

3.1 Forecasting and Reporting

Policy Statement

The Government of Nova Scotia is accountable for revenues collected from taxpayers, for ensuring monies are prudently spent for the purposes intended, that assets are adequately safeguarded, debts and other obligations are authorized and for the completeness and accuracy of financial information in accordance with generally accepted accounting principles. This policy formalizes the forecasting and reporting requirements and provides guidelines for developing, analyzing, reporting and monitoring through a forecasting and reporting policy.

Application

“Each member of the government business enterprise and governmental unit shall provide to the minister responsible for it monthly, a forecast update detailing the financial performance of the government business enterprise or governmental unit as compared to the budget.” *Section 69(1)(d) Finance Act.*

All governmental units are required to provide a monthly forecast through the responsible department. Departments will then include the forecast information from all governmental units for which they are responsible in their monthly forecast submission to Treasury Board Office and/or the Department of Finance, as described herein.

Government Business Enterprises are required to provide a monthly forecast to the Department of Finance.

Definitions

FINANCIAL ACCOUNTABILITY

Complete, accurate, and timely reporting on the resources entrusted to government, including their allocation to programs, services, and initiatives. Financial accountability also includes a complete description of the economic resources and obligations of government.

GOVERNMENT REPORTING ENTITY

Aggregate of all organizations that are part of or controlled, for accounting purposes, by the Province and includes departments, governmental units, government business enterprises, government partnership arrangements and crown corporations and, for greater certainty, does not include a university to which the *Universities Assistance Act* applies.

GOVERNMENTAL UNITS

Entities categorized as governmental units from time to time by the Minister of Finance as set out annually in the consolidated financial statements of the Province.

GOVERNMENT BUSINESS ENTERPRISES

Entities categorized as government business enterprises from time to time by the Minister and set out annually in the consolidated financial statements of the Province.

APPROPRIATION

Refers to an authorization by the Legislature under an *Appropriations Act* for an expenditure of money or incurrence of an expense. An entity that receives an appropriation is called an “appropriated entity”.

ESTIMATES

Refers to the estimates of prospective revenues, expenses and capital expenditures for a fiscal year submitted to the House of Assembly in accordance with its Rules and Forms of Procedure.

Policy Objectives

1. To ensure participants involved in the monthly forecast update have a business process in place so they can provide to the Minister responsible for it, a monthly forecast update detailing the financial performance as compared to the estimate (budget).
2. To ensure accurate and realistic forecasting by departments, and in a timely manner, so that the financial position of the province can be communicated to Executive Council and its Committees.
3. To monitor and report on emerging financial matters and transactions and decisions that potentially affect the balance sheet, including but not limited to: the acquisition and status of capital projects, changes in human resources, the delivery of program and services, the collection of revenue, trust funds, and cost-sharing agreements.

4. To issue budget forecast updates to the public on the province's financial position in a manner that ensures full and open disclosure.

Policy Directives

1. CIRCULATE A FORECAST REPORTING SCHEDULE AND MONTHLY FORECAST REPORTING TEMPLATE

- a. The forecast schedule (Appendix 3-1) will be updated and circulated at the beginning of each new fiscal year.

The forecast schedule will not include a date for the consolidated entities to provide a forecast to the department; it is up to the department to determine the submission date that will allow them the time required to prepare a complete forecast to Treasury Board Office and the Department of Finance in accordance with Appendix 3-1.

- b. In order to both standardize monthly reporting and to better enable departments to provide better management information to their department executives, Treasury Board Office and the Department of Finance will annually update and circulate a monthly forecast template package to the Senior Financial Executives.

2. PREPARE THE MONTHLY FORECAST AND SUBMIT TO TREASURY BOARD OFFICE

- a. Departments and entities, after consulting with program managers and other financial resources within their entity, are required to update their forecast information in the Corporate Financial Management System (SAP), Version "3". In addition, the long text feature in SAP should be used to record notations on changes made to the individual cost elements. For more information on "Versions" see Appendix 3-2.

Departments and entities must also update the Salary Analysis System (SAS) to reflect changes in human resources. The total salary in SAS, by cost element, should be the same as the total salary in SAP.

Departments and entities are required to populate the templates based on information in SAP and SAS. A detailed explanation of variances based upon established thresholds must be included in the monthly forecast templates. The variance will be based on changes that have occurred since the budget was approved and that impact the financial information (e.g. labour contract settled, increased recovery of program expenses, and changes to utilization rates).

- b. Senior Financial Executives must review the information with their Senior Management Teams of the Departments and entities, prior to submitting to Treasury Board Office and the Department of Finance.

- c. When departments are finished updating their forecast information in SAP (version 3) they must copy their finalized forecast into Version “0”. Forecasts in Version “0” are considered the “official department forecast”.
- d. After the versions are copied, and Senior Management has been briefed, departments and entities are required to send the monthly forecasts to Treasury Board Office and Department of Finance, Provincial Budgetary Planning and Coordination Division. Detailed instructions for this procedure will be communicated annually to the Senior Financial Executives.

3. REVIEWING THE MONTHLY FORECASTS

- a. Upon receipt of the departments and entities monthly forecast reporting templates, Treasury Board Office and/or Department of Finance staff will review the forecasts and the explanation of the variances, contact departments if necessary, and prepare a summary report for Treasury Board’s review.
- b. During the review of the monthly forecast, Treasury Board Office and Department of Finance staff will work with departments and entities for any requirements related to requests for Additional Appropriations or Special Warrants.

