

GFOA Best Practices

2014 NCGFOA Summer Conference

Presented by

Gregory S. Allison

UNC School of Government

Overview

- Summarization of recent “Best Practices” approved by the national GFOA’s Executive Board
- GFOA has issued “Best Practices” in a variety of topical areas since 1996

Taking Advantage of Indirect Cost Allocations

- Approved February 2014
- Recommends, overall, that governments should allocate their indirect costs (largest example are shared administrative expenses)
 - Who prepares the allocation may vary (purpose, political environment, etc.)
 - Allocations should be used no more than 3 years
 - No one particular method is preferred

Making the Budget Document Easier to Understand

- Approved February 2014
- Elements of the document should focus on:
 - Detail
 - Design
 - Consistency
 - Highlights
 - Format

Financial Forecasting in the Budget Preparation Process

- Approved February 2014
- Recommends that governments at all levels forecast major revenue/expenditures
 - Should cover multiple years into the future
 - Methodology and assumptions should be clearly stated
 - Forecast should be regularly monitored and updated

Establishing Government Charges and Fees

- Adopted February 2014
- Questions to consider:
 - What are applicable laws and statutes?
 - Are formal policies in place?
 - Are both direct and indirect costs identified?
 - Are rates periodically reviewed and updated?
 - Are forecasts consistent with actual decision-making?
 - How is the public involved and/or informed?

Administering Grants Effectively

- Approved May 2013
- Extensive “Best Practice” that focuses on the broad practices that need to be in place for all grant arrangements, such as:
 - Administration/financial resource management
 - Proper system support
 - Proper internal controls
 - Proper sub-recipient monitoring
 - Communication/reporting/auditing requirements

Pricing Internal Services

- Approved February 2013
- Extensive recommendation that recommend the following steps:
 - Identify goal of internal service pricing
 - Develop allocation strategy
 - Define level of costing detail
 - Determine the cost of service
 - Decide the basis of allocation
 - Consider an potential drawbacks

Using Fund Accounting Effectively

- Approved October 2012
- Clear criteria should be established to determine if a “fund” in the accounting system should be considered a “fund” for external financial reporting purposes
- Builds upon the overall principle of “minimum number of funds” articulated in NCGA literature