

# Key Players in the Federal Budget Cycle

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## OVERVIEW

The federal budget is one of the most significant policy instruments of the federal government and is used to fulfill constitutional responsibilities, implement policy priorities and fund the operations of government to serve the public. The main players in the federal budget process include the Office of Management and Budget, the Government Accountability Office, the Congressional Budget Office and inspectors general.

## KEY PLAYERS: EXECUTIVE BRANCH

### Office of Management and Budget

- OMB is the largest component of the Executive Office of the President. It reports directly to the president and helps a wide range of executive departments and agencies across the federal government implement the president's commitments and priorities.
- Managing the budget process is the most traditional and visible role of OMB, but it also performs other important, if less well-known functions. OMB provides government-wide leadership on federal management issues including procurement, finance, information technology, and performance and personnel. In addition, OMB leads on information and regulatory affairs, statistical policy, data and evidence.
- Figure 1 provides a high-level overview of OMB's budget and management offices.

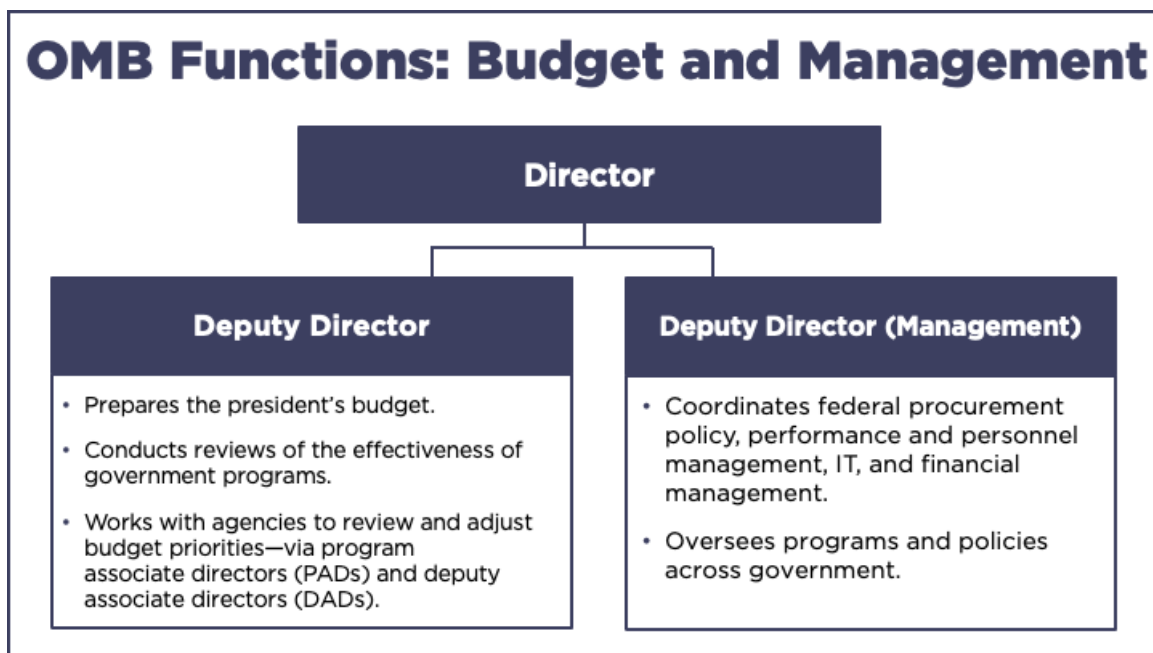


Figure 1

- OMB publishes the president's budget request to Congress, as well as a variety of other resources designed to assist agencies with all aspects of federal financial management.
  - **Circulars** provide information to agencies about federal management and budget policies and processes that will be in effect for at least two years.
  - **Memoranda** provide guidance and instructions on the implementation of OMB directives and presidential priorities including for the federal budget, finance, procurement and information technology.
    - The OMB director sends an annual memorandum with budget guidance to the heads of departments and agencies.
  - **Bulletins** provide technical guidance on implementing budget and other federal financial management policies and requirements.

