

BTN 22-4 The sales budget is usually the first and most crucial of the component budgets in a master budget because all other budgets usually rely on it for planning purposes.

Required

Assume that your company's sales staff provides information on expected sales and selling prices for items making up the sales budget. Prepare a one-page memorandum to your supervisor outlining concerns with the sales staff's input in the sales budget when its compensation is at least partly tied to these budgets. More generally, explain the importance of assessing any potential bias in information provided to the budget process.

