

PROJECT BUDGET PLAN

Standard Editable Word Template for Project Management

Plan, baseline, control, and approve project costs with a clear financial governance document.

Document Field	Entry
Project Name	[Enter project name]
Project Code	[Enter project code]
Prepared By	[Project manager / finance lead]
Sponsor	[Project sponsor name]
Organization	[Company / department]
Version	1.0
Date	[DD-MMM-YYYY]
Budget Status	[Draft / Under Review / Approved / Revised]

Template purpose

Use this Word template to document the total authorized project budget, the approved cost baseline, assumptions, reserves, funding plan, budget controls, reporting cadence, change-control rules, and sign-off authority. Replace all bracketed placeholder text with project-specific information.

1. How to Use This Template

Remove guidance rows after completion if you want a clean sponsor-facing version.

This template is designed to be filled in during project planning and maintained whenever the approved budget changes. Use the tables to capture estimates, approved amounts, reserves, funding releases, variance thresholds, and approvals.

[] Enter project identity and approval details	[] Confirm currency, units, and accounting codes
[] Add cost categories and phase-level estimates	[] Separate cost baseline, contingency reserve, and management reserve
[] Define variance thresholds and reporting frequency	[] Document assumptions, constraints, and estimate method
[] Set change-control approval levels	[] Collect sponsor and finance approval signatures

Section Index

Section	Purpose
1. How to Use This Template	Instructions for completing and maintaining the document.
2. Document Control	Version history, distribution, and review cycle.
3. Project Overview	Project summary, objectives, scope link, and stakeholders.
4. Budget Executive Summary	High-level total budget and approval view.
5. Basis of Estimate	Estimating method, assumptions, and confidence level.
6. Budget Breakdown	Cost categories, WBS mapping, and planned amounts.
7. Phase and Cash Flow Plan	Time-phased spending and funding releases.
8. Reserves Plan	Contingency and management reserve rules.
9. Baseline and Performance Tracking	Budget baseline and variance measurements.
10. Cost Control and Change Control	Monitoring, reporting, and budget-change approvals.
11. Roles and Responsibilities	RACI and approval authority.
12. Risks, Dependencies, and Constraints	Budget-related uncertainty and controls.
13. Approval	Formal sign-off by authorized stakeholders.
14. Appendix	Glossary and reference notes.

2. Document Control

Track ownership, revisions, approvals, and distribution.

Version	Date	Prepared / Updated By	Summary of Change	Approval Status
0.1	[Date]	[Name]	Initial draft created	Draft
0.2	[Date]	[Name]	Updated estimates and assumptions	Review
1.0	[Date]	[Name]	Baseline approved	Approved
1.1	[Date]	[Name]	Approved budget change incorporated	Approved

Recipient / Group	Role	Distribution Method	Frequency	Notes
[Sponsor]	Budget approval	[Email / meeting / system]	[Monthly / by phase]	[Notes]
[Finance]	Financial review	[Email / finance system]	[Monthly]	[Notes]
[Project team]	Cost inputs and updates	[Meeting / shared drive]	[Weekly]	[Notes]

Recipient / Group	Role	Distribution Method	Frequency	Notes
[Steering committee]	Exception decisions	[Governance meeting]	[As required]	[Notes]

3. Project Overview

Summarize the project context that drives budget decisions.

Field	Description
Project Purpose	[Explain why the project is being funded and the business outcome expected.]
Business Case Link	[Reference the approved business case, investment request, or funding memo.]
Project Objectives	[List measurable objectives that justify the budget.]
In-Scope Work	[Summarize major deliverables funded by this budget.]
Out-of-Scope Work	[Clarify work not funded in this budget.]
Key Stakeholders	[Sponsor, finance owner, project manager, delivery leads, procurement, vendors.]
Project Duration	[Start date - finish date or phase timeline.]
Currency and Tax Treatment	[Currency, exchange-rate rule, tax inclusion/exclusion, VAT/GST assumptions.]

Budget planning note

Do not approve a project budget without clear scope boundaries, cost assumptions, funding source, reserve treatment, and change-control authority. A budget is only useful when decision makers know what it includes and what it excludes.