## Federal Agencies

- The federal budget process impacts every part of your agency. While each agency's budget and finance processes and personnel will differ, their key functions will be the same. For example, each agency will have a budget team who will be your gateway to conversations with the White House and OMB, while the government, congressional or legislative affairs team will be the gateway to conversations with Congress (see figure 2).

- It is important that career colleagues are included in any discussions that you have with the White House, OMB or Congress.
- In addition, make sure to include staff from the various divisions in your agency in budget formulation discussions because the budget affects all parts of the agency. While involving these parties in discussions may feel overly complex, it is important to ensure the budget is fully vetted and handled properly.

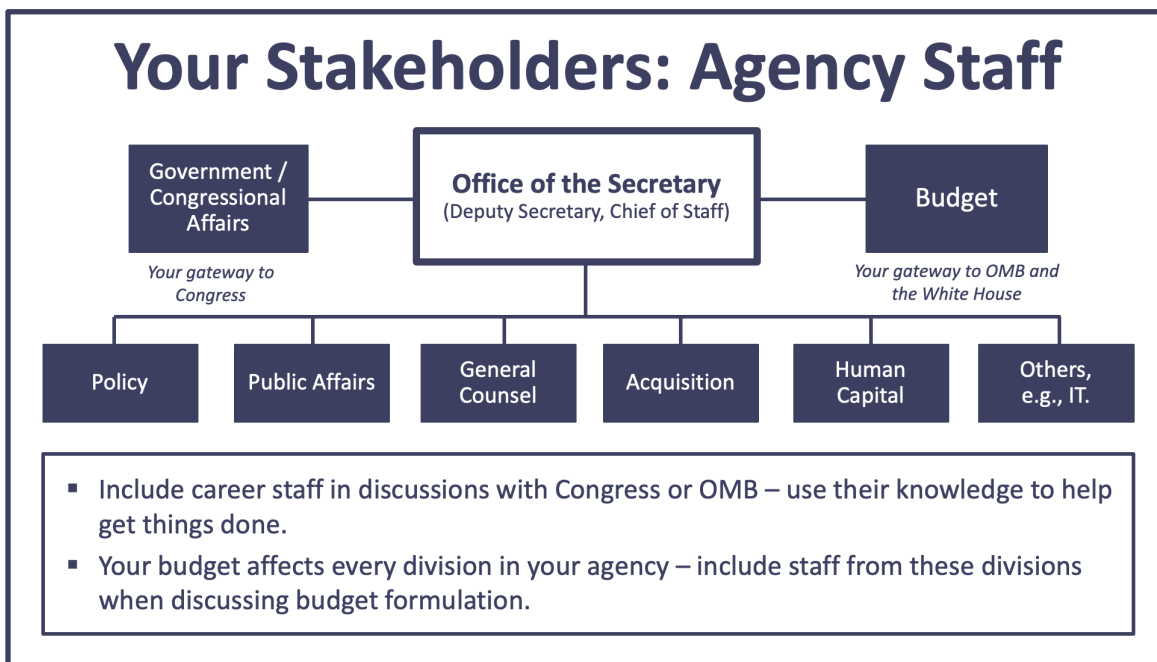


Figure 2

## KEY PLAYERS: LEGISLATIVE BRANCH

### Congress

There are three types of committees in both the House and the Senate. Collectively, they set budget amounts and determine how funds are to be spent. Figure 3 provides an overview of each committee and its significance to you as an appointee.

