



[Canada.ca](#) > [CBSA](#) > [Audit and evaluation reports](#) > [Audit of budgeting and forecasting](#)

Audit of budgeting and forecasting: Introduction, significance and statement of conformance

[Table of contents](#)[Next page →](#)

In this section

- [Introduction](#)
- [Significance of the audit](#)
 - [Current state](#)
 - [Transition to a one-year appropriation model](#)
- [Statement of conformance](#)

Introduction

1. Canadians rely on the programs and services that the Canada Border Service Agency (CBSA or the agency) provides. The delivery of these programs and services depend on how effectively the agency can plan, budget and forecast.

2. CBSA manages operational and capital funding of approximately \$2 billion annually. A cycle of budgeting and forecasting activities is conducted throughout each fiscal year in order to manage allocated funding, meet priorities and deliver results to Canadians.

3. Key stakeholders ¹ throughout the agency involved in budgeting and forecasting processes include:

- Chief Financial Officer
- Planning and Resource Management Directorate (PRMD)
- Financial Management Advisors (FMAs)
- Cost Center Managers (CCM)
- Financial and Investment Management Committee (FIMC)

4. In 2019, the agency implemented a Functional Management Model (FMM), which resulted in changes to how it manages its operations. Under the FMM, the creation of separate business lines ² has resulted in major changes to the development of budgets and the conduct of forecasting by the three business lines and, by extension, the regions and enabling branches. Regions rely on business lines for funding delegation and priority setting. Enabling branches also receive some of their funding from business lines, who are the leads on various projects and initiatives.

5. Historically, the agency operated under the two-year appropriation model, whereby unused funding at the end of a fiscal year was available to be used the following year. However, effective fiscal year 2021 to 2022, the agency transitioned to a one-year appropriation model. Under this model, the agency is only entitled to carry forward ³ up to 5% of its Vote 1 (operating budget) ⁴ and 20% of its Vote 5 (capital budget) ⁵.

6. To significantly mature its financial management posture, the agency has taken many important steps in the last few years to improve its processes, such as refining integrated business planning and increasing governance and oversight of budgets and forecasting. To prepare for the one-year appropriation, additional action was also taken to actively mitigate the risk of lapsed funding.

7. Budgeting and forecasting (B&F) has been examined in the past in various review and audit engagements ⁶, which found that there were opportunities to further improve B&F processes.

Significance of the audit

Current state

8. Under the previous two-year appropriation model, the agency had \$288.5 million in carry-forward amount in 2019-20 ⁷, and \$345.5 million in carry-forward amount in 2020-21 ⁸.

9. Had the agency been subject to the carry-forward thresholds of the one-year appropriation, the agency would have required a successful re-profiling strategy or risked lapsing significant portions of its carry-forward amount at year-end (\$146 million in fiscal year 2019-20 and \$219 million in fiscal year 2020-21).

Transition to a one-year appropriation model

10. The transition to the one-year appropriation gives the agency less financial flexibility than in past years, by reducing the ability to carry-forward unspent budget. This can impact the Agency's ability to deliver on

its priorities, fulfill its mandate and meet its operational demands. It also requires additional oversight and intervention to anticipate and adjust for variances before year-end.

11. In order to fulfill the agency mandate and deliver on priorities, effective financial management is required. Lapses can mean less money is available to deliver services related to border management and enforcement to ensure the public safety of Canadians.

12. Additionally, lapsed funding at year-end may hinder the agency's ability to request additional funding in the future fiscal years. Persistent lapses may result in Treasury Board Secretariat of Canada (TBS) not approving formal re-profile ⁹ requests or new funding requests for programs or initiatives.

13. Given opportunities for improvement raised by previous audit and reviews ¹⁰, and the transition to the one-year appropriation, it is critical the agency identifies and addresses issues that might hinder its ability to accurately, efficiently and effectively plan, budget, and forecast, so as to reduce potential lapses. Effective planning, budgeting and forecasting performed by branches and regions is critical in supporting decision-making and the achievement of the agency's strategic priorities and outcomes.

14. The audit objective is to assess the adequacy and effectiveness of the B&F activities performed by branches and regions to prevent material over or underspending.

15. The audit scope and criteria can be found in Appendix A.

Statement of conformance

16. This audit engagement conforms to related Treasury Board's *Policy and Directive on Internal Audit* and the Institute of Internal Auditors' (IIA) *International Professional Practices Framework* (IPPF). Sufficient and appropriate evidence was gathered through various procedures to provide an audit level of assurance. The agency's internal audit function is independent, and internal auditors performed their work with objectivity as defined by the IIA's *International Standards for the Professional Practice of Internal Auditing*.

Footnotes:

- 1 Refer to Appendix B for more details.
- 2 The agency's business line branches are Travellers, Commercial & Trade, and Immigration & Enforcement.
- 3 Carry forwards are eligible unspent funding, which can be brought forward to the following year.
- 4 Operating (Vote 1): Amount approved for the fiscal year for the Department to spend on salary and operating expenditures.
- 5 Capital (Vote 5): Amount approved for the fiscal year for the Department to spend on capital purchases or for the construction of assets.
- 6 Refer to Appendix C for more details.
- 7 2019-2020 Departmental Results Report

8 2020-2021 Departmental Results Report

9 A re-profile is when the agency would seek approval from the Treasury Board to move funds to a future fiscal year if it deems the funds will be unspent during the current fiscal year

10 Refer to Appendix C for more details

[Table of contents](#)

[Next page ➔](#)

Date modified:

2023-04-20