

SOP Template: Budgeting and Expense Approval Protocols

This SOP establishes **budgeting and expense approval protocols** to ensure effective financial management and control within the organization. It outlines the process for creating budgets, allocating funds, submitting expense approvals, and monitoring expenditures. The goal is to maintain fiscal responsibility, prevent overspending, and ensure transparency and accountability in all financial transactions.

1. Scope

This protocol applies to all departments and staff involved in financial planning, budget management, and expense processing within the organization.

2. Responsibilities

- **Finance Department:** Oversee budget creation, monitoring, and reporting processes.
- **Department Heads:** Prepare annual budgets, ensure compliance, review and approve expenses within authority limits.
- **Employees:** Submit expense requests in accordance with approved budgets and guidelines.
- **Management:** Final review and approval of budgets and high-value expenses.

3. Budget Creation and Allocation

1. Department heads submit draft budgets for the upcoming fiscal period by the specified deadline.
2. Finance reviews, consolidates, and adjusts budgets as needed to align with organizational objectives and funding availability.
3. Management reviews, approves, and allocates budgeted funds to each department.
4. Approved budgets are communicated to all relevant stakeholders.

4. Expense Approval Process

1. All expenses must align with the approved budget and be necessary for business operations.
2. Expense requests are submitted using the designated form or system, including all required documentation (e.g., quotes, invoices, business purpose).
3. Expenses are reviewed and approved based on the following table:

Expense Amount	Approval Authority
Up to \$500	Department Head
\$501 – \$5,000	Finance Department
Above \$5,000	Senior Management

4. Once approved, the finance department processes the payment and keeps records for audit purposes.

5. Monitoring and Reporting

- Departments must monitor expenditures against budgets on a monthly basis.
- Significant variances or anticipated overruns must be reported to finance immediately.
- Finance provides regular budget vs. actual reports to management.
- All financial records are maintained for at least 5 years for audit and compliance purposes.

6. Policy Compliance

- Failure to comply with these protocols may result in disciplinary action.
- Any exceptions to this SOP must be approved by senior management in writing.