

There is recognition that required cuts, both current (Baird, ERC) and future, will be hard to achieve without mandate or program delivery impacts, but budgeting and resource allocation decisions are being made on an incremental basis (e.g. percentage cuts across the board rather than targeted mandate or program cuts). Further, just as priorities are articulated at a high level, there is a sentiment that while decisions of where to cut are clear at a high level specific component-level cuts are not clearly articulated.

From a cultural perspective, DFAIT has not yet made permanent changes to reflect slated budget cuts. Some programs slated for cuts are being funded in-year with reallocations, and work is continuing to happen in areas that were considered to be cut (e.g. Public Diplomacy).

This risk is compounded by Risk 1: Financial Management, and Risk 2: Safety and Security.

Current Risk Mitigation

DFAIT's Management Committee reviews the Department's financial state on a monthly basis, and a Departmental reserve exists to address in-year issues.

A results-based management strategy is presently being developed, and a suite of structural processes and tools are currently in place to support resource allocation and priority-setting:

- Budgeting process
- Business planning process (note that participants in the workshops identified it as weak)
- RBAF and RMAF processes
- Country Strategy and Market Strategy processes
- HOM mandate letters
- The Performance Management Agreement (PMA) process
- Political Economic Reporting on Public Affairs (PERPA) renewal

Stakeholder consultation and management meetings are in place with respect to managing capital between stakeholders (DFAIT-CIDA, CIDA-DND-DFAIT).