4. Budget Executive Summary

Provide a one-page financial view for sponsors and governance reviewers.

Budget Element	Amount	% of Total	Owner	Notes
Approved Cost Baseline	[Amount]	[%]	[Owner]	Time-phased budget used to measure project cost performance.
Contingency Reserve	[Amount]	[%]	[Owner]	Reserve for identified risks and known-unknowns.
Management Reserve	[Amount]	[%]	[Owner]	Reserve controlled by management for unknown-unknowns.
Total Authorized Budget	[Amount]	100%	[Sponsor / Finance]	Cost baseline + reserves as approved.
Funding Secured	[Amount]	[%]	[Finance]	Funds formally committed or released.
Funding Gap	[Amount]	[%]	[Sponsor]	Unapproved or pending funding requirement.

Summary Question	Answer / Decision
Is the budget aligned with approved scope?	[Yes / No / Conditional. Explain.]
Is the budget within the authorized funding limit?	[Yes / No. Explain variance.]
What are the top cost drivers?	[List top 3-5 cost drivers.]
What budget risks require sponsor attention?	[List risks and mitigation owners.]
What decision is requested?	[Approve budget / approve funding / approve re-baseline / defer decision.]

5. Basis of Estimate

Explain how numbers were developed so reviewers can judge reliability.

Estimate Area	Method Used	Source / Evidence	Confidence	Reviewer
Labor	[Bottom-up / parametric / analogous]	[Rate card, staffing plan, vendor quote]	[High / Med / Low]	[Name]
Materials / Equipment	[Vendor quote / catalog / market estimate]	[Quote ID / source]	[High / Med / Low]	[Name]
Software / Licenses	[Subscription quote / contract]	[Quote / renewal terms]	[High / Med / Low]	[Name]
Services / Contractors	[Statement of work / day-rate]	[SOW / proposal]	[High / Med / Low]	[Name]
Travel / Logistics	[Historical / policy rate]	[Travel policy / prior project]	[High / Med / Low]	[Name]
Contingency	[Risk-based / percentage / Monte Carlo]	[Risk register / sensitivity analysis]	[High / Med / Low]	[Name]

Budget Assumptions

ID	Assumption	Impact if Wrong	Validation Owner	Review Date
BA-001	[Example: Labor rates remain valid through project completion.]	[Cost increase / re-estimate]	[Owner]	[Date]
BA-002	[Example: Exchange rate remains within approved tolerance.]	[Currency variance]	[Owner]	[Date]
BA-003	[Example: Vendor quote remains valid for 30 days.]	[Price change]	[Owner]	[Date]
BA-004	[Add assumption]	[Impact]	[Owner]	[Date]

6. Budget Breakdown

Capture planned costs by category, WBS element, and responsibility owner.

Cost ID	WBS / Work Package	Cost Category	Description	Planned Amount	Owner	Notes
C-001	[WBS 1.1]	Labor	[Project management, analysis, design, build, testing]	[Amount]	[Owner]	[Notes]
C-002	[WBS 1.2]	Vendor / Contractor	[External delivery support or specialist services]	[Amount]	[Owner]	[Notes]
C-003	[WBS 1.3]	Software / Tools	[Licenses, subscriptions, cloud tools]	[Amount]	[Owner]	[Notes]

Cost ID	WBS / Work Package	Cost Category	Description	Planned Amount	Owner	Notes
C-004	[WBS 1.4]	Equipment / Materials	[Hardware, devices, materials, facilities]	[Amount]	[Owner]	[Notes]
C-005	[WBS 1.5]	Travel / Logistics	[Travel, accommodation, freight, site access]	[Amount]	[Owner]	[Notes]
C-006	[WBS 1.6]	Training / Change	[Training, communications, adoption activities]	[Amount]	[Owner]	[Notes]
C-007	[WBS 1.7]	Quality / Compliance	[Audit, testing tools, compliance checks]	[Amount]	[Owner]	[Notes]
C-008	[WBS 1.8]	Other	[Other approved project costs]	[Amount]	[Owner]	[Notes]
		Subtotal - Direct Costs		[Amount]		
		Contingency Reserve	Risk-based reserve	[Amount]	[Owner]	
		Management Reserve	Executive reserve	[Amount]	[Owner]	
		Total Authorized Budget		[Amount]		

