



BEST PRACTICE

Using Websites to Improve Access to Budget Documents and Financial Reports (2003) (BUDGET)

Background. The Government Finance Officers Association (GFOA) has long encouraged governments to publish high quality budget documents and CAFRs. A high quality budget document not only facilitates and enhances the budget process, but also promotes greater stakeholder participation, thereby helping to realize an essential element of the mission of the budget process as defined by the National Advisory Council on State and Local Budgeting.¹ Similarly, a high quality CAFR is an unparalleled means of demonstrating financial accountability, as recognized by the National Council on Governmental Accounting (NCGA)² and reiterated by the Governmental Accounting Standards Board (GASB).³

The objectives of the budget document and the CAFR can only be fully realized if they are readily available to all interested parties. Presentation on a government's website offers an unparalleled means of providing easy access to both documents.

Specific benefits of including the budget document and the CAFR on the government's website include the following:

- *Increased awareness.* Many potential users of the information provided in the budget document and the CAFR are completely unaware of the existence of these important sources of financial data. Presentation on the government's website is a practical means of ensuring that all those with a potential interest in the government's finances are able to profit from the information they contain.
- *Increased usage.* The difficulties inherent in obtaining any published document pose a significant barrier to usage by ordinary citizens. An additional barrier arises when a government must charge for the budget document or the CAFR to recover the cost of printing or copying. Both barriers are eliminated when the budget document and the CAFR are presented on the government's website.
- *Application of analytical tools.* The availability of the budget document and the CAFR in electronic form makes it easy for users to employ computerized tools to find, extract, and analyze the data contained in these often lengthy documents.
- *Avoidance of disclosure redundancy.* Much information of use to potential purchasers of a government's debt securities is already available in either the budget document or the CAFR. In particular, the statistical section of the CAFR is a rich source of data for investors and analysts. Consequently, the routine presentation of both documents on the government's website may help to avoid redundancy and assist in complying with federally mandated disclosure requirements.

¹ "The mission of the budget process is to help decision makers make informed choices about the provision of services and capital assets *and to promote stakeholder participation in the process.*" [emphasis added]

² NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 135

³ GASB *Codification*, Section 2200.101.

- *Savings.* The length and detail typical of the budget document and the CAFR often make both expensive to print. Electronic publication can help to reduce this cost.

Recommendation. GFOA recommends that every government publish its budget document and its CAFR on the government's website. GFOA further recommends that governments comply with the following guidelines when presenting these documents on its website⁴:

- The electronic budget document and the electronic CAFR should be identical to the printed versions of these documents;
- The website should prominently notify users that the information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report;
- The website should prominently inform users whether the budget document presented represents the preliminary budget or the approved budget;
- If a government elects to present the budget documents and CAFRs of prior years, the website should clearly identify these documents as "dated information for historical reference only" and clearly segregate them from current information. A "library" or "archive" section of the website is advisable for this purpose;
- The security of the website should be evaluated to protect it from manipulation by external or unauthorized persons; Furthermore, GFOA commits itself to taking the following steps to encourage the presentation of the budget document and the CAFR on a government's website:
- GFOA will accept electronic submissions of the budget document and the CAFR in its professional recognition programs;
- GFOA will provide a link on its website to budget documents and CAFRs that are available on government websites.

Approved by the GFOA's Executive Board, February 28, 2003.

⁴ This recommended practice is not designed to address the special needs of governments wishing to use their website to meet their disclosure requirements under Securities and Exchange Commission (SEC) Rule 15c2-12. Accordingly, governments with public debt outstanding are urged to consult GFOA's recommended practice on *Using a Web Site for Disclosure*. Issuers of public debt also should familiarize themselves with SEC's Interpretive Release on the "Use of Electronic Media" (see www.sec.gov/rules/interp/34-42728.htm), and GFOA's recommended practice on *Using a Web Site for Disclosure*.