4. REPORTING TO TREASURY BOARD

- a. Reporting to Treasury Board Committee will be at the discretion of Agenda Management and the request of the Ministers. All information reported to Treasury Board will be considered confidential.

5. PUBLIC UPDATES

- a. Government will submit financial reports on the state of the public finances for a fiscal year to the House of Assembly in accordance with the following schedule (*Finance Act*, Section 57(1)):
 - i. on or before September 30th ;
 - ii. on or before December 31st ;
 - iii. as part of the Estimates tabled in the House of Assembly for the following fiscal year; and,
 - iv. as part of the Public Accounts prepared respecting the fiscal year.

Confidentiality

All staff privy to the information gathered during the forecast process, including but not limited to: human resources, contracts, upcoming risks and/or pressures, and potential savings from reduced programs, must ensure the information is managed in accordance with the *Freedom of Information and Protection of Privacy Act*, regulations, and pertinent government privacy policies.

Forecast information, including recommendations, will be shared with Treasury Board Committee, a committee of Executive Council.

Policy Guidelines

1. FORECAST INFORMATION MUST BE TRANSPARENT

- a. Information collected from program managers, financial advisors, and human resource professionals must be recorded in SAP and SAS.
- b. All revenue information must be reported to the Department of Finance. All expenditure information must be reported to Treasury Board Office.
- c. Revenue information, including variance explanations, must be provided in a format approved by the Department of Finance.
- d. Expenditure information, including variance explanations must be recorded in the monthly forecast templates circulated by Treasury Board Office.
- e. All reporting must be based on the schedule circulated annually by Treasury Board Office and the Department of Finance.

2. REGULAR MEETINGS SHOULD BE SCHEDULED TO DISCUSS MONTHLY FORECAST INFORMATION

- a. Departments may find it useful to meet with their Treasury Board Office Analysts regularly. These meetings can be used to brief analysts on things yet to be confirmed but that may materialize in the coming months.

3. DIRECTIVES, PRESSURES AND SAVINGS

- a. Departments and entities must adhere to all directives issued by Executive Council and its Committees.
- b. All pressures and savings must be reported in the monthly forecast information. When providing explanations materiality should be considered, see guidelines in templates.

Accountability

1. It is the responsibility of Treasury Board Office and the Department of Finance (Provincial Budgetary Planning and Coordination Division) to ensure that this policy is followed consistently and accurately.
2. Departments are responsible for collecting and reporting on financial information related to their spending authority (appropriations), and revenue estimates.
3. Senior Financial Executives are responsible for informing their senior management teams, budget subject managers (program managers) and their staff, of the reporting schedule and the requirements within this policy.

Monitoring

Treasury Board Office is responsible for the review and update of this policy.

References

This policy is further supported by the following provincial legislation, and provincial policies:

- *Appropriations Act*
- *Finance Act*
- *Public Service Act*
- 3.3 Additional Appropriations or Special Warrants
- 4.1 Government Reporting Entity

Enquiries

Executive Director
Treasury Board Office
(902) 424-6542

Executive Director, Provincial Budgetary Planning and Coordination
Department of Finance
(902) 424-4753

Appendices

- Appendix 3-1: Monthly Forecast Submissions Schedule
- Appendix 3-2: Version Control in SAP

Approval date: **June 13, 2013**
Approved by: **Treasury Board**

Effective date: **June 14, 2013**
Administrative update:

Appendix 3-1

Monthly Forecast Submission Schedule

Reporting Month	AP and GL Close for the Previous Month	Departments Complete Forecast and Report to Treasury Board Office	Reports to the Treasury Board
June (based on May actuals)	June 7 th	Not required for 13/14	
July (based on June actuals)	July 9 th	July 24 th	July 31 st
August (based on July actuals)	August 8 th	August 21 st	August 28 th
September (based on August actuals)	September 9 th	September 18 th	September 25 th
October (based on September actuals)	October 7 th	October 23 rd	October 30 th
November (based on October actuals)	November 7 th	November 20 th	November 27 th
December (based on November actuals)	December 10 th	December 20 th	January 8 th
January (based on December actuals)	January 8 th	January 22 nd	January 29 th
February (based on January actuals)	February 7 th	February 19 th The "Final Forecast" will be taken from SAP and published in the 2014-2015 Budget Documentation	February 26 th

Note: Appendix 3-1 will be updated by Treasury Board Office and the Department of Finance on an annual basis in late spring.

Appendix 3-2

Version Control in SAP

The various planning versions in the Corporate Financial Management System (CFMS) will be predefined as follows:

Version 0

This version is considered the current forecast version because it represents the latest forecast information for the fiscal year, which is updated on a monthly basis. Information in this version is considered final by Treasury Board Office Staff and Department of Finance (Revenue) Staff.

Version 1

The financial information presented in version 1 is the approved spending authority (budget), plus any additional appropriations approved during the fiscal year in question. This version is view only, with updates only made by Treasury Board Staff.

Version 2

The financial information presented in this version is the approved spending authority (budget) as presented in the Budget Documentation (“Estimate: in the Estimate Books”). This financial information represents the budget which has been approved by the Legislature for the fiscal year.

Version 3

The financial information presented in this version is used by departments for the development of the forecast and next fiscal budget scenarios. Information in this version is not considered final by Treasury Board Office Staff and Department of Finance (Revenue) Staff.

Version 4 and 5

The financial information presented in these versions is available for planning and development of various budget scenarios. Information in these versions is not considered final by Treasury Board Office Staff and Department of Finance (Revenue) Staff.

