

can be identified, and where statistical indicators are available as a basis both for projecting the probable workload or demand for services arising out of each activity and for measuring the actual services provided. Unfortunately, this is not the case in the Department of External Affairs. However, before discussing this problem in greater detail, we would like to complete the description of program budgeting by outlining the organizational framework within which this system is normally applied.

Responsibility Accounting

As stated previously, one of the advantages associated with program budgeting is that it enables departmental management to designate specific individuals in the department as being responsible for determining the resources required to carry out given activities or programs, and for managing the resources that are actually allocated to them.

To achieve this benefit of program budgeting, it is necessary to delegate sufficient authority to these designated individuals for them to make the decisions required of them by their management function. If this is not done, it becomes very difficult to hold such individuals accountable for achieving a desired result or living within an approved budget. Thus, it is necessary in using this approach to spell out as precisely as possible the exact responsibilities and authorities to be delegated to each of the individuals concerned.

The organizational framework within which this delegation takes place is known as a responsibility accounting structure. While such a structure is an integral part of the program budgeting system,