Department of the Interior

TRANSMITTAL SHEET

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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

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OPR: Office of Budget & Program Coordination
1. **Purpose.** This chapter establishes the budget execution processes for the Bureau of Ocean Energy Management (BOEM). The budget execution process begins with the receipt of budget authority. Once this budget authority is received, BOEM may obligate, operate, and spend to carry out program activity during the fiscal year(s) (beginning October 1st) for which funds were appropriated. During the execution year, the BOEM Office of Budget & Program Coordination (OBPC) and each of its organizational units manage budget operations in a way that ensures that resource allocations are used within statutory limits and for their intended purposes. The execution of the BOEM budget is monitored extensively at both the micro level and the macro level. At the micro level, it is monitored by office and account code and document/contract. At the macro level, budget authority is monitored by the program offices and the OBPC focusing on allocations of funds at the sub-activity level to ensure that budget authority is not over obligated.

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

3. **Authority.**

A. Office of Management and Budget Circular A-11, Instructions on Budget Execution  
http://www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc

4. **Definitions.**

A. An **Appropriation** is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are appropriated by Treasury Account Fund Symbols. The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided into allotments, suballocations, and allocations.

B. **Allotments/Allocations** mean a delegation, authorized in law, by one agency of its authority to obligate budget authority and outlay funds to another agency. When an agency makes such a delegation, the U.S. Department of Treasury (Treasury) establishes a subsidiary account called a “transfer appropriation account.” and the receiving agency may obligate up to the amount included in the account.
C. A Continuing Resolution (also known as “CR”) is joint resolutions that provide continuing appropriations for a fiscal year. CRs are enacted when Congress has not yet passed new appropriations bills and a program’s appropriations are about to or have expired, or when the President has vetoed congressionally passed appropriation bills.

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

E. An Obligation is a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be made available before obligations can be incurred legally.

F. A Reprogramming is a shift of funds from one purpose to another within the same appropriations account. Reprogramming entails formal notification and the opportunity for congressional committees to disapprove the shift.

G. A Rescission means a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Congressional Budget and Impoundment Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of Congress (excluding an adjournment of more than three days on which either House is not in session) pending congressional action on the proposal. The term is often used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can be either temporary or permanent.

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

I. Treasury Account Fund Symbols (TAFS) are separate Treasury accounts for each appropriation title based on the availability of resources in the account. The TAFS is a combination of a Federal account symbol and availability code (e.g., annual, multi-year, or no-year).

5. Responsibilities.

A. The SLT is responsible for reviewing BOEM budget execution results at quarterly status of funds meetings to determine whether the Bureau is operating as planned and if it is necessary to reprogram funds.

B. The Bureau Program Managers and Regional Directors are responsible for:

(1) Reviewing program budget execution results with program budget staff to determine whether the program is operating as planned and if it is necessary to reprogram funds.

(2) Reviewing BOEM budget execution results at quarterly status of funds meetings to determine whether the Bureau is operating as planned and if it is necessary to reprogram funds.
C. The OBPC is responsible for:

1. Receiving the Appropriations Act from Congress and the President, a Letter of Apportionment and Reapportionment from OMB, and a Treasury Warrant from the U.S. Department of the Treasury to establish the Fund Balance with Treasury.

2. Allotting/allocating funds apportioned by OMB in FBMS to sub-activities within BOEM program offices.

3. Adjusting fund allotment/allocations in FBMS for Congressional rescissions/across the board reductions.

4. Evaluating program financial spending plans entered in FBMS by programs to ensure all plans have been updated.

5. Preparing monthly status of funds reports to monitor budget activity to ensure adherence to program spending plans and compliance with anti-deficiency provisions.

6. Coordinating quarterly status of funds meetings with the SLT and program offices to evaluate current budget activity.

7. Conducting regular meetings with program budget offices and the third party service provider finance division (Finance Division) for year-end closeout monitoring.

8. Coordinating reprogramming of funds, when necessary, with program offices with approval from the SLT, the Department, and the Congress, as described below.

   a. Preparing the annual State and Congressional District Report.

   b. Preparing justifications for reprogramming of funds.

D. The BOEM Program Offices are responsible for:

1. Preparing financial spending plans.

2. Monitoring budget activity to ensure adherence to program spending plans and compliance with anti-deficiency provisions.

3. Participating when appropriate in quarterly status of funds meetings with the SLT and the OBPC to evaluate current budget activity.

4. Participating in regular meetings with the OBPC for year-end closeout monitoring.

6. Standards, Requirements, and Procedures

The OBPC works closely with the program offices and briefs the SLT quarterly on the status of funds available for obligation for the remainder of the fiscal year.
Apportionments. BOEM’s budget authority is authorized by both Congress and the President; apportionments may be approved by OMB before BOEM obligates the appropriations granted. Budgetary resources appropriated for BOEM by the Congress are subject to “apportionment” to the Department by OMB. The following considerations and requirements are part of BOEM’s administrative control of funds:

(1) Apportionments are legally binding documents that specify amounts and purposes for which appropriated resources shall be used;

(2) Obligating funds in excess of amounts provided by an apportionment, allotment or suballotment is a violation of the Antideficiency Act;

(3) OMB apports budgetary resources to the Assistant Chief Financial Officer (ACFO) for Budget, the official designated by the Secretary and the CFO to administer BOEM’s apportionment/allotment processes;

(4) The Department has 10 calendar days from the date of enactment of an appropriation to submit an apportionment request to OMB;

(5) OMB has 30 calendar days from enactment to approve or disapprove the apportionment request; and

(6) Before BOEM officials are authorized to use budgetary resources apportioned to the Department, the resources must be allotted to them.

