

CIRANO note written by Roger Galipeau, March 2011*

Adopting a budget remains one of the most critical decisions that the Board of Directors of a governmental agency must make during a year.

For any public-sector organization, the budget translates its priority areas of activity, its organization, and its delivery strategy into financial terms. Preparation of the budget constitutes its most comprehensive planning exercise, incorporating the governance values, mission and vision, and the know-how of its administrators. As the game plan for the directors and managers, it is a powerful testimony to clear and transparent public governance.

Since last year, this has been the thrust of the efforts deployed by CIRANO's *Groupe d'excellence en budgétisation et en gestion intégrée des organismes public intégré*. The proposed approach reflects best practices in the area of public administration in North America. Adapted to the Quebec context, it applies to all public agencies, regardless of size or mission.

Used in more than 1 200 government agencies in the United States, the excellence in budgeting approach is not yet widely adopted in Quebec or Canada; though it has taken some significant strides. For example, the Government Finance Officers Association has bestowed the certification of excellence on the *Société de transport de Montréal*—a distinction that dovetails with the title of best public transit corporation it received from the American Public Transportation Association in 2010.

This certification is awarded when the budget document satisfies 27 criteria/questions that are used to evaluate whether it meets the standards of being a financial policy document, a financial plan, an operations guide, and a communications tool.

The process that culminates in excellence in budgeting in a government organization follows an annual planning cycle that begins with a review of the strategic goals. This process does not require

changes to existing management systems, but it does oblige every service to collaborate with all the others. Our experience has shown that this healthy and stimulating exercise costs the organization little, especially when most of the required financial and operational information is generally found in other documents or policy statements it already possesses.

Excellence in budgeting and integrated management yields several advantages:

- It helps the organization extract all the strategic and dynamic benefits from its budgeting exercise;
- it yields a top-notch management document integrating all elements required to understand the budget—contributing to consistency and unified action in pursuing the mission;
- it facilitates the dissemination of budget information to managers and stakeholders in the general public;
- it improves transparency, accountability, and reporting;
- it simplifies performing analytical comparisons with the best organizations;
- it strengthens the organization's reputation for excellence with the public and financial and business circles;
- it requires few or no changes to existing management systems.

Thus, throughout the year, the Board of Directors, the executive, and managers in the services are all on the same page and function with complete transparency and consistency.

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