
SECTION 6

BUDGETING AND FINANCIAL MANAGEMENT

6.02 FORECASTING

AUTHORITY: *FINANCIAL ADMINISTRATION ACT*

ADMINISTRATION: TREASURY BOARD SECRETARIAT

EFFECTIVE DATE: JUNE 2024

6.02 FORECASTING

(1) PURPOSE

Regular forecasting is an integral part of Government's budgetary and fiscal management process and provides Treasury Board and Executive Council with an opportunity to periodically review updated expenditure and revenue projections and determine, in a timely fashion, what changes to budgetary plans and/or corrective action is required to meet overall fiscal goals.

It is important that both expenditure and revenue forecasts take into consideration the latest information available including decisions made by Government since the Budget was approved. It is also important that the forecasts be reviewed and approved by the Deputy Head before submission to Treasury Board.

(2) APPLICATION

The application of this policy is referenced to the schedules of the *Financial Administration Act* (FAA) for which funds are appropriated directly or within a department unit and applies as follows:

- Schedule "A" - Departments
- Schedule "B" - Crown corporations
- Schedule "C" - Education Authorities
- Schedule "D" - Commissions

(3) POLICY

Departments and reporting entities covered by this policy are required to prepare and submit to the Executive Director of Fiscal Management, forecasts of expenditure and revenue on a regular basis, as directed. Government's forecasting requirements may vary annually but at minimum a Fall and third quarter forecast shall be prepared. The third quarter forecast will be included with the Estimates of Operating Revenue and Expenditures.

(4) PROCEDURES

(a) General

Detailed forecasts are prepared and reported within Government's chosen computerized budgeting and forecasting application. Other forecast information requirements, the basics of the calculations and the forecast format are explained in this section.

On a regular basis, the "Call for Forecast" is issued to each department/reporting entity. They are requested to submit forecasts of expenditure and revenue to the Executive Director of Fiscal Management.

Forecast submissions are analysed by Treasury Board Secretariat staff, reviewed with departments where necessary, and an Executive Summary is prepared for Treasury Board and/or Executive Council. The Executive Summary provides Government with an overall picture of how departments and reporting entities are managing within the overall budget plan and also identifies any specific issues which Treasury Board or Executive Council may wish to address.

Direction by Treasury Board or Executive Council on the various issues, corrective action, etc. is provided to departments where it is deemed necessary.

(b) Specific Procedures

Forecasts for both expenditure and revenue are to be approved by the Deputy Head. Such approval is to be indicated in a covering memorandum from the Deputy Head to the Executive Director of Fiscal Management. In addition, the memorandum must address the following:

- the total amount of the forecasted and revenue and expenditure for the operating accounts;
- an explanation of large variances (based on \$ and % variance as directed);
- proposed corrective actions to address variances;
- any policy issues that need to be addressed; and
- other supplementary information that may be required from time to time as directed.

(5) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board or their delegated officer who will make the interpretation or refer the matter to Treasury Board, if a Treasury Board decision is deemed necessary.