



# NEWS RELEASE

**For Immediate Release**

April 4, 2017

## **Government's process for budget forecasting is sound**

VICTORIA – The Office of the Auditor General of British Columbia has released a report, *Budget Process Examination Phase 2: Forecasting for Operating Expense, Capital Spending and Debt*.

The report is about government's process of preparing its budget, not the budget itself. Government's annual budget is, in effect, a policy document that reflects the financial implications of government's priorities. This report does not address the merit of the policies, rather, the process for budget forecasting.

This is the second of two reports on government's overall process for creating the province's budget. The first report in 2015 focused on government's approach to developing revenue forecasts when preparing the budget. Today's report focuses on government's approach to forecasting operating expense, capital spending and debt.

"Between these two reports, we have examined all the main components of government's budgeting process," said Auditor General Carol Bellringer. "Both reports include recommendations for improvement, but government is generally doing a good job preparing and reporting the budget forecasts."

Bellringer emphasized that preparing the provincial budget is a complex process that involves consolidating budget information from over 150 government entities. Legislation adds a further challenge by prohibiting government from forecasting a deficit and by setting consequences if the province's financial results do not meet the legislation's requirements. Provincial budget forecasts need to allow for unexpected expenses or revenue shortfalls.

"It's important to remember that budgets are always a best estimate, regardless of the quality of information or the process used to prepare them," said Bellringer. "This is just as true for the provincial government as it is for the finances of a business or a household." In all cases, one should control their finances as much as possible by keeping an eye on how well results compare to the budget, and if they differ, understanding why.

The full report is available on the Office of the Auditor General website at:

[www.bcauditor.com/pubs](http://www.bcauditor.com/pubs)

Auditor General Carol Bellringer will answer questions pertaining to the report via a news conference and in-person should a visual be required after the news conference.

News Conference Date: April 4, 2017



OFFICE OF THE  
**Auditor General**  
of British Columbia

Time: 11 a.m. (Pacific Time)

Dial-in Information:

From Vancouver: 604 681-0260

From elsewhere in Canada and the USA: 1 877 353-9184

Participant Pass Code: 44848#

During question and answer period, to ask a question: Press 01

During question and answer period, to exit the question queue: Press #

**About the Office of the Auditor General of B.C.**

The Auditor General is a non-partisan, independent Officer of the Legislature who reports directly to the Legislative Assembly. The *Auditor General Act* empowers the Auditor General and staff to conduct audits, report findings and make recommendations.

Contact us:

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For general questions, call Colleen Rose, Manager, Communications: 250 419-6207

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