



Government Finance Officers Association

BEST PRACTICE

Recommended Budget Practices from the National Advisory Council on State and Local Budgeting

BACKGROUND:

Governments make program and service decisions and allocate scarce resources to programs and services through the budget process. As a result, the budget process is one of the most important activities undertaken by governments. The quality of decisions resulting from the budget process and the level of their acceptance depends on the budget process that is used.

Finding that too little information about effective budgeting practices existed and that an effort to identify and share recommended practices in budgeting was needed, GFOA and seven other state and local government associations created the National Advisory Council on State and Local Budgeting (NACSLB) in 1995 and charged it with developing a set of recommended practices in the area of state and local budgeting. In December 1997, the Council concluded its work by adopting a budgeting framework and recommended budget practice statements.

The GFOA Committee on Governmental Budgeting and Fiscal Policy has continuously reviewed and been involved with the work of the Council. The GFOA Executive Board passed a resolution in support of its ongoing work in October 1997.

RECOMMENDATION:

GFOA endorses the work of the NACSLB, including the NACSLB's definition, mission, and key characteristics of the budget process, stated as follows:

Definition of the Budget Process: The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

Mission of the Budget Process: To help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.

Key Characteristics of the Budget Process:

- Incorporates a long-term perspective;
- Establishes linkages to broad organizational goals;
- Focuses budget decisions on results and outcomes;
- Involves and promotes effective communication with stakeholders; and
- Provides incentives to government management and employees.

Accordingly, GFOA adopts the NACSLB framework for improved state and local government

budgeting and recommended budget practice statements. GFOA recommends that state, provincial, and local governments look to the recommended practices of the NACSLB as a model for evaluating and improving their own budget policies and procedures, with the goal of ultimately developing, adopting and implementing their budgets in accordance with these recommended practices. Given the evolving nature of good budgeting and management, these practices are not intended as mandatory prescriptions for governments. Rather, they are recommendations that provide a blueprint for governments to make improvements to their budget processes. Implementation of these practices is expected to be an incremental process that will take place over a number of years.

References:

- *Recommended Budget Practices: A Framework for Improved State and Local Government Budgeting*, NACSLB, 1998.
- *Recommended Budget Practices* CD-ROM, NACSLB, 1998.
- NACSLBs recommended practices located on GFOAs web site at www.gfoa.org.