



INSIGHTS FROM THE BDO PUBLIC SECTOR PRACTICE

## WHY THE PUBLIC SECTOR SHOULD INVEST IN BUDGETING TECHNOLOGY NOW

By Don Bice

Technological innovations implemented by the wider CFO community—including data analytics, artificial intelligence, robotic process automation and blockchain—are an integral part of government financial management's ongoing transformation. These improvements have been and will continue to be essential in enhancing the delivery of accounting services in the federal space by improving operational efficiencies. However, even as financial operations technology has exponentially increased in the CFO community, this trend has yet to make its way into the budgeting process. With federal resources in short supply, agencies and programs must make the most of what they are allotted, and the use of technology in budgeting can assist them in doing just that.

### RETHINKING TRADITIONAL BUDGETING TECHNOLOGY

There is no doubt the CFO community understands the value of automating and modernizing everyday operations. However, it can be challenging to break long-learned habits or move away from the status quo, even when automation undoubtedly improves the budget formulation, presentation and execution processes. Financial professionals of all levels are comfortable with Excel spreadsheets and Word documents, which can be useful tools when used correctly. Still, they are too often relied on to formulate and execute budget plans when more advanced technology would perform the work better.

Failing to modernize budget processes from start to finish with the proper tools impacts the budget function and spreads inefficiencies throughout organizations as they prepare, execute and report budget activity. Staff wastes energy and resources on

low-value work like transferring numbers from one spreadsheet to the next or ensuring reports and tables have consistent data. A lack of technology leads to delays in responsiveness to agency leadership, the presidential administration and Congress, and increases the potential for inaccurate information.

## THE CASE FOR IMPLEMENTATION

The driving factor in successfully making a case for investing in budgeting technology is demonstrating how it allows CFOs and budget offices to improve three key features:

1. **The process of creating a budget.** Tech-driven efficiencies in preparing a budget can build systems that automatically sync with the general ledger and better format information to present to decision-makers. This helps keep data accurate and reduce potential errors without the need for time-consuming manual reviews of spreadsheets. Technology can also facilitate coordination between offices and make data-gathering easier when a budget is in the formulation stage. Using tools to integrate other program data with budget data can also allow for more informed decision-making down the line.
2. **Budget monitoring and execution.** By providing accurate data in real-time while budget implementation occurs, CFOs can ensure they meet program priorities and flag issues as they develop. Technological solutions can also free up staff to do higher-value work, allowing employees to actively manage and analyze accounts rather than limiting their work to data entry or verification. Additionally, enhanced technology and

automation enable users to generate reports comparing historical data, refine dashboards and conduct scenario-planning exercises.

3. **The financial close and reporting process.** By integrating budget execution data that must be prepared and presented before the fiscal year-end, CFOs can reduce the time and effort it takes to prepare, review and deliver reports. This helps to evaluate the previous budget's success and assists in planning for the year ahead.

## NEXT STEPS FOR CFOS AND BUDGET OFFICES

Openly advocating for resources as a budget office, whether at a bureau or departmental level, is always difficult. CFOs and budget officers assist decision makers in their funding choices, and therefore must remain objective. However, this should not impede executives' continual efforts to be more efficient in delivering programs. The CFO community can improve every function within its organizations if it reviews its own business processes and implements much-needed technology solutions.

For any organization that wants leaders to be agile and move quickly, technology and automation are vital parts of the way forward. As CFOs have begun positioning themselves as strategic partners, they should push for better tools within their own organizations. These efforts will ultimately allow CFOs to make the most of scarce funding and streamline the budgeting process overall.

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