

# SOP: Budget Planning and Expense Tracking

This SOP details the process of **budget planning and expense tracking**, covering the establishment of financial goals, preparation of budget forecasts, allocation of resources, monitoring of expenditures, reconciliation of accounts, and regular financial reporting. The aim is to ensure effective management of financial resources, prevent overspending, and maintain transparency and accuracy in financial operations.

## 1. Purpose

To provide a standardized process for budget planning and expense tracking to optimize resource utilization, maintain financial integrity, and support organizational objectives.

## 2. Scope

This SOP applies to all departments and staff involved in financial planning, budgeting, and expense tracking within the organization.

## 3. Responsibilities

Role	Responsibility
Finance Manager	Oversee budget development, review financial reports, and ensure compliance with the SOP.
Department Heads	Submit budget requests, monitor departmental expenses, and report variances.
Accounting Staff	Record transactions, reconcile accounts, and assist in monthly reporting.
All Employees	Adhere to approved budgets and provide receipts/documentation for expenses.

## 4. Procedure

- Establish Financial Goals**
  - Review organizational strategy and identify financial objectives for the period.
  - Communicate goals to all relevant stakeholders.
- Prepare Budget Forecasts**
  - Gather historical financial data and assess future needs.
  - Prepare draft budgets and review them with department heads.
  - Adjust forecasts based on input and anticipated changes.
- Allocate Resources**
  - Distribute approved budgets to departments or projects.
  - Document allocations and communicate them officially.
- Monitor Expenditures**
  - Record all expenses promptly in the accounting system.
  - Review actual spending against the budget regularly (e.g., monthly).
  - Investigate and report significant variances as needed.
- Reconcile Accounts**
  - Perform regular reconciliations of bank statements and accounting records.
  - Identify and resolve discrepancies in a timely manner.
- Financial Reporting**
  - Prepare and distribute financial reports to management (e.g., monthly, quarterly, annually).
  - Include analysis of variances, cost-saving opportunities, and recommendations.

## 5. Documentation

- Annual and departmental budgets
- Budget amendment requests
- Expense tracking sheets and receipts
- Reconciliation reports
- Monthly financial statements

## 6. Review and Updates

This SOP is to be reviewed annually or upon significant changes in financial procedures, organizational goals, or regulatory requirements.

## 7. References

- Organizational financial policies
- Accounting standards and guidelines
- Applicable laws and regulations

## 8. Revision History

Date	Version	Description	Author
2024-06-05	1.0	Initial SOP template release	Finance Dept.