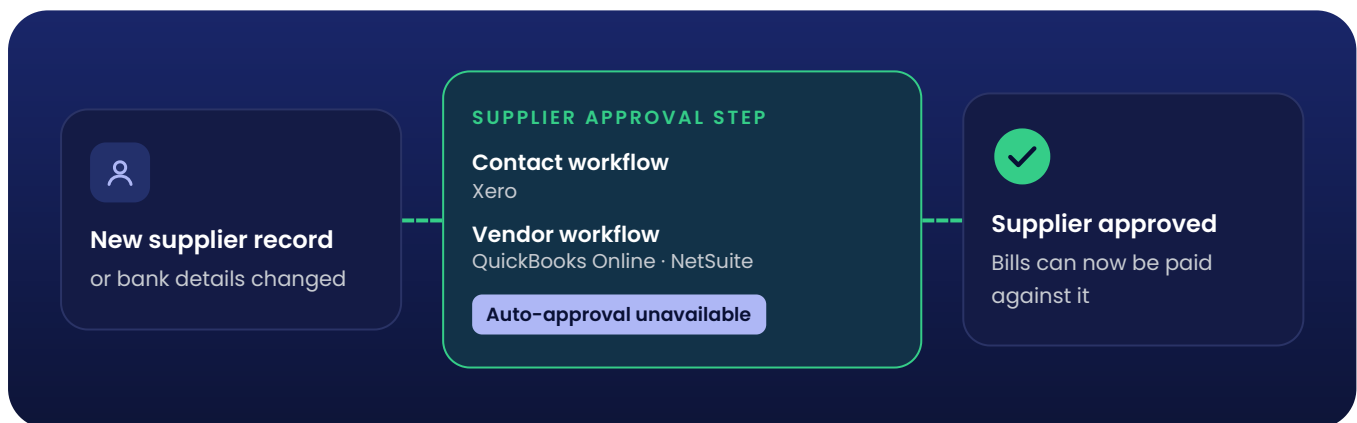
Approving the supplier, not just the invoice

Most matrices route bills and stop there. But the earliest point a fraudulent payment enters the cycle is the supplier record it's paid against, not the invoice. A fictitious supplier gets added, an invoice arrives that matches nothing suspicious, and the payment goes out before anyone asks who set the account up. The same applies to bank details changed on an existing supplier.

WITHOUT A SUPPLIER STEP



WITH A SUPPLIER STEP



Give new supplier records their own approval step. In ApprovalMax this is a [standalone workflow](#) on the supplier record, called a contact workflow on Xero and a vendor workflow on QuickBooks Online and NetSuite. It runs on newly created records rather than retrospectively, and auto-approval is deliberately unavailable on it.



TRY THIS FIRST

Check who added your suppliers

Pull every supplier record created in the last 12 months and check who set each one up. Any you can't account for is where to start.

The four gaps in most matrices

These turn up in almost every matrix we see, including good ones.
The template checks for them automatically.



A rule with no named backup

One person's holiday stalls the queue, and the workaround people invent while they're away becomes the new process when they get back.



A ceiling on the top band

Bills above the highest band match no rule at all. They don't get blocked. They get approved by whoever happens to be looking.



High-value spend on a single signature

Usually not a decision. Usually a rule written when the business was smaller, and never revisited since.



A threshold set for speed, not for risk

Most teams set their limit high because approving is slow. The spend below that line is where the risk concentrates.



In our experience, fraud in smaller businesses is based on thousand dollar amounts or less. If approvals are run via email, it is tempting to only authorise invoices over a certain margin. As a result, a lot of lower value transactions go unnoticed just because there is no fast and convenient way to approve them.

Felix Latour, Director of Operations, [Le Contrôleur](#)

Set the thresholds for the risk you actually carry, then fix the speed separately. That's a different problem with a different answer.

Is your matrix actually being followed?

A matrix describes what should happen. The more useful number is how often it does.

One ApprovalMax customer, a construction group, measured theirs and found approval compliance running at 50%. Their written policy had said 100% for years.

What the written policy said

100%



What was measured

50%



After centralising

100%



50% → 100%

approval compliance after centralising, at [BMI Group](#)

2.4

average approval steps across 21,000+ organisations

~85%

of workflows route conditionally, not to one person



TRY THIS FIRST

Measure before you change anything

Pull 30 bills from last month and check each one for evidence of who approved it, before payment. That number is your real compliance rate.

One matrix per entity, or per client

The moment you're responsible for a second set of books, this template does a second job.

That applies to two groups facing the same problem from different sides. Groups running multiple entities, where each subsidiary has drifted into its own approval habits. And accounting and bookkeeping practices, where every client arrived with their own conventions and none of them wrote anything down. In both cases the answer is one baseline, adapted, rather than a blank sheet every time.



What should vary, and what shouldn't

VARIES, LEGITIMATELY

Numbers and names

Thresholds, because a 12-person subsidiary and a 300-person one carry different risk at the same value. The approvers. Currency. Tracking categories. And any local statutory requirement.

SHOULD HOLD EVERYWHERE

The structural rules

The requester never approves their own request. Every rule has a named backup. The top band has no ceiling. New suppliers get their own step.



Some clients get us to manage the entire approval matrix to ensure there are strong controls. That way even the CFO can put their hand up and say ‘I can’t just mess with it myself’ if they have stringent audit needs.

Carl Ferner, Partner, [BDO New Zealand](#)

More on running approvals across several entities or a client book: [ApprovalMax for multi-entities](#) and [ApprovalMax for accountants and bookkeepers](#).

1

Write your baseline once.

Your minimum standard: how many steps, default thresholds, and a rule that routes past whoever raised the request.

2

Copy it per entity or client, then adapt.

Change the thresholds and the names. Keep the structure.

3

Send the four questions ahead of the meeting.

What comes back blank is your agenda.

4

Hold the matrix centrally where control matters.

Some clients specifically want the rules held outside their own team.

5

Review quarterly, not annually.

A matrix twelve months out of date is worse than none, because everyone assumes it’s current.

6

Price it before you scale it.

Decide whether this is bundled or billed at client four, not client forty.

Get the approval matrix template

Six tabs: a threshold sizer that works out your limits from your own AP volume, your approver list, the blank matrix, a worked example, and a gap check that reads your rules and flags the four problems above.

Approval matrix template

Document	Condition	From	To	Approvers	Backup
Bill	Value band	0	1,000	Dept manager	Finance manager
Bill	Value band	1,000	10,000	Dept → Finance	Missing
Bill	Value band	10,000	No ceiling	Dept → Finance → FD	CEO

! Gap check: a rule with no named backup

The approval matrix template

Free. Works in Google Sheets and Excel. No sign-up required to open it.

↓ Get the template

Start a free trial