

3.1 Forecasting and Reporting

Forecasting

Departments must be fully aware of their entire financial state and the implications of all transactions and decisions. It is imperative that expenses, recoverables, revenues, and any transactions or decisions that potentially affect the balance sheet be closely monitored.

Ensuring accurate and realistic forecasting by departments is critical at the budget manager, departmental, and government level in controlling the financial position of the province as the year unfolds. Debt-servicing costs are also key to the financial position and will be closely watched.

Monthly Reporting

The monthly financial reporting, which includes financial and other management information (i.e., selected human resource statistics), will continue. Departments are required to provide monthly forecasts of operating expenses, recoveries, revenues, capital spending, and funded staff (FTEs). The instructions for this procedure are noted on Schedule 3-A. The revised forecasts must be submitted as per Schedule 3-B.

Directors of Finance are to inform staff and departmental budget subject managers of these monthly financial reporting requirements.

Enquiries

Executive Director, Treasury Branch
Treasury and Policy Board
(902) 424-8910

Executive Director, Policy and Planning
Department of Finance
(902) 424-4118

Appendix

Schedule 3-A Forecasting Procedures

Schedule 3-B Year-end Forecast and Variance Analysis Timetable

Approval date: November 22, 2002

Manual release date: August 21, 2008

Approved by: Senior Corporate Financial Analyst, TPB

Most recent review: November 16, 2005

Schedule 3-A

Forecasting Procedures

The various planning versions in the CFMS system will be predefined as follows:

Version 0

is always the version actual costs are associated with; it is considered the current version because it represents the latest year-end forecast for the fiscal year, which is updated on a monthly basis.

Version 1

will be used for the Estimates Book presentation plus any additional appropriations which have been approved for the fiscal year in question.

Version 2

will be used as the “estimate” in the Estimates Book presentation as it represents the budget that has been approved by the Legislature for the fiscal year.

Version 3

will be used for the planning and development of the monthly year-end forecast.

Version 4 and 5

are available for the planning and development of various budget scenarios.

In preparing the monthly year-end forecast, it is recommended that departments do their detailed forecasting in Version 3 and copy the results to Version 0 when the forecast is complete. Forecasting in the same version each month will provide departments with a history of the changes made throughout the fiscal year. Also, the long text feature should be used to record notations on changes made to the individual cost elements.

When the revised forecast has been copied from Version 3 to 0, an e-mail message is to be forwarded to the appropriate financial analyst and the Executive Director, Treasury Branch, Treasury and Policy Board, indicating that the monthly forecast process is complete. The e-mail message must include a detailed explanation of all variances. The Executive Director, Policy and Planning, Department of Finance should be copied on this email.

FUNDED STAFF (FTEs)

All departments are required to provide a monthly forecast of their FTEs. In the e-mail message concerning the monthly forecast updates, please attach the FTE Monthly Report that has been provided for each of the departments and/or agencies. The report includes the original estimate of FTEs, the forecast for last month and the forecast for the current month, as well as information from the SAS system, which must be kept current. A brief explanation of the variances between the original estimate and the two forecasts should be included.

TANGIBLE CAPITAL ASSETS

Capital spending requirements forecasting will follow the same procedure used for forecasting expenses. In the e-mail message concerning the monthly forecast updates, please attach the TCA Monthly Report that has been provided for each of the departments and/or agencies. The report must include the details of capital spending forecasts for each asset class, with an explanation of all variances and the forecast updates for the amortization charges that are included in the monthly forecasts for expenses.

ORDINARY REVENUES

Revenue forecasting will follow the same procedure used for forecasting expenses. Departments should do their detailed revenue forecasting in Version 3 and copy the results to Version 0 when the forecast is complete. An e-mail message should be forwarded to the Director of Revenues and Fiscal Transfers, Department of Finance, indicating that the forecasting process is complete. The e-mail message must include a detailed explanation of all variances.

Updates to the revenue projections for the four fiscal years of the new Fiscal Plan should be maintained in Version 3 of the appropriate year. The projections for the future fiscal years must not be copied to Version 0. The Executive Director, Policy and Planning, Department of Finance and the Executive Director, Treasury Branch, Treasury and Policy Board should be copied on this email.

MONTHLY ANALYSIS

Upon receipt of the e-mail messages, Treasury and Policy Board and/or Department of Finance staff will review the forecasts and the explanations of variances, contact departments if necessary, and prepare a summary report for Cabinet's review.

Schedule 3-B

Year-end Forecast and Variance Analysis Timetable

Note: Schedule 3-B will be released on an annual basis in early summer. Please refer to the on-line version of this manual for the current schedule. Shown here, as an example, is the Year-end Forecast and Variance Analysis Timetable for 2005–06.

	AP and GL Close for the Previous Month	Departments Complete Forecast and Report to Treasury and Policy Board	Treasury and Policy Board Reports to the Deputy Minister of Finance and TPB	Presentation to Treasury and Policy Board
July	8th	25th	29th	Aug 3rd
August	8th	22nd	26th	Aug 31st
September	8th	26th	30th	Oct 5th
October	7th	24th	28th	Nov 2nd
November	7th	21st	25th	Nov 30th
December	7th	Jan 2nd	Jan 6th	Jan 11th
January	9th	23rd	27th	Feb 1st
February	7th	20th the "Final Forecast" will be taken from SAP and published in the 2006-2007 Budget Documentation	24th	Mar 1st