

Office of the  
Internal Auditor

# ENGAGEMENT REPORT

February 2025

Financial Planning  
and Analysis



## Table of Contents:

## Page



### **Executive Summary**

Background

1

Objectives and Scope

1

Engagement Results

1 - 2



### **Appendix**

Distribution

3



## Executive Summary

### Background

Citizens' Forecasting and Budgeting (FPA) process is conducted by the Budget Office within the Financial Services Division. The Budget Office's primary responsibility is to prepare the annual budget projections. Citizens' budget model requires cost center owners to develop and submit budgets for each fiscal year with the guidance of Budget Office personnel. The Oracle Planning and Budget System (PBCS) is used to prepare, manage, and report on the annual budget projections. On an annual basis, the Oracle Narrative Reporting (ePRCS) system is used to generate the annual budget book, which is presented to the Executive Leadership Team (ELT) and the Board of Governors (BOG) for review and approval.

An effective forecasting and budgeting process is important to Citizens' financial health and operational success. It ensures resources are allocated wisely, financial risks are managed, and strategic goals are met. Accurate projections support informed decision-making and help the company prepare for changes in policyholder demand or market conditions. A strong budgeting framework fosters accountability by setting clear financial targets and tracking performance.

### Objectives and Scope

This advisory engagement aims to assess the objectives and procedures of the budgeting process. Through this engagement, we will focus on identifying opportunities for improvement in the following areas:

- Evaluate documentation and procedures for the FPA process
- Evaluate budget to actual monitoring
- Alignment with organizational objectives & purpose

### Engagement Results

Results from our assessment noted the following favorable practices in place:

- **Budget Planning favorable practices** – The Budget Office performs a number of steps that significantly aid in the overall effectiveness of the planning process. These include budget training with the business, coordination with the Executive Leadership Team and Board Members, appropriate data handling procedures that ensure the completeness and accuracy of budget information, and facilitating the budget process while providing a level of autonomy to the business users.
- **Budget Monitoring favorable practices** – The Budget Office also performs quarterly enterprise-wide budget-to-actuals analysis, as well as semi-annual actuals-to-projection analysis with the individual business units. This leads to open collaboration and discussion on any variances and allows the CFO to update the quarterly board package as needed.

In order to gather external feedback on the process, OIA met with various members of the Executive Leadership Team. Internal Audit noted several opportunities for improvement within the budgeting process. All areas with suggested changes were discussed with the Budget Office and delivered as part of the engagement deliverables. Internal Audit elected to emphasize the following high-impact suggestions for improvement:

- 1) **Budget Planning – Timing of budget planning and strategic directives:** Currently, the timeframe of planning meetings, guidance issuance, and deadlines for budget submission



## Executive Summary

takes place over a 3-5 week period. After speaking with divisional business leaders, it appears there is an opportunity to extend this period in order to give the business units more time to complete their annual budget. Additionally, there were also requests to establish, finalize and refine the annual budget guidance earlier in the year. While the Budget Office is not charged with this guidance specifically, there is an opportunity to work with leadership and the board to communicate robust annual budget guidance earlier and more effectively to the organization. It is recommended that the Budget Office assesses this part of the process to identify opportunities to streamline overall guidance as well as communication to ease the planning process.

- 2) **Feedback – Conducting Post-Budget Process Meetings:** To truly drive feedback on the budget planning process, Internal Audit recommends that the Budget Office conduct annual post-budget meetings with each Chief and Divisional leader. The goal of these meetings should be to obtain feedback on the previous budget planning cycle and create a continuous feedback loop on the budget planning process conducted in the previous quarter. This should enhance collaboration between the Budget Office and the divisional groups and will provide a more formal method for which divisions are able to give timely, relevant feedback to the Budget Office. Given the feedback obtained, this will allow the Budget Office to determine any changes or updates needed to the planning process in an effort to drive efficiency, effective communication, and ease of the annual budget planning process.
- 3) **Opportunities to improve PBCS and its use:** Throughout this engagement, a number of leaders identified friction points within PBCS. While this could be a result of system limitations, Internal Audit encourages the Budget Office to meet with each member of the ELT to discuss their concerns within the system. For those factors that may be addressed within the current system, the Budget Office should request that these system improvements be prioritized. Additionally, the Budget Office should include any new features or processes developed as a result of this exercise within their budget training program. The specific concerns addressed above have been shared and discussed with the Budget Office team for consideration.

We thank management and their teams for their cooperation and professional courtesy throughout this engagement.



## Distribution

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**Following Audit Committee Distribution:**

The Honorable Ron DeSantis, Governor

The Honorable Jimmy Patronis, Chief Financial Officer

The Honorable John Guard, Deputy Attorney General

The Honorable Wilton Simpson, Commissioner of Agriculture

The Honorable Ben Albritton, President of the Senate

The Honorable Daniel Perez, Speaker of the House of Representatives

The External Auditor

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