# Standard Operating Procedure (SOP)

## Departmental Budget Verification Steps

This SOP details the **departmental budget verification steps**, encompassing the review of budget allocations, validation of expenditure against approved budgets, reconciliation of financial records, identification and correction of discrepancies, compliance with organizational financial policies, and preparation of verification reports. The objective is to ensure accurate financial management, accountability, and transparency within departmental budgets.

## 1. Purpose

To provide a standardized process for verifying departmental budgets, ensuring accuracy, compliance, and transparency in financial management.

## 2. Scope

This SOP applies to all departmental budget handlers, finance personnel, and audit staff involved in budget verification activities.

## 3. Responsibilities

- **Department Heads:** Oversee the budget verification process and ensure adherence to procedures.
- **Finance Team:** Conduct reviews, validations, reconciliations, and prepare reports.
- **Auditors:** Provide independent assessments and recommendations.

## 4. Procedure

1. **Review Budget Allocations**
   - Obtain the latest approved departmental budget documents.
   - Identify allocated amounts, cost centers, and funding sources.
2. **Validate Expenditures**
   - Collect all expense vouchers, invoices, requisitions, and payment records.
   - Match expenditures against budget line items and approved limits.
3. **Reconcile Financial Records**
   - Compare internal records with official financial system entries (e.g., ERP systems, accounting ledgers).
   - Document reconciliation outcomes and flag any mismatches.
4. **Identify and Correct Discrepancies**
   - Investigate variances or inconsistencies found during reconciliation.
   - Initiate corrective actions (e.g., journal entries, adjustments) and record rectifications made.
5. **Ensure Policy Compliance**
   - Verify all transactions adhere to organizational budget and financial policies.
   - Escalate non-compliance instances to management for resolution.
6. **Prepare Verification Report**
   - Summarize findings, reconciliations, corrections, and compliance status.
   - Submit the report to the department head and finance office for review and records.

## 5. Documentation and Records

| Document Name | Responsible Person | Retention Period |
| --- | --- | --- |
| Budget Verification Checklist | Finance Team | 3 Years |
| Reconciliation Statements | Finance Team | 5 Years |
| Verification Reports | Finance Team | 5 Years |
| Compliance Memos | Department Head | 3 Years |

## 6. Review and Revision

This SOP shall be reviewed annually or as needed to ensure continued relevance and compliance with organizational policies.

## 7. References

- Organizational Financial Policy Manual
- Internal Audit Guidelines
- Local and International Accounting Standards