Labor Budget Detail

Role	Rate	Unit	Planned Units	Planned Cost	Funding Source	Notes
Project Manager	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
Business Analyst	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
Technical Lead	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
Developer / Engineer	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
QA / Tester	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
Change / Training Lead	[Rate]	[Hour / Day / Month]	[Qty]	[Amount]	[Source]	[Notes]
Total Labor Budget				[Amount]		

7. Phase and Cash Flow Plan

Time-phase the budget so funding releases match the project schedule.

Phase	Start	Finish	Budget Amount	Contingency	Funding Release	Approval Gate
Initiation	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Planning	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Execution - Build	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Execution - Test	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Deployment	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Closure	[Date]	[Date]	[Amount]	[Amount]	[Amount]	[Gate / approval]
Total			[Amount]	[Amount]	[Amount]	

Monthly / Period Cash Flow Forecast

Period	Planned Spend	Committed Cost	Actual Spend	Estimate to Complete	Forecast at Completion	Variance Notes
Month 1	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Month 2	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Month 3	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Month 4	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Month 5	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Month 6	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	[Notes]
Total	[Amount]	[Amount]	[Amount]	[Amount]	[Amount]	

Cash-flow guidance

Use planned spend to show the approved timing of the cost baseline. Use actual spend and committed cost to show what has already been spent or contractually committed. Use estimate to complete and forecast at completion to support early budget decisions.

8. Reserves Plan

Define reserve purpose, authority, release rules, and reporting treatment.

Reserve Type	Purpose	Calculation Basis	Owner / Authority	Release Rule	Reporting Treatment
Contingency Reserve	Covers identified risks and estimate uncertainty within approved scope.	[Risk-based amount / % / model output]	[Project manager / sponsor]	[Trigger, approval, drawdown rule]	Included in cost baseline if approved by governance.
Management Reserve	Covers unknown-unknowns and executive-level uncertainty.	[Executive percentage / policy amount]	[Sponsor / executive / steering committee]	[Formal approval required before use]	Separate from cost baseline until formally released.
Unused Reserve	Returned, reallocated, or retained based on policy.	[Policy]	[Finance / sponsor]	[At gate / at closure]	Reported in closure budget reconciliation.

Reserve Drawdown Log ID	Date	Reserve Type	Reason	Amount	Approved By	Balance Remaining
RD-001	[Date]	[Contingency / Management]	[Risk event / decision]	[Amount]	[Name]	[Amount]
RD-002	[Date]	[Contingency / Management]	[Risk event / decision]	[Amount]	[Name]	[Amount]
RD-003	[Date]	[Contingency / Management]	[Risk event / decision]	[Amount]	[Name]	[Amount]

9. Budget Baseline and Performance Tracking

Use the approved baseline to compare planned cost, actual cost, and forecast cost.

The cost baseline should represent the approved budget for the planned scope and timing. Any change to the baseline should follow the budget change-control process defined in this document.

Metric	Definition	Target / Threshold	Frequency	Owner
Planned Value (PV)	Authorized budget for scheduled work.	[Baseline value by period]	[Weekly / monthly]	[Owner]
Actual Cost (AC)	Actual cost incurred for completed work.	[Finance ledger / timesheets]	[Weekly / monthly]	[Owner]

Metric	Definition	Target / Threshold	Frequency	Owner
Earned Value (EV)	Budget value of work actually completed.	[EV method]	[Weekly / monthly]	[Owner]
Cost Variance (CV)	EV minus AC.	[Green/Amber/Red threshold]	[Weekly / monthly]	[Owner]
Cost Performance Index (CPI)	EV divided by AC.	[Example: CPI >= 0.95]	[Weekly / monthly]	[Owner]
Estimate at Completion (EAC)	Expected total project cost at completion.	[Approved formula]	[Monthly]	[Owner]
Variance at Completion (VAC)	Budget at completion minus EAC.	[Tolerance]	[Monthly]	[Owner]

