

SECTION 2: BUDGET STANDARD

2.1 Purpose and Scope

This standard implements the *Accounting Policy*.

2.1.1 Overview

Annual operating and capital budgets must be prepared, reviewed, and approved in anticipation of expenditures beginning of each year.

2.1.2 Purpose

The purpose of this standard is to provide methods and guidance for the preparation, review, and approval of the Smooth Sailing Solutions annual budget. All budgets are considered working plans to maximize the use of limited financial resources and for the effective management of Smooth Sailing Solutions operations.

2.1.3 Scope

This standard applies to all employees, contractors, consultants, temporary and other workers at Smooth Sailing Solutions and its subsidiaries, and any other person or entity who is involved the creation, review, or approval of purchases on behalf of Smooth Sailing Solutions.

2.2 Standard

Smooth Sailing Solutions shall prepare an annual budget outlining operating and capital expenditures and estimated revenues for the upcoming fiscal year. The two main uses of the budget are: 1) internal resource allocation (planning) and 2) control.

Document Name

Proposed annual Operating and Capital budgets are prepared by the office or department responsible for executing and approving the related expenditures. Operating budgets for the upcoming year are based on historical spending, office and practice group growth and inflation. Capital budgets are based on direct needs for the upcoming year. Incomplete and/or unused capital budgets from the prior year are not carried over into the new budget but are to be resubmitted as new capital projects for approval.

Budget Owners are responsible for the development of the proposed budget for their office and/or department and for the reviewing periodic reports to ensure that expenditure are recorded correctly and any material variances are explained.

The following is a listing of the types of budgets.

1. Revenue – Revenue budgets are based on actual timekeeper headcount, planned billing rate adjustments and expected hours production, subject to management discretion regarding the efficiency with which hours are billed (billing realization) and collected (collection realization).
2. Buildup – Buildup budgets are based on detailed expected expenditures.
 - A. Operating Expense budgets are based on the actual expenditures from the prior year.
 - B. Capital Expenditures are defined as property having a useful life of one year or more and a minimum acquisition cost of \$1,000 per unit.
 - C. Project Budgets – the budget analyst will review the proposed project budgets to determine whether items belong in the capital budget or the expense budget.
3. Headcount allowance – Headcount budgets are based on an allowance per relevant headcount.

The Budget Committee reviews the proposed budgets and recommend/request changes of the Budget Owner. The FINANCE DEPARTMENT will collaborate with the responsible departments to finalize the proposed budgets. Once the changes are incorporated into the budget, a final review is completed and the Budget Committee submits the final budget to the EXECUTIVE-TYPE PERSON for approval.

FINANCE DEPARTMENT will establish and document procedures for each of the stages in the budget process, to include budget preparation, budget review, budget approval, and budget reporting.

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2.3 Compliance and Control

FINANCE DEPARTMENT will verify compliance to this standard through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

Any exception to the standard must be approved by FINANCE DEPARTMENT and EXECUTIVE-TYPE PERSON in advance.

An employee found to have violated this standard may be subject to disciplinary action, up to and including termination of employment.

Section 2: *Budget Standard* is a controlled document. While this document may be printed, the electronic version maintained on the Smooth Sailing Solutions POLICY DOCS LOCATION is the controlled copy. Any printed copies of this document are not controlled.

Document Section Classification: Internal Only

2.3.1 Related Policies, Standards, and Procedures

None.

2.3.2 Change Control

Table 2-1: Amendment History

Version	Date	Person	Description of Change
0.1	June 12 2019	T. Ryng	Initialization per template.

2.3.3 Review and Approval

This document is valid as of [date].

The owner of this document is indicated in Table 2-2. This person must review and, if necessary, update the document at least annually.

Table 2-2: Approval

Name	Title	Signature	Date

Document Name