By law, for TAFS with budgetary resources not determined by current action of the Congress and available for new obligations, an initial apportionment must be submitted to OMB by August 21, as required by 31 U.S.C. 1513(b), for the upcoming fiscal year. The apportionment includes permanent appropriations and estimates of unobligated balances, recoveries, and offsetting collections.

For TAFS with budgetary resources determined by current action of the Congress, an initial apportionment is due to OMB by August 21st, or within 10 calendar days after the enactment of the appropriation or substantive acts providing new budget authority, whichever is later.

Under a Continuing Resolution (CR), OMB automatically apports the budget authority made available under the CR. Agencies may request a written apportionment for a different amount under certain conditions.

Agencies can obligate budgetary resources only after apportioned by OMB. Between the time an agency submits an apportionment request and OMB approves the request, agencies should obligate conservatively under the automatic apportionment provided by OMB Circular A-11.

Subsequently agencies may submit reapportionments throughout the year to update the estimates for actuals and for enacted budget authority. OMB Circular A-11 provides details on what triggers submitting a reapportionment.
An apportionment is a plan, approved by OMB based on discussions with the agency, to obligate resources by category. Resources that are apportioned only by quarter are Category A apportionments. Resources that are apportioned by purpose (e.g., by program or specific project) or by a time period other than quarterly or a combination of purpose and time are Category B apportionments. Category C apportionments are used to reflect resources planned to be obligated in future fiscal years and apply only to multi- and no-year TAFS. The Resource Management Office at OMB has a great deal of discretion in apportioning funds. Technical requirements for apportionments are well documented in A-11. The amounts apportioned in the budgetary resources are legally binding. Limitations contained in footnotes associated with the application of budgetary resources are also legally binding. Bureaus should work with the Department and OMB to clarify the format for submission to OMB.

Alloctions. The funds apportioned by OMB are then allotted/allocated in FBMS by the OBPC to sub-activities within BOEM's program offices. The funding allotment/ allocation details the object class level for each major cost center and funding source. Allotted/allocated funds consist of the current appropriations granted, as well as any unobligated balances still available from prior unexpired appropriations.

The OBPC enters financial spending plans into FBMS, which are then approved by the Chief, OBPC. FBMS will not allow financial plans to exceed the allocation/allotment. The OBPC monitors and evaluates the financial plans to ensure all plans have been updated. Both the OBPC and the program budget offices monitor budget activity to ensure adherence to the program-spending plan. Variances and their causes are determined and the program budget offices take appropriate action.

Obligations. Once funds are made available, obligation authority is granted and BOEM begins executing its budget. Obligations can only be made when an appropriation has been apportioned, allotted/allocated to a program office. Obligations are recorded in FBMS when an order is placed, a contract is awarded, or a similar transaction to purchase goods or services and will require payment. FBMS will not allow obligations to exceed the allocation/allotment.

Monitoring Budget Activity. OBPC staff and budget analysts at the program level have access to the FBMS budget module and can monitor, at any given time, the amounts obligated against an appropriation and expended authority. Budget analysts monitor the liquidation of appropriations to ensure that appropriated funds will be available for obligation and expenditure throughout the entire fiscal year. For instance, if allotted funds are expected to be obligated uniformly throughout the year, one-half of an appropriation should be obligated after the second quarter. On a monthly basis, the OBPC prepares the Status of Funds Report to monitor the liquidation of appropriations and to ensure that BOEM maintains compliance with the Anti-Deficiency Act and documents completion of this review on the Status of Funds Report. The report is also circulated to program offices and the SLT with a cover memo detailing any variances. The Status of Funds Report lists annual appropriation amounts and the year-to-date obligations against the appropriated funds by program and activity. During the fourth quarter, the Status of Funds Report is generated and reviewed more frequently, and as the end of the fiscal year nears, this report is generated at least daily, if not hourly.

The OBPC and program/regional budget offices perform more intensive internal obligations reviews on a quarterly basis to assist in controlling expenditures and to ensure sufficient
availability of funding throughout the remainder of the fiscal year. In addition, a quarterly Status of Funds Meeting is scheduled with the SLT to evaluate the budget activities. These are internal program review of obligations and projected obligations to ensure spending is on track. Communication is consistently maintained between the OBPC and the program budget offices. The OBPC provides the program offices assistance with monitoring budget activity, and researching and developing solutions for deviations from program-spending plan.

Rescissions. Congress can approve a rescission bill to rescind in whole or in part, BOEM's budget authority. The legislation will direct how the rescission is to be applied. After conferring with the Department on the legislation, the OBPC works on allocating the rescission. The OBPC works with the program/regional budget office(s) to adjust the fund allocation within the FBMS budget module. This allocation will appear as a negative warrant.

Reprogramming. At times, program-spending plans need to be amended, and funds need to be reallocated (known as reprogrammed) from one sub-activity to another within an appropriation. Reprogrammed funds are approved internally or by Congress, depending on the amount. BOEM approves reprogrammed funds up to the lesser of $1 million annually or 10 percent of the appropriation; Congress must approve amounts greater than $1 million annually or 10 percent of the appropriation. Any necessary reprogramming is approved by Congress. If needed, a formal request approved by the SLT is submitted through the Department and OMB. Congress will respond with a formal approval or disapproval. For amounts greater than $1 million annually or 10 percent of the appropriation, the budget analyst prepares and submits the Quarterly Reprogrammed Appropriation Funds Report, which outlines the proposed reprogramming of funds and justifications, to Congress for approval before funds are transferred. If the reprogramming is internally approved, Congress is informed, and proposed and final changes are made to the appropriation. Upon the Chief, OBPC's approval, a quarterly Standard Departmental Report is provided to the Congress through the Department identifying resources transferred within BOEM's available budget authority.