

# How to hold your budget all year

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Keeping a budget on track after sign-off: a practical guide for finance teams and approvers.

BASED ON APPROVALMAX DATA

**40 million+**  
approval decisions

**5.3 million**  
bills from Xero businesses

**Nearly 20,000**  
businesses on Xero and  
QuickBooks Online

# Keeping a budget accurate after it's agreed

**40 million+ approval decisions.** Nearly 20,000 businesses on Xero and QuickBooks Online approve their bills, purchase orders and invoices through ApprovalMax. This guide uses that data to show how the businesses that stay in control run their spend. It also uses 5.3 million bills from businesses on Xero to show how long approved spend takes to show up as a bill.

Holding a budget all year means keeping it accurate after it's agreed. Most budgets are sound on the day they're signed off. The difficulty comes afterwards, because the reporting runs behind the spending. A purchase is agreed in March, the bill lands in May, and for those two months the budget line looks healthier than it is.

1 in 5

This happens more often than most finance teams expect. Among ApprovalMax customers on Xero, about one in five bills arrived more than two months after the purchase was approved.

This guide is about closing that gap. The main idea is to record spending at the point it's agreed, so the budget shows commitments as well as bills.

## What's in this guide

|                                       |   |                                          |    |
|---------------------------------------|---|------------------------------------------|----|
| Why most budgets drift after sign-off | 3 | Three controls that make the budget hold | 10 |
| Where the budget starts to slip       | 4 | How to choose a budget check period      | 11 |
| Committed spend and actual spend      | 5 | What good looks like                     | 12 |
| How businesses set up their approvals | 7 | Your budget-control checklist            | 13 |
| What the gap costs                    | 9 | About the data                           | 14 |

# Why most budgets drift after sign-off

Most of the effort goes into building the budget, and much less goes into keeping it accurate through the year.

**Up to 4 months**

to prepare an annual budget

**14%**

of finance teams formally track how accurate their forecasts turn out to be

AFP FP&A Benchmarking Survey, 2026

That leaves 86% of finance teams with no structured way to tell whether their own numbers are reliable. The result is a document that took months to build and is rarely checked against what the business is spending.

## Quick self-check

If you can't answer one of these, that's likely where your gap is:

- ☐ Can you say how much each team has committed this quarter, including orders that haven't been invoiced yet?
- ☐ If someone signs a contract today, when does it show against the budget?
- ☐ Does anything reach your accounting system without being approved first?
- ☐ Would a £500 invoice and a £50,000 invoice follow different approval paths automatically?
- ☐ Who covers approvals when your main approver is on leave?

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# Where the budget starts to slip

Five places it usually goes wrong, and the fix for each.

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## 1 The starting numbers are messy.

Last year's spend is rarely clean: one-offs, forgotten subscriptions, costs booked to the wrong team. Someone has to work out what was real before they can plan.

**FIX** Clean and reclassify last year's spend before you plan, as a separate job.

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## 2 People pad their requests.

If budgets get cut every year, people inflate the ask to leave room. Finance then negotiates numbers that were inflated on purpose.

**FIX** Ask for honest numbers and say clearly that there's no blanket cut coming.

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## 3 The plan drifts from reality.

Prices, hires and projects change, and the spreadsheet doesn't update itself.

**FIX** Agree who updates the assumptions, and how often, so the plan moves when the business does.

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## 4 Nobody agrees what "spent" means.

Finance means invoices in. Department heads mean money not yet promised. Those are very different figures.

**FIX** Write down one definition of committed spend and use it in every budget conversation.

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## 5 The people who enforce the budget weren't in the room.

A budget is agreed by finance and senior leaders, but enforced day to day by whoever approves purchases. If their limits still reflect last year's team, the new budget isn't being enforced where the spending happens.

**FIX** Update approval limits and budget owners at the same time as the numbers.

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# Committed spend and actual spend

## Actual spend

Money already invoiced and processed. This is what most budget reports show.

## Committed spend

Money the business has agreed to spend but hasn't been billed for yet, such as a signed contract or an approved purchase order.

What's left = **Budget** - Actual spend - **Committed (not yet billed)**

What's left on a budget line is the budget minus both figures. Actual spend on its own makes the position look healthier until several bills land at once, and by then the decisions behind the overspend were made weeks earlier.

**29%**

of approved bill value was committed through a purchase order before the bill arrived.



