

**Process:** Budgeting

**Subprocess:** Budget Monitoring and Management Control\_HQ / BU

**Process Owner:** Romain Jacques Dvorak

**Proces Leader:** Carmen Bucher

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## NH Approvals

Name	Function	Date	Comments
Romain Jacques Dvorak	Process Owner		
Carmen Bucher	Process Leader		

## Modification History

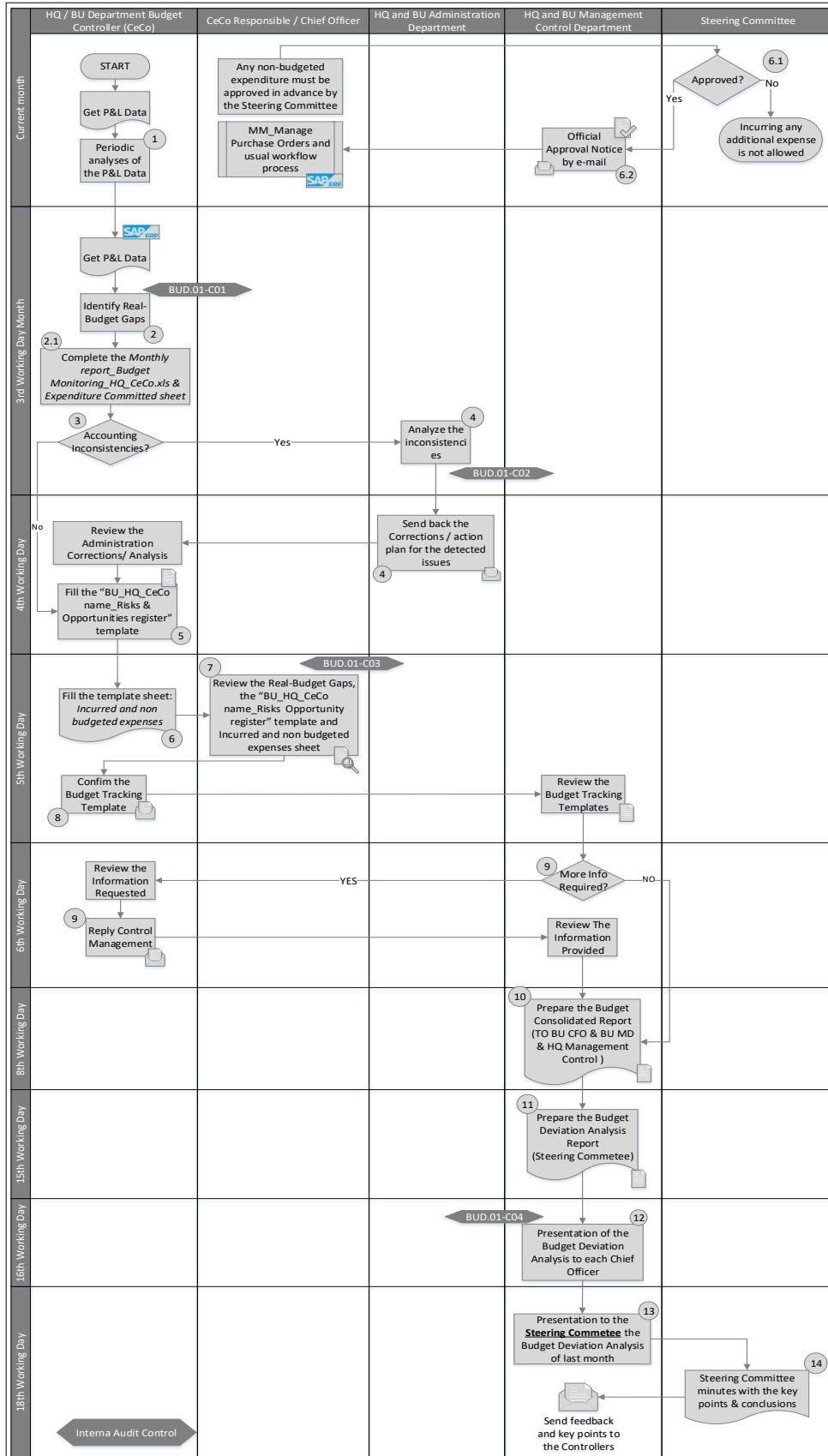
Document Version	Date	Modified by	Comments

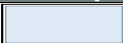




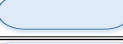
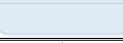



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Shape	Name	Description
	Task	Represents a manual activity of the process.
	Automatic Task	Represents an automatic activity of the process.
	Flow direction	Input or output of the task or decision.
	Internal Audit Control	Controls defined by NH Internal Audit
	Systems	Application or Tool.
	Start/End	Indicates the beginning or the end of a process.
	Manual Process	Manual Business process composed of tasks, decisions, flow directions, documents and
	Decision point	It is originated after one task and it generates two or another decision.
	Report or document	It is a physical or electronic file used as input or output of a task.
	Notifications	External/Internal Notifications.

