

**Minerals Management Service
Minerals Management Service Manual**

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Chapter: 2 - Budget Execution

Originating Office: Office of Administration and Budget

1. **Purpose.** This chapter establishes the budget execution processes for the Minerals Management Service (MMS). The budget execution process begins with the receipt of budget authority. Once this budget authority is received, MMS 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 MMS Headquarters' Budget Division 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 MMS 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 Budget Division 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 Minerals Management Service offices.

3. **Authority.**

A. OMB Circular A-11, Preparation, Submission and Execution of the Budget.

4. **Responsibilities.**

A. The MMS Executive Committee (EC) is responsible for:

1. Reviewing MMS budget execution results at periodic status of funds meetings to determine whether the Bureau is operating as planned and if it is necessary to reprogram funds.

B. The Bureau Associate 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 MMS budget execution results at periodic status of funds meetings to determine whether the Bureau is operating as planned and if it is necessary to reprogram funds.

C. The Budget Division 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 MMS's 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 periodic 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 EC and program offices to evaluate current budget activity.
7. Conducting regular meetings with program budget offices and the Finance Division for year-end closeout monitoring.
8. Coordinating reprogramming of funds, when necessary, with program offices with approval from the EC, the Department, and the Congress, as described below.
9. Preparing the annual State and Congressional District Report.

D. The MMS Program Offices are responsible for:

1. Preparing and entering financial spending plans in FBMS.
2. Monitoring budget activity to ensure adherence to program spending plans and compliance with anti-deficiency provisions.
3. Participating in quarterly status of funds meetings with the EC and the Budget Division to evaluate current budget activity.
4. Participating in regular meetings with the Budget Division and the Finance Division for year-end closeout monitoring.
5. Preparing justifications for reprogramming of funds.

5. Standards, Requirements and Procedures.

The budget execution process begins with the receipt of budget authority. Once this budget authority is received, MMS 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 MMS Headquarters' Budget Division and each of the programs' organizational budget units manage budget operations in a way that ensures that resource allocations are used within statutory limits and for their intended purposes.

Guidance on the monitoring of the execution of MMS budget authority is provided by OMB Circular A-11 (updated annually).

The execution of the MMS 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 Budget Division focusing on allocations of funds at the sub-activity level to ensure that budget authority is not over obligated.

The Budget Division, working closely with the program offices, briefs the Executive Committee quarterly on the status of funds available for obligation for the remainder of the fiscal year.

Apportionments. MMS's budget authority is authorized by both Congress and the President; apportionments may be approved by OMB before MMS obligates the appropriations granted.

Allotments/Allocations. The funds apportioned by OMB are then allotted/allocated in FBMS by the Budget Division to sub-activities within MMS'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 program budget offices enter financial spending plans into FBMS, which are then reviewed and approved by the Budget Division. FBMS will not allow financial plans to exceed the allocation/allotment. The Budget Division monitors and evaluates the financial plans to ensure all plans have been updated. Both the Budget Division 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 MMS 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. Budget Division 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 periodic basis, the Budget Division prepares the Status of Funds Report to monitor the liquidation of appropriations and to ensure that MMS 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 EC 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 Budget Division and program 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 EC 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 Budget Division and the program budget offices. The Budget Division 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, MMS's budget authority. The legislation will direct how the rescission is to be applied. After conferring with the Department on the legislation, the Budget Division and the Finance Division work together on allocating the rescission. The Budget Division works with the program 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. MMS approves reprogrammed funds up to the lesser of \$1 Million annually or 10% of the appropriation; Congress must approve amounts greater than \$1 Million annually or 10% of the appropriation. Any necessary reprogramming is approved by Congress. If needed, a formal request approved by the EC 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% 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 Budget Division Chief's approval, a quarterly Standard Departmental Report is provided to the Congress through the Department identifying resources transferred within MMS's available budget authority.