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Audit of budgeting and forecasting: Audit opinion, key findings and recommendations

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Audit opinion

17. The agency has a budgeting and forecasting (B&F) process in place with defined roles and responsibilities and management oversight. However, the agency may still be at risk of lapsing funding under the one-year appropriation model given root causes related to budget delegation, costing, systems and coding issues, and support from enabling services. Although increased oversight of forecasts, implemented to support the transition to the one-year appropriation, may help manage variances, addressing their root causes will better position the agency to manage its financial risks and achieve its objectives.

Key findings

18. Roles and responsibilities are defined within various emails and call letters issued as part of the B&F process throughout the year. These roles and responsibilities are understood and executed.

19. The established B&F process is clearly documented within the B&F internal control framework. From the samples reviewed, we confirmed that both the existing and newly established ¹¹ B&F processes are being consistently followed.

20. Within branches and regions, budget delegation is not completed with sufficient detail, resulting in challenges in developing reasonable forecasts. For the cost centres we reviewed, key stakeholders expressed uncertainty regarding the amount of funding, when it will be delegated, and how it will be used.

21. Costing templates are not completed with sufficient detail to facilitate effective budget allocation. Some relevant stakeholders are not proactively consulted or identified during the planning phase to provide input on initial costing submissions.

22. Coding and systems issues impact the quality of the data that is relied on for budget and forecast development, increasing the potential for variances.

23. There has been a lack of consistent communication and consultation between the enabling services and Cost Center Managers (CCM) on expectations and capacity to deliver on planned spending, however recent process and system changes may lead to future improvements.

Summary of recommendations

24. Budgets should be delegated to the divisional level in a clear and timely manner so that CCMs are clear on the amount, timing and purpose of the funding they can expect to receive.

25. Requirements for the coding of expenditures, including employee time, should be clearly communicated, monitored quarterly, and errors fixed promptly so that resulting data can better inform in-year forecasts and future budget allocation.

26. Pay system issues should be prioritized and addressed to improve the reliability and timely availability of accurate financial information related to salary expenditures in support of forecasting activities.

Footnotes:

- 11 Newly established B&F processes include those related to Integrated Business Planning and increased monitoring and oversight (to manage the one-year appropriation risks).
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