That figure comes from 5.3 million bills approved by ApprovalMax customers on Xero over the past year. For those bills, the spending decision was made and approved first, and the bill followed later. A report built on bills alone doesn't show that spend until the bill is entered.

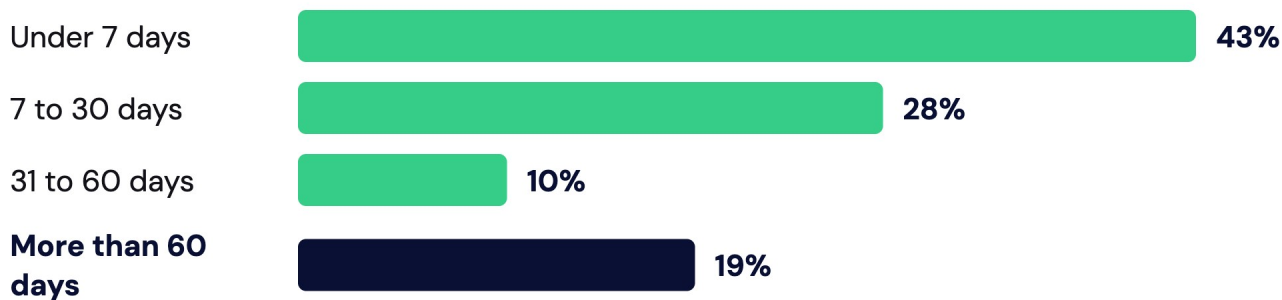
## What this means for your budget

Approving a purchase order before the bill is good practice, so the 29% isn't the problem. The problem is a report that only counts bills. For businesses like these, about £29 of every £100 was agreed before the bill arrived, and until it does, that money still looks available to spend.

# How long the bill takes to arrive

The median bill was entered in ApprovalMax **10 days** after its purchase order was approved. The spread is wide, though.

## Time from purchase order approval to bill, share of bills



About one in five bills arrived more than two months after the purchase was approved. For those bills, the budget line looked healthier than it was for at least two months.

The wait is longest in North America, where the median is almost double the overall figure.

| Region                    | Median days from approval to bill | Bills arriving after more than 60 days |
|---------------------------|-----------------------------------|----------------------------------------|
| US and Canada             | 19                                | 28%                                    |
| UK and South Africa       | 11                                | 18%                                    |
| Australia and New Zealand | 10                                | 20%                                    |
| All customers on Xero     | 10                                | 19%                                    |

### Do this

Track committed and actual spend on each budget line. Record the commitment when the purchase order is approved, so the budget owner sees it straight away.

# How businesses that take spend control seriously set up their approvals

Four patterns stand out in our approval data.

**70%+**

of organisations run multi-step approval

**2.4**

approval steps per workflow on average

**85%**

Nearly 85% of workflows route automatically

## 1. They use more than one approver

More than 70% of organisations run multi-step approval, where two or more people sign off in sequence, with 2.4 steps per workflow on average. A typical pattern is for the budget holder to confirm the spend is needed, finance to check the coding and a director to sign off above a set amount.



A single approval, especially from the person who raised the request, gives no independent check. A control needs someone other than the person asking for the money to agree to it.

If each purchase in your business is approved by one person, or by the person who raised it, your process is lighter than most businesses at this scale.

## 2. Their approvals route automatically

Nearly 85% of workflows use conditional routing. The approval path changes automatically based on the amount, the supplier, the account or the cost centre. A £200 stationery order takes a short path. A £20,000 contractor invoice collects extra approvals without anyone deciding case by case.

Most businesses have an approval policy written down somewhere. The ones that hold their budget turn that policy into routing rules, so following it doesn't depend on someone remembering it.

### 3. Budget holders approve the spend

Approval increasingly happens where the knowledge is. Budget holders and department leads approve spend without needing access to the accounting system, and they can see the document and its approval history before they decide. The person who owns the budget line is usually best placed to judge whether a new commitment fits it.

### 4. The pattern is the same on Xero and QuickBooks Online

We ran the same analysis on Xero and QuickBooks Online businesses separately, and the profiles are almost identical. Both average 2.4 approval steps, and around 85% of workflows on each use conditional routing.

|                                     | Xero | QuickBooks Online |
|-------------------------------------|------|-------------------|
| Average approval steps              | 2.4  | 2.4               |
| Workflows using conditional routing | ~85% | ~85%              |

Businesses that take approvals seriously set them up the same way, whichever accounting system they use.

