

**Department of the Interior
Bureau of Ocean Energy Management Manual**

TRANSMITTAL SHEET

Version No. 001

February 14, 2012

SUBJECT: Administrative Series
Part 328: Budget Management Business Process
Chapter 1: Budget Formulation
Chapter 2: Budget Execution

EXPLANATION OF MATERIAL TRANSMITTED:

This release provides guidance on BOEM budget management business processes.



Deputy Director

FILING INSTRUCTIONS:

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Department of the Interior
Bureau of Ocean Energy Management Manual

Effective Date: 2/14/2012

Version No: 1

Series: Administrative

Part 328: Budget Management Business Process

Chapter 1: Budget Formulation

Originating Office: Office of Budget & Program Coordination

1. **Purpose.** This chapter establishes the Budget Formulation and Justification processes for the Bureau of Ocean Energy Management (BOEM). Budget Formulation and Justification includes all steps, actions, and documentation in the budget process which are required and which properly should be taken in advance of the enactment by Congress of an appropriation bill. BOEM Budget Formulation is typically a bottom-up process. That is, each organizational unit will formulate its own budget, which is then passed up through the organization and eventually rolled into BOEM's Fiscal Year Performance Budget Justifications.

2. **Scope.** This directive applies to all BOEM offices.

3. **Authority.**

A. Office of Management and Budget (OMB) Circular A-11, Preparation and Submission of Budget Estimates

http://www.whitehouse.gov/omb/circulars_all_current_year_all_toc

4. **Definitions.**

A. An Appropriation is an act of Congress, signed into law by the President, authorizing money to be paid from the Treasury for a specified use.

B. An Apportionment is a plan, approved by OMB, to spend resources provided by law.

C. A Budget Proposal/Estimate/Justification details the increases and/or decreases in funding needed and any new initiatives, as compared to the previous year's budget; discusses performance goals and the contribution the proposed budget will make toward the achievement of the goals; and contains responses to specific policy questions appropriate and unique to BOEM offices.

D. Capability Statements are responses to Congressional inquiries as to the Bureau's capability to perform a certain proposal.

E. Effect Statements are responses to Congressional inquiries as to the effect a certain proposal would have on the Bureau's operation.

F. Senior Leadership Team (SLT) consists of the BOEM management hierarchy including the Director, Deputy Director, and others as determined by the Director.

G. The Federal Business Management System (FBMS) is a functionality-driven computer system designed to incorporate the majority of the Department's financial management functions.

H. Passback refers to the formal feedback provided by a reviewing agency (the Department each summer, and OMB each fall) on that year's annual budget submission. Each passback process typically includes initial feedback from the reviewing agency, followed by a short (about one week) opportunity for the BOEM Director and Assistant Secretary Land and Minerals Management (ASLM) to review the budget decisions and appeal those decisions with which they strongly disagree, and finally a review and final decision on any appeals by the reviewing agency.

5. Responsibilities.

A. The SLT is responsible for:

- (1) Reviewing program initiative proposals (after initial Budget Office review) and selecting those to be included in the Bureau's Budget Proposal to the Department.
- (2) Reviewing the Departmental passback each summer, OMB passback each fall, and assisting the Director in deciding on any appeals.
- (3) Participating in Congressional budget testimony and hearings.

B. The Bureau Deputy Director is responsible for:

- (1) Reviewing and approving program area budget initiative proposals prior to submission to the Office of Budget & Program Coordination (OBPC).
- (2) Participating in Departmental, OMB, and Congressional meetings, briefings, hearings, etc., as needed

C. The OBPC is responsible for:

- (1) Issuing guidance and requesting Budget Proposal initiatives from each of the program offices approximately 20 months prior to the fiscal year.
- (2) Compiling and reviewing program office initiatives and revisions.
- (3) Submitting the Bureau's Budget Request to the BOEM SLT for approval.
- (4) Making any necessary adjustments and submitting the Budget Proposal to the Department's Office of Budget (POB).
- (5) Consulting with the staff of the ASLM to prepare for the Budget Proposal presentation to the Department.

- (6) Consolidating changes to the Budget Proposal based on the Department passback.
- (7) Working with all programs to coordinate and finalize the BOEM Budget Estimates for submission to OMB.
- (8) Coordinating with the Office of Policy, Regulation and Analysis (OPRA) to include performance measures and data in the Budget Justifications.
- (9) Working with all programs, coordinate, finalize, and submit the Fiscal Year Performance Budget Justifications (also known as the "Greenbook") to Congress for review and approval.
- (10) Answering questions for the Congressional hearing records in conjunction with the Department and OMB.
- (11) Developing Capability Statements and Effect Statements in response to member requests and committee or floor action.
- (12) Receiving the enacted Appropriations Act from Congress and the President, and a Letter of Apportionment from OMB.
- (13) Informing the program offices of their enacted appropriation amounts and entering the appropriation into FBMS.
- (14) Initiating the dissemination of information throughout the Bureau in the event the laws and regulations that apply to BOEM appropriations are changed.
- (15) Providing the third party service provider finance division (Finance Division) with copies of the Treasury warrants (reflecting the amounts of enacted appropriations, supplementals, reductions, rescissions, as the case may be).