<div> <div>  </div> <div>Corporate IT &amp; Organization Department</div> </div>						
Process: Budgeting						
Subprocess: Budget Monitoring and Management Control_HQ / BU						
Process Owner: Romain Jacques Dvorak				Proces Leader: Carmen Bucher		
Order	Task	Task Description	When	Responsible	Frecuency	Tools
1	<a href="#">P&amp;L Analysis</a> (see link with explanatory document)	Monitoring of the monthly profit and loss account with the aim of detecting potential inconsistencies and deviations that may be discussed during the current month (see P&L query explanation in the link indicated in the "Task" field).	Current month (recurring task)	Department Controller	Monthly	P&L_SAP (or Khalix)
2	P&L analysis and explication of the deviations of current month and YTD	Issue in SAP P&L [ZNH_P_L – NH Profit & Loss] and quantification and interpretation of the most relevant deviations between the actual data for the period (and YTD) and the budget. Completion of the budget monitoring template.	3erd working day of each month	Department Controller	Monthly	<a href="#">BUD Monthly Report Budget Monitoring template</a>
2 - AI	Internal Audit Control (BUD.01-C01)	On a monthly basis the Controller performs a review of the Department's P&L in order to identify possible inconsistencies or deviations.	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Report Mensual Budget Monitoring (Excel)
2.1	Fill the expenditure committed template	Addition of committed expenditure (POs issued pending entry of goods in SAP_MM) and the inclusion thereof in the budget analysis template. To do this, SAP transaction <b>ME2K</b> (instruction to issue the report on the template) is used.	3erd working day of each month	Department Controller	Monthly	<a href="#">BUD Monthly Report Budget Monitoring template</a>
3	Inconsistency in accounting data	The Department Controller will request information and explanations for possible accounting inconsistencies in the period analyzed from the Department of Administration (function held in HQ / BU).	3erd working day of each month	Department Controller	Monthly	E-mail with detailed information about inconsistencies detected
4	Inconsistency in accounting data	The Administration Department will send an email explaining the inconsistencies detected and indicating the resolution period thereof (close of current month or next month).	4th working day of each month	Administration Department HQ / BU	Monthly	E-mail with explication about inconsistencies detected and dealines to solve them
4 - AI	Internal Audit Control (BUD.01-C02)	The administration department should explain and resolve the inconsistencies detected by the controller	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Mail sent to the controller with the explanation of the inconsistencies
5	P&L analysis: "Risks & Oportunities register"	Complete the BU_HQ_CeCo name_Risks Opportunity register.xls template together by following the instructions. The main corrective measures required, the implementation and quantification dates, and the development of the corrective measures implemented in the YTD will be shown in this template. It will also show non-budgeted and unapproved expenditures until the end of the year.	4th working day of each month	Department Controller Cost Center Resp.	Monthly	<a href="#">BUD BU_HQ_CeCo name_Risks and Opportunity</a>
5 - AI	Internal Audit Control (BUD.01-C03)	The Controller Jointly with the CeCo Responsible complete the Risk and Opportunities Template in order to identify possible non-budgeted expenses until the end of the year.	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Risk and Opportunities Report
6	P&L analysis: Incurred & Non-budgeted Expenditure register	Complete the "Non-budgeted costs incurred sheet", showing the overspend, requested authorizations, expenses incurred but not yet entered into the accounts, and all information required in this template.	5th working day of each month	Department Controller	Monthly	<a href="#">BUD Monthly Report Budget Monitoring template</a>
6.1	Approval of non-budgeted expenditure	The CeCo Responsible, through the Chief Officer, will request authorization of any non-budgeted expenditure for that financial year, prior to entering it into the accounts, from the Steering Committee (copying in the Controlling & Financial Planning Department).	Ad-hoc	Cost Center Resp. Chief Officer Steering Committee	Ad-hoc	E-mail Steering Committee
6 - AI	Internal Audit Control (BUD.01-C04)	The CeCo Responsible informs to the Chief Officer and to the SVP Controlling and Financial Planning about the non-budgeted expenses.	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: E-mail to the officer and to SVP Controlling and Financial Planning informing the non-budgeted expense

