



# HOW TO CREATE A NEW BUDGET

## GUIDE FOR QUICK REFERENCE

**ANALYZE** information from your past and current budgets as well as key financial reports to identify accounting assumptions, figures and formulas you can use as a starting point in your new budget.

1. What is the status of the activities: sunsetted, delayed, cancelled, continuing or new?  
By doing this, you identify any activities that need to be carried over or eliminated from your new budget.
2. Are there any trends in the figures of the past or the current budget that are constant or show the same spending pattern year after year that should be included in the new budget?
3. Are there any variances between the budgeted amount and the actual amount spent?
  - a. What are these variances?
  - b. What are the reasons for these variances?
  - c. Do I need to adjust the figures based on my analysis of the variances or can the figures be used without modification?

**FORECAST** your new budget requirements:

1. Estimate costs for your activities using accounting assumptions, figures and formulas, identified during the analysis phase.
2. Organize costs as either non-discretionary (essential for delivering on your activities) or discretionary (not essential for delivering on your activities).
3. Identify costs that have the potential of fluctuating and how you plan to manage these fluctuations.

**SUBMIT** your proposed new budget for approval.

1. Explain your accounting assumptions, cost calculations, figures and formulas and how the budget aligns to departmental and government priorities.
2. Make adjustments to the budget and work plan, if requested, before final approval.