D. The BOEM Program and Regional Offices are responsible for:

- (1) Formulating program area Budget Proposal initiatives.
- (2) Drafting their respective sections of the Budget Proposal, Estimates, and Justifications.
- (3) Resolving program specific Department and OMB passback questions.
- (4) Answering program specific Congressional questions regarding the Budget Justifications.

6. Standards, Requirements, and Procedures.

Budget formulation guidance is provided by OMB Circular A-11 (updated annually) and is supplemented by guidance from the Department's budget office and guidance from the BOEM OBPC. This annual guidance provides the framework for BOEM Budget Proposal, Budget Estimates, and Budget Justifications, and results in appropriations language and associated dollars each year.

On an annual basis, the OBPC requests budget initiatives from each of the seven program offices:

- (1) Office of Strategic Resources;
- (2) Office of Renewable Energy Programs;
- (3) Office of Environmental Programs;
- (4) Gulf of Mexico OCS Region;
- (5) Alaska OCS Region;
- (6) Pacific OCS Region; and
- (7) Executive Direction.

After reviewing the program offices' initiatives, the OBPC compiles and submits the initiatives to the BOEM SLT for review, with final approval by the BOEM Director.

After the Director's approval of the budget initiatives, they are submitted to ASLM for review and concurrence. Once concurrence is received, the OBPC works with the programs and with OPRA to complete all narratives and tables (per guidance) required for the Budget Proposal. The final draft of the Budget Proposal is reviewed and approved by the SLT members and the Director.

The proposal is then delivered to the Department, which reviews the Budget Proposal and provides the "Department passback" (see definitions). This process allows for questions and answers, recommendations, and appeals (if any from BOEM). Once the Department has reviewed and made final decisions on any appeals, the OBPC prepares the Budget Estimates for submission to the OMB.

OMB reviews the Budget Estimates and performs analyses, requests briefings on specific topics of interest, and submits questions regarding the Budget Estimates. Once OMB makes their decisions, they provide the "OMB passback" to the Department and BOEM. The passback is reviewed by the SLT and the Director, and any appeals are submitted to ASLM and the Department. If approved, the appeals are submitted to OMB. Once the final decisions on appeals are made, the OBPC prepares and submits the Fiscal Year Performance Budget Justifications (Greenbook) to Congress for review and approval.

While considering the BOEM Fiscal Year Performance Budget Justifications, Congress conducts meetings, briefings, and/or hearings. Congress then approves the Budget Justifications with any changes they have decided upon by including it within an appropriations bill, which is then signed into law by the President. The new budget takes effect October 1. If an appropriation is not passed by Congress and signed by the President by October 1, the Federal Government will operate on a continuing resolution (an extension of the previous budget) until such time as a new budget is in place.

Based on enacted appropriations, the U. S. Department of Treasury (Treasury) issues Treasury warrants or non-expenditure transfer documents to establish the respective Treasury fund balances. These are the supporting documents for the posting of budgetary Standard General Ledger entries.

The BOEM receives funding for its operations from two sources: The Offshore Energy Management appropriation (which includes one year funding, multi-year funding, and no-year offsetting rental receipts) and cost recoveries.

BOEM's budget authority can be definite (for a specific amount of funds) or indefinite (no amount specified), and permanent (does not require new legislation after first year of enactment) or annual (legislation is required each year that funds are appropriated).

The laws and regulations that apply to BOEM's appropriations are stated in the Appropriation Acts, which are referenced each year in the Budget Justifications. In the event that these laws and regulations are changed, notification is provided to the OBPC, who initiates the dissemination of information throughout the bureau.

Definite appropriations types are categorized as follows:

Annual: Appropriated one-year funds are available for obligation for one year and available for expenditure for an additional five years thereafter. After the maximum time has expired, unexpended funds are cancelled and returned to the Treasury. (Example Treasury Appropriation Symbol: 1491917; note - underlined number changes from year-to-year.)

Multi-year: Appropriated multi-year funds are available for obligation for more than one year and available for expenditure for an additional five years thereafter. After the maximum time has expired, unexpended funds are cancelled and returned to the Treasury. (Example Treasury Appropriation Symbol: 148/91917; note - underlined numbers change from year-to-year.)

No-year: Appropriated no-year funds remain available for obligation until expended; if any funds are unobligated by the end of a fiscal year, the funds are redistributed as carryover to the programs the following fiscal year. (Example Treasury Appropriation Symbol: 14X1917)