6.2	Communication of the approval of non-budgeted expenditure: <u>Official Approval Notice</u>	Communication of the adoption—or otherwise—of non-budgeted expenses through the " <u>Official Approval Notice</u> "	Ad-hoc	Departamento de Control Gestión HQ	Ad-hoc	<i>E-mail</i>
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Order	Task	Task Description	When	Responsible	Frecuency	Tools
7	P&L analysis: Deviations analysis, corrective actions and incurred & non-budgeted expenditure	The Department Controller will inform the CeCo Responsible of the deviations incurred and proposed corrective measures (Opportunity & Risks) and analyze these if applicable.	5th working day of each month	Controller Dep. / Resp. de CeCo	Monthly	<a href="#">BUD Monthly Report Budget Monitoring template</a>
7- AI	Internal Audit Control (BUD.01-C05)	<i>The controller informs to the CeCo Responsible the deviations, the corrective measures and the non-budgeted incurred expenses.</i>	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Report Mensual Budget Monitoring (Excel)
8	Sending information	Once the deviations incurred, the proposed corrective measures, and the rest of the templates have been analyzed and explained in collaboration with the CeCo Responsible, the Department Controller will send the final template with the completed information to the HQ/BU Controlling & Financial Planning Department.	5th working day of each month	Department Controller	Monthly	E-mail with Monthly Report_Budget monitoring.xls template
9	P&L analysis and explication of the deviations of current month and YTD	Any request for information by the HQ/BU Control Management Department (internal meetings, conference calls, etc.) is explained over the course of one business day.	6th working day of each month	Department Controller	Monthly	E-mail with additional reporting in template
10	Budget Control global reporting	Preparation of the consolidated report for all departments to submit to the CFO (BU/HQ), BU Managing Director and HQ Controlling & Financial Planning (for a BU). Completion of the consolidated "Risks and Opportunities", indicating committed expenditure and expenditure pending approval.	8th working day of each month	Controlling & Financial Planning Department_HQ / BU	Monthly	Consolidated report Risks & Oportunities.xls
11	Budget Control global reporting	Development of a budget analysis executive report to present to the Steering Committee, detailing and explaining the Company's most significant deviations over the period and in the YTD.	15th working day of each month	Controlling & Financial Planning Department_HQ	Monthly	Consolidated report
12	P&L analysis and explication with Chiefs Officer (Head of Function)	Before presentation to the Steering Committee, the budget analysis by the CeCos in their care (period and YTD) will be reviewed individually with each Chief Officer.	16th working day of each month	Controlling & Financial Planning Department_HQ	Monthly	Consolidated report
12- AI	Internal Audit Control (BUD.01-C06)	<i>Before the presentation to the Management Committee, the result of budget analysis of the CeCos is reviewed individually with each Chiefs Officer in charge (period and YTD)</i>	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Consolidated Report & Meeting request
13	Presentation to the Steering Committee	Presentation to the Steering Committee of the budget analysis for the previous month and the YTD. Explanation of the risks and opportunities (action plans) reported.	18th working day of each month	Controlling & Financial Planning Department_HQ	Monthly	Consolidated report
13- AI	Internal Audit Control (BUD.01-C07)	<i>The SVP Controlling and Financial Planning submits to the Management Committee the consolidated information about Risk and Opportunities. The non-budgeted expenses should be approved by the Management Committee.</i>	N/A	Internal Audit Department	Execution: Monthly Testing: Yearly	Evidence: Based on the sample size guidance request the Consolidated Report.
14	Send feedback about conclusions from Steering Committee	Sending of the main conclusions and lines of action agreed with the Steering Committee to all departments or cost centers.	19th working day of each month	Steering Committee Controlling & Financial Planning Department_HQ	Monthly	Steering Committee minute
15	Presentation to the Board of Management	Presentation to the Board Management of the budgetary analysis of the previous month and the YTD, explaining the deviations reflected with respect to the budget and the previous year and reflecting the main lines of action for the current financial year.	Ad-hoc	Controlling & Financial Planning Department_HQ	Monthly	Board of Management report