

10 Steps TO DEVELOPING A PROGRAM INVENTORY



Governments can communicate their budgets more effectively, whether to elected officials or the community, when the budget is expressed in terms of what the government is actually doing rather than how many resources each department has to spend. This requires creating a different way of capturing costs and explaining how the cost of resources is transformed into value for the community—it requires creating a list of programs (a set of activities that produce a specific outcome or achieve a specific goal).

Organizations must embark on a program-based budget by identifying all the programs they undertake. This can be a daunting task and can scare off governments that are interested in adopting the approach, so to make the process less intimidating, GFOA developed the following guide for developing a program inventory.

1 Know your why. Bring internal stakeholders together to explain why a program inventory is beneficial and why the organization is putting one together.

2 Select the scope of your program inventory. Will it include programs for the entire organization, or will you start with one department or a group of departments? An incremental approach, starting with enthusiastic departments, can be useful if you are facing pushback from some internal stakeholders.

3 Watch out for too many or too few programs. Don't list every single thing employees do. For example, "re-shelving library books" is not a program; the program would be something like "library materials circulation." At the same time, don't be overly general, naming a department as a program. To avoid either scenario, clarify that a program is not a step that employees take to achieve the intended

outcome, nor is it simply a division or cost center.

4 Acknowledge that divisions and programs may sometimes overlap. A division is an organizational structure to group employees who provide similar programs, while a program describes what the division does to provide value to the public (or to an internal customer).


5 Clarify that not all programs are exclusive to a particular department. "Public outreach" or "customer service" are good examples of programs that are likely carried out by several different departments.

6 Find the "just right" level of program specificity. Meeting with internal stakeholders to start identifying programs. GFOA's Program Inventory Workbook (gfoa.org/materials/program-inventory-workbook) includes questions to get governments started on this process.

7 Compile information about each program. The GFOA workbook includes space for a brief description of the program; identification of the primary customer or recipient; the expected output, outcome, or service level; related planning and budgeting assumptions; and any legal mandates that impact the program.

8 Treat internal services as programs. Many local governments struggle with how to treat programs like contract management, procurement, recruitment, payroll processing, and IT maintenance. GFOA recommends treating these as separate programs, rather than simply rolling them into a generic "overhead" program.

9 Incorporate programs into your chart of accounts. This will allow you to track the actual costs of providing services. Purchases and payroll costs can then be tracked by program.

10 Make the program inventory relevant. Keep it current and use it when developing plans and budgets and communicating with internal and external stakeholders. Also consider how well programs align with organizational priorities and values. 



TAKE THE FIRST STEP: Scan here to download GFOA's Program Inventory Workbook.