#### CUSTOMER STORY

QuickBooks Online

**“ApprovalMax is proactive, not reactive... In the end you get tighter controls, cleaner audits, and more confidence where your money’s going”**

**Trina Clairmont**

Director of Business Transformation & CPA, The Corner Office (CFO)

The Corner Office (CFO) is an outsourced finance team in Canada working mainly with construction companies and nonprofits. For each client, it sets up approval rules that send every bill to the person who owns that department’s budget before it is paid. Overspend is caught before the money is committed, not discovered after the budget has already been blown.

# What the gap costs

When spend isn't checked against what was approved, the cost shows up in two places.

## Bills that come in above the approved amount

**1 in 8**

purchase orders (12%) billed above their approved value

Among ApprovalMax customers on Xero, the typical overrun was 19%. On a £10,000 order, that's around £1,900 the budget owner didn't approve. Without a check against the purchase order, the extra is paid and shows up later as a variance on the budget line.

## Paying the same bill twice

**0.8%–2%**

of annual disbursements go out as duplicate or erroneous payments (APQC)

That's 0.8% for top performers and 2% for bottom performers. On \$10m of annual spend, it's \$80,000 to \$200,000 paid in error each year.

Both costs come from payments made without checking them against an approved commitment. A purchase order approved by the budget owner, with each bill matched to it, helps catch both.

### CUSTOMER STORY

Xero

**"In the beginning, there would be cost creep and overspend, things that happen when you're being very reactive. By using ApprovalMax, we can keep our finger on the pulse and be more proactive instead of reactive."**

**Keldohn Swanepoel**

Head of Finance, Neighbourgood

Neighbourgood runs hotels, shared living and co-working spaces in South Africa and the US. Regular orders of small items like coffee and soap added up fast across its buildings. It now sends operating budgets, purchase orders and invoices through approval workflows that match who can sign off on what, in every company in the group.

# Three controls that make the budget hold

Set these up once and leave them running.

- 1

**Approve spend before it's committed**

  - Require a purchase order, approved by the budget owner, before an order is placed. A purchase order is a record of what's being bought and at what price.
  - Treat a purchase order raised after the invoice as an exception, and ask why it happened.

**Why it matters:** among ApprovalMax customers on Xero, about one in four bills (26%) was dated before its purchase order was approved. For 8%, the order was approved only after the bill had been entered.
- 2

**Show committed spend on the budget line, and match each bill to it**

  - Record the approved amount against the budget line straight away, so the owner sees committed and actual spend together.
  - When the bill arrives, match it to the purchase order.
  - Send anything above the approved value back for approval. This is where overruns show up.
- 3

**Set approval limits that match the budget, and let them route automatically**

  - An approval limit is the amount one person can sign off alone before someone else has to agree.
  - Set limits against the budget each approver is responsible for.
  - Build them into routing rules, so a larger commitment collects a second approver automatically.
  - Review the limits whenever the budget changes.

## How ApprovalMax helps

- Purchase orders, bills and invoices are approved before they reach Xero or QuickBooks Online.
- Approval rules route each request by amount, supplier, account or cost centre, with as many approval steps as you need.
- On Xero, bills can be matched to their purchase orders and checked against your budgets before they're approved.

# How to choose a budget check period

A budget check compares each new request with what's left in the budget for the period. Among the 1,415 businesses that check spend against budgets in ApprovalMax with Xero, monthly is the most common period.

| Check period | Share of businesses | Suits                                                                 | Watch out for                                              |
|--------------|---------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| Monthly      | 46%                 | Spend that's steady from month to month, like subscriptions           | It can block a legitimate purchase that's paid once a year |
| Annual       | 37%                 | Lumpy spend, like an annual software renewal or a one-off project     | An overspend can build for months before it's flagged      |
| Year to date | 17%                 | Lines where timing varies but the running total should track the plan | It needs a start month that matches your financial year    |

## Which month the budget year starts

January is the most common start month (39%), followed by July (25%). Whichever month your financial year starts, set the budget year to start in the same month.

### Share of businesses by budget start month

|         |     |
|---------|-----|
| January | 39% |
| July    | 25% |

If the start month doesn't match your financial year, the check compares spend against the wrong part of the year.

