

Budgets

Accounting and finance

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Budgets

Set spending limits by account and cost centre, and be warned or stopped when they are exceeded.

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Overview

A **Budget** sets how much you plan to spend on an expense account for a cost centre or project in a fiscal year. When someone raises a bill or order that would exceed it, the system can warn or stop them.

Prerequisites

Cost centres, a fiscal year, and an expense plan by account.

Steps

1. Search for **Budget** and click **Add Budget**.
2. Choose whether it applies to a **Cost Center** or a **Project**, and select it.
3. Choose the **Fiscal Year**.
4. In the **Budget Accounts** table, add each expense **Account** and its **Budget Amount** for the year.
5. Choose the **Monthly Distribution** if spending is uneven, such as higher in January. Create it under **Monthly Distribution**.
6. Under the **Action** options, choose what happens when the budget is exceeded: - **Stop**: block the document - **Warn**: show a message but allow it - **Ignore**: do nothing Under **Control Action**, set separate actions for the annual budget and the accumulated monthly budget, on **Material Requests**, **Purchase Orders** and **actual expenses**.
7. Save and **Submit**.

Compare budget and actual

Open **Budget Variance Report**. It lists each account with the budget, the actual spend and the difference by month.

Practical example

Marketing is given KES 600,000 for the year, with a monthly distribution that puts more in the school opening months. When a purchase order would take spending 5% over, the system warns the buyer, and a manager must agree.

Important notes

- Cost centres and accounts in budgets must match those on transactions, or the budget is not checked.
- Revise a budget by cancelling and amending it, or add a new one for the next year.
- A **Stop** action can block urgent bills. Use **Warn** while people learn the process.

Common mistakes

- Budgets without cost centres on transactions.
- Setting **Stop** without telling staff.

Next steps

Read Multiple currencies.

Related documentation

- Cost centres and accounting dimensions
- Financial reports
- The chart of accounts