Budget Status Thresholds

Status	Variance Threshold	Required Action	Escalation
Green	Within [0-5%] of approved baseline	Continue normal monitoring	Project manager
Amber	Between [5-10%] variance or forecast concern	Prepare recovery action and sponsor update	Sponsor / finance
Red	Greater than [10%] variance or funding gap	Submit change request or re-baseline recommendation	Steering committee

10. Cost Control and Budget Change Control

Define how spending is monitored, reported, corrected, and formally changed.

Control Activity	Description	Frequency	Input	Output
Budget Review	Compare planned, actual, committed, and forecast costs.	[Weekly / monthly]	Baseline, actuals, commitments	Budget status report
Invoice Review	Validate invoices against PO, contract, deliverables, and approval limits.	[Per invoice]	Invoice, PO, acceptance record	Approved / rejected invoice
Forecast Update	Update ETC, EAC, reserve balance, and funding needs.	[Monthly / gate]	Progress data, risks, vendor updates	Updated forecast
Variance Analysis	Identify root causes of budget variance and corrective actions.	[At threshold]	Budget data, schedule data, issue log	Recovery plan
Change Control	Review budget-impacting changes before baseline update.	[As required]	Change request, impact analysis	Approved / rejected change
Closure Reconciliation	Confirm final spend, unused funds, and budget lessons learned.	[At close]	Finance ledger, contracts, approvals	Final budget report

Budget Change Request Form

Field	Entry
Change Request ID	[BCR-001]
Requested By	[Name / role]
Date Submitted	[Date]
Budget Area Impacted	[Cost category / WBS / contract / phase]
Reason for Change	[Scope change / estimate correction / risk event / market price change / funding update]
Current Approved Budget	[Amount]
Proposed Increase / Decrease	[Amount]

Field	Entry
Revised Budget	[Amount]
Schedule Impact	[None / describe]
Risk Impact	[None / describe]
Recommended Decision	[Approve / reject / defer / request more analysis]

Approval Level	Budget Impact	Authority	Decision SLA	Evidence Required
Level 1	Up to [threshold]	Project Manager	[Days]	Variance explanation
Level 2	[Threshold range]	Sponsor + Finance	[Days]	Impact analysis and funding confirmation
Level 3	Above [threshold] or baseline re-approval	Steering Committee	[Days]	Full change request and recommendation

11. Roles and Responsibilities

Clarify who prepares, owns, reviews, approves, and reports the budget.

Role	Budget Responsibility	Approval Authority	Reporting Responsibility
Project Sponsor	Secures funding and approves major budget decisions.	Approves total budget, funding releases, and major changes.	Receives budget status and exception reports.
Project Manager	Prepares, monitors, forecasts, and controls the project budget.	Approves spending within delegated authority.	Reports variance, forecast, and corrective actions.
Finance Manager	Validates financial coding, funding, accounting, and actuals.	Approves finance treatment and budget reconciliation.	Provides financial actuals and funding status.
Procurement Lead	Manages vendor quotes, purchase orders, and contract cost data.	Approves procurement compliance steps.	Reports committed cost and contract variance.
Workstream Lead	Provides estimates, forecast updates, and cost-impact analysis.	Approves workstream-level estimates within delegation.	Reports progress and forecast changes.
Steering Committee	Reviews escalated budget decisions and re-baselines.	Approves major changes and reserve releases as defined.	Reviews executive budget dashboard.

RACI Matrix

Budget Activity	Sponsor	Project Manager	Finance	Procurement	Workstream Lead	Steering Committee
Develop budget	A	R	C	C	C	I
Validate assumptions	C	R	A	C	R	I
Approve baseline	A	R	A	C	I	C
Track actuals	I	R	A	C	C	I
Approve contingency drawdown	A	R	C	I	C	I
Approve management reserve	A	C	C	I	I	A
Approve budget change	A	R	C	C	C	A if above threshold

R = Responsible, A = Accountable, C = Consulted, I = Informed.