# What good looks like

Benchmarks to measure yourself against. Watch the trend over time more than any single number.

| Measure                                                                | What good looks like                                                                            | Source                 |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------|
| Multi-step approval                                                    | Two or more approvers on larger spend. 70%+ of organisations do this, with 2.4 steps on average | ApprovalMax data       |
| Automatic routing by amount, supplier or cost centre                   | Around 85% of workflows                                                                         | ApprovalMax data       |
| Spend reaching the ledger unapproved                                   | None                                                                                            | ApprovalMax data       |
| Bills dated before their purchase order was approved                   | Below the 26% average, with each one followed up                                                | ApprovalMax data, 2026 |
| Bills arriving more than 60 days after the purchase order was approved | Below the 19% average, with long-running orders reviewed monthly                                | ApprovalMax data, 2026 |
| Purchase orders billed above their approved value                      | Below the 12% average, with each overrun re-approved                                            | ApprovalMax data, 2026 |
| Forecast accuracy                                                      | Formally tracked (only 14% of teams do)                                                         | AFP, 2026              |
| Duplicate or erroneous payments                                        | Under 0.8% of disbursements                                                                     | APQC                   |
| Approval limits and budget owners                                      | Reviewed each budget cycle, alongside the numbers                                               | Best practice          |
| Budget check start month                                               | Matches your financial year                                                                     | Best practice          |

## If you remember one thing

A budget is a set of spending decisions made across the business, mostly at the point someone places an order. The bill often arrives weeks or months later. If your reporting only picks up spend when the bill arrives, those months are missing from the budget. Record each commitment when it's approved, and the budget line shows what has been agreed along with what has been billed.

## Your budget-control checklist

### Before you plan

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- ☐ Clean and reclassify last year's spend
- ☐ Cancel dead subscriptions and duplicate tools

### When you set the budget

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- ☐ Write down one definition of committed spend
- ☐ Ask for honest numbers, with no blanket cut
- ☐ Match approval limits and budget owners to the new numbers
- ☐ Turn the approval policy into routing rules by amount, supplier and cost centre
- ☐ Choose a budget check period, and set the start month to match your financial year

### Through the year

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- ☐ Approve spend before it's committed (purchase order first)
- ☐ Follow up any purchase order raised after the invoice
- ☐ Make sure nothing reaches the accounting system unapproved
- ☐ Track committed and actual spend on each budget line
- ☐ Match each bill to its purchase order and re-approve anything above the approved value
- ☐ Use a second approver for larger commitments and new suppliers
- ☐ Review open purchase orders monthly and close stale ones
- ☐ Put approval cover in place before anyone goes on leave
- ☐ Track forecast accuracy so you know whether your numbers can be trusted

# About the data

**Approval workflows.** ApprovalMax workflow figures are aggregated, anonymised production data. Xero: 18,000+ organisations in 100+ countries, 20 million+ bills, purchase orders and invoices, 37 million+ approval decisions, 12 months to July 2026. QuickBooks Online: 1,700+ organisations in close to 60 countries, 1.7 million+ documents, 3 million+ approval decisions, 12 months to August 2026. Workflow metrics cover bill and purchase order workflows on current workflow versions. The data shows how approvals are configured and resolved. It does not measure budget-versus-actual outcomes.

**Bills, purchase orders and budgets.** ApprovalMax analysed anonymised, aggregated data from organisations using ApprovalMax with Xero, covering bills approved between 1 October 2025 and 30 September 2026. The share of bill value backed by a purchase order is based on 5.3 million approved bills from 4,230 organisations that match bills to purchase orders. The share of bills dated or entered before their purchase order was approved is based on 1.6 million bills from 4,259 organisations, counting only bills matched to a single purchase order; a purchase order approved on the same day as the invoice date counts as approved before it. Timing figures are based on the 1.5 million of those bills whose purchase order was approved before the bill was entered, from 4,153 organisations. Unless stated otherwise, a bill is treated as arriving when it was entered in ApprovalMax. Bill values include tax and were converted to GBP at European Central Bank rates of 30 September 2026. To stop a handful of exceptionally large bills from skewing the results, each bill's value was capped at the 99.9th percentile (£372k). Purchase order overrun figures cover 539,048 purchase orders approved between October 2025 and March 2026 and all bills matched to them to date. An overrun is counted when bills exceed the purchase order value by at least 1%, and the typical overrun is the median. Budget settings cover the 1,415 organisations that used budgets during the period. Percentages and days are rounded to whole numbers.

The full findings are in [data study blog: title and link to add when live].

## Other sources

AFP FP&A Benchmarking Survey, 2026 (forecast accuracy tracking)

APQC (duplicate and erroneous payments as a share of disbursements)



Approval workflows and spend control for finance teams on Xero, QuickBooks Online and NetSuite.

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