



GFOA Best Practice

Departmental Presentation in the Operating Budget Document

Background. The departmental section of a budget document traditionally has focused on accomplishments and detailed financial schedules. Recently, however, emphasis is also being placed more and more on describing programs or services and how their objectives will be met. A well-designed departmental section can enhance a reader's understanding (assuming the reader is the general public or a decision-maker) of the purpose of funded programs or services, as well as their cost, making the budget document a more effective operational and communications document.

Recommendation. GFOA recommends that governments consider the following guidelines when presenting information in the departmental section of the operating budget document:

1. **Design.** The formatting can be enhanced as follows:
 - Use a standard format for all departments (e.g., font size and type, margins, paragraph alignment and spacing, bullet points, indentation, and the consistent use of a single format (i.e., portrait or landscape);
 - Use pictures, graphs, charts, borders, tabs, and dividers to enhance the presentation of information, taking care to place them in the section to which they relate;
 - Include interesting facts or employ a 'did you know?' format to attract interest; and
 - Use hyperlinks that allow the reader to obtain additional information not included in the budget document.
2. **Brevity.** Avoiding excessive detail is important, especially in financial schedules and text:
 - Consider summarizing financial information rather than presenting each account in whole dollars (rounding may be beneficial);
 - Keep discussions focused and concise; and
 - Avoid excessive detail (consider the possibility of a separate supplemental departmental document for those desiring more detail).

3. **Services.** A description of services or functional responsibilities must be included:
 - Consider including hours of operation, address, phone number, email address, brief departmental historical recap, linking department to fund structure, and contact information (e.g., head of the department);
 - Identify any changes in service levels (increase or reduction). This may include the dollar impact and the potential effect on the public;
 - Discuss whether services are performed in-house or privatized; and
 - Activities required by law always need to be covered.
4. **Issues.** Discuss challenges, issues, and opportunities:
 - Go beyond a mere listing of functional responsibilities to discuss challenges, issues, and opportunities. The discussion needs to focus on the future and key decision points, with an emphasis on solutions.
5. **Revenues.** Revenues may include any fees or charges that the department generates:
 - While many departments do not generate revenues, some do. If so, discuss the major type of revenues and the potential recovery rate.
6. **Expenditures.** The analysis of expenditures should be done in a broad manner:
 - Consider identifying major categories (rather than identifying, discussing, and analyzing every expenditure account) and note any significant changes. For example, major categories may include wages and benefits, supplies, etc. Some governments include budget highlights for each department.
7. **Staffing.** Staffing information is usually presented in one of two manners:
 - A departmental organization chart may be provided to supplement the main organization chart of the government and
 - A brief schedule may summarize the departmental headcount over a period of time (including the upcoming budget year), which would have the advantage of identifying trends.
8. **Prioritization/Goals and Objectives.** It has becoming increasingly common to explain how services are prioritized:
 - A brief recap of any citizen surveys that a department has undertaken may be presented and
 - Linking departmental goals and objectives to overall entity goals can be done through the use of a matrix. The use of timeframes and quantifying goals is encouraged.
9. **Measures.** Performance measures typically are included in the respective departmental section of the budget document:
 - Each department is encouraged to present performance measures that link with the goals of both the overall entity and the department;

- Performance measures should include input, output, efficiency, and effectiveness measures and their relationship to achieving desired outcomes;
- Include measures for the prior, current, and upcoming budget year; and
- A discussion of key measures is becoming increasingly common.

References.

GFOA Best Practice: Posting Budget Documents and Financial Reports Online to Improve Access (2003).

GFOA Best Practice: Using Trend Data and Comparative Data for Financial Analysis (2003).

GFOA Best Practice: Performance Management: Using Performance Measurement for Decision Making (2002, 2007).

Approved by the GFOA's Executive Board, January, 2012.