12. Budget Risks, Dependencies, and Constraints

Record budget uncertainty and actions needed to protect the approved funding plan.

ID	Risk / Dependency / Constraint	Type	Budget Impact	Probability	Response / Mitigation	Owner
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ID	Risk / Dependency / Constraint	Type	Budget Impact	Probability	Response / Mitigation	Owner
BR-001	[Vendor price may expire before approval.]	Risk	[Amount / range]	[H/M/L]	[Lock quote / fast-track approval]	[Owner]
BR-002	[Key resource availability depends on another project.]	Dependency	[Delay cost / overtime]	[H/M/L]	[Confirm allocation / backup resource]	[Owner]
BR-003	[Budget cannot exceed approved fiscal-year cap.]	Constraint	[Funding limit]	[N/A]	[Phase funding / scope trade-off]	[Owner]
BR-004	[Exchange rate fluctuation may affect imported materials.]	Risk	[Amount / range]	[H/M/L]	[Hedge / contingency / local quote]	[Owner]
BR-005	[Regulatory approval required before procurement.]	Dependency	[Holding cost]	[H/M/L]	[Track approval milestone]	[Owner]

Cost Optimization Opportunity	Potential Saving	Impact on Scope / Quality	Decision Owner	Decision Date
[Negotiate multi-year license discount]	[Amount]	[None / describe]	[Owner]	[Date]
[Reuse existing internal resource / asset]	[Amount]	[None / describe]	[Owner]	[Date]
[Phase optional feature to later release]	[Amount]	[Describe trade-off]	[Owner]	[Date]

13. Approval and Sign-Off

Record formal acceptance of the budget plan and authority to proceed.

By signing below, the approvers confirm that the project budget plan has been reviewed, the assumptions and reserve rules are understood, and the approved budget may be used as the financial baseline for project control.

Approver	Role	Decision	Signature	Date	Comments
[Name]	Project Sponsor	[Approved / Rejected / Conditional]		[Date]	[Comments]
[Name]	Finance Manager	[Approved / Rejected / Conditional]		[Date]	[Comments]
[Name]	Project Manager	[Approved / Rejected / Conditional]		[Date]	[Comments]
[Name]	Steering Committee Chair	[Approved / Rejected / Conditional]		[Date]	[Comments]

Approval Conditions

Condition ID	Condition / Decision	Owner	Due Date	Status
AC-001	[Example: Finance to confirm cost center before funds are released.]	[Owner]	[Date]	[Open / Closed]
AC-002	[Add condition]	[Owner]	[Date]	[Open / Closed]
AC-003	[Add condition]	[Owner]	[Date]	[Open / Closed]

14. Appendix

Definitions, working notes, and reference links.

Glossary

Term	Meaning in This Template
Approved Budget	The total amount authorized for the project by the sponsor or governance body.
Cost Baseline	The approved time-phased budget used to measure project cost performance.

Term	Meaning in This Template
Contingency Reserve	Budget set aside for identified risks or estimate uncertainty within the approved project scope.
Management Reserve	Budget held outside the cost baseline and released only through defined management approval.
Actual Cost	The cost actually incurred and recorded for project work.
Committed Cost	Cost contractually committed but not necessarily paid yet.
Estimate to Complete	The forecast cost required to finish the remaining work.
Estimate at Completion	The forecast total cost of the project at completion.
Variance	Difference between approved budget, actual cost, and/or forecast cost.

Reference Notes Used to Structure This Template

This template structure reflects common project budget planning practices: defining the cost baseline, separating reserves, tracking planned/actual/forecast cost, and controlling budget changes through formal approval. Helpful public references include: [PMI - Earned Value and baseline concepts](#); [ProjectManager - Project budget and cost baseline guidance](#); [Smartsheet - Project management plan template components](#); [Masstt - Cost management plan template sections](#).

Final preparation checklist

Before using this document for approval, verify all formulas and amounts, attach detailed backup estimates, confirm funding availability, obtain finance review, and remove any unused placeholder rows.