

# SOP: Budget Management and Expense Documentation

This SOP details the process of **budget management and expense documentation**, covering budget planning, allocation, monitoring, and adjustment. It includes procedures for accurate recording of expenses, verification of receipts and invoices, compliance with financial policies, and regular reporting. The goal is to ensure effective financial control, transparency, and accountability within the organization's budget operations.

## 1. Purpose

To establish standardized procedures for managing budgets and documenting expenses to promote financial control, transparency, and accountability.

## 2. Scope

This SOP applies to all departments and individuals involved in budget planning, allocation, expense processing, and reporting.

## 3. Responsibilities

Role	Responsibilities
Finance Manager	Oversee budget preparation, approval, and periodic review; ensure compliance with policies.
Department Heads	Plan, allocate, and monitor department-level budgets; authorize expenditures.
Accounts Staff	Record expenses, verify documentation, process payments, and generate reports.
All Employees	Submit accurate expense reports with valid receipts/invoices in a timely manner.

## 4. Procedure

- Budget Planning and Allocation**
  - Each department submits an annual budget proposal to the Finance team.
  - Finance reviews proposals and consolidates the organizational budget.
  - Final budget is approved by senior management.
- Expense Documentation**
  - All expenses must be supported by original receipts/invoices and detailed expense forms.
  - Records must include date, amount, description, and purpose of expenditure.
- Verification Process**
  - Accounts staff review submitted expenses for accuracy and compliance.
  - Discrepancies or missing documentation are flagged and returned for correction.
- Expense Approval and Payment**
  - Authorized signatories review and approve verified expenses.
  - Approved expenses are processed for payment according to the payment schedule.
- Budget Monitoring and Adjustment**
  - Finance monitors actual expenditures against the budget through regular reviews.
  - Significant variances are reported to management for potential adjustment.
  - Budget reallocations require approval from the Finance Manager and relevant department head.
- Reporting**
  - Monthly/quarterly budget vs. actual reports are created and distributed to department heads.
  - Year-end reports are compiled for audit and analysis purposes.
- Records Retention**
  - Expense and budget records are maintained securely for a minimum of 5 years, in both electronic and physical formats as required.

## 5. Compliance

All staff must adhere to the organization's financial policies and any relevant local, state, or national regulations. Non-compliance may result in disciplinary action.

## 6. Related Documents & Forms

- Annual Budget Proposal Template
- Expense Reimbursement Form
- Receipt Submission Guidelines
- Financial Policy Manual