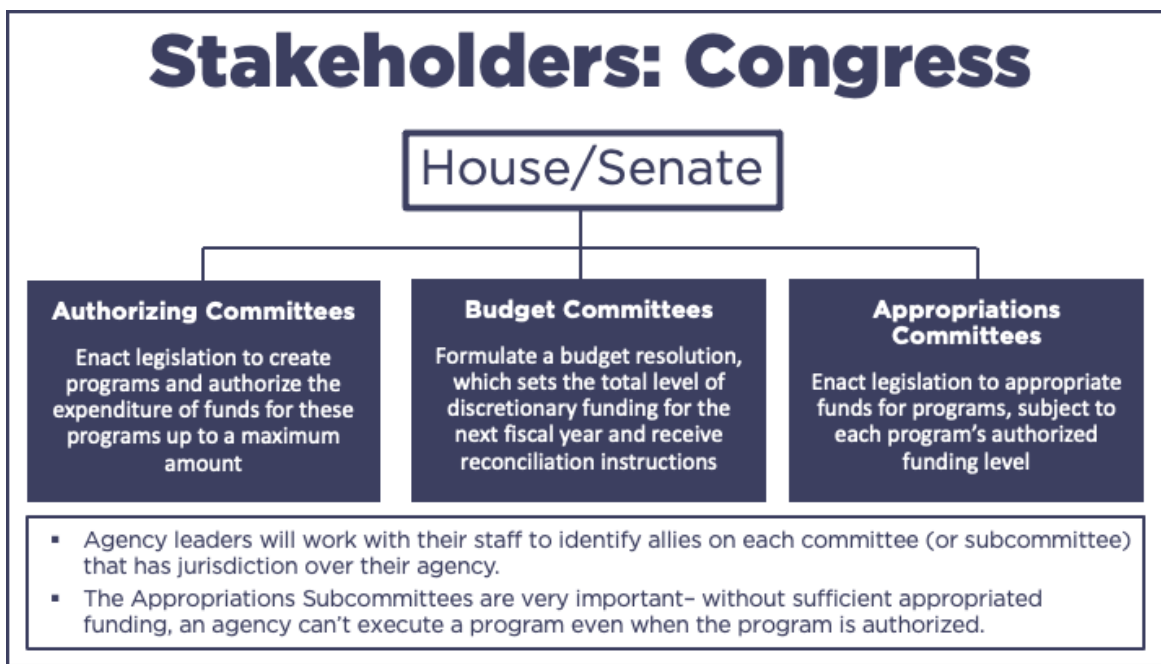


Figure 3

- The **authorizing committees** in both the House and Senate have jurisdiction to enact legislation that creates or modifies programs or agencies and can re-authorize their existence. These are the committees that make policy decisions.
- The **House and Senate budget committees** develop a blueprint for the federal budget. This is also referred to as a budget resolution, which sets the total level of discretionary spending for the next fiscal year for federal agencies. The budget resolution also looks at total federal spending over a 10-year period.
- The **House and Senate appropriations committees** provide agencies with the authority to spend money for programs—known as “appropriated funds”—subject to an authorized funding level set by the budget resolution. Appropriations bills are the laws passed to form the federal budget, and there are 12 total, all of them necessary for funding the government. Appropriations bills are often combined into what is referred to as an “omnibus spending bill,” or, “minibus” spending bills, which are smaller groupings of appropriations bills.

## Government Accountability Office

- GAO is an independent, nonpartisan agency that works for Congress and investigates how the federal government spends taxpayer dollars. The comptroller general of the United States leads GAO and is appointed to a 15-year term by the president, who chooses from a list of candidates proposed by Congress.
- GAO reports and other materials are available on GAO's website ([gao.gov](https://www.gao.gov)) and include:
  - "Principles of Federal Appropriations Law": Known as the "[Red Book](#)," it is a comprehensive guide to federal appropriations law.
  - "Government Auditing Standards": Known as the "[Yellow Book](#)," the standards it provides contain requirements for auditor reporting on internal controls.
  - "Standards for Internal Control in the Federal Government": Known as the "[Green Book](#)," it is a guide on internal control standards for agency managers that applies to program implementation and administration as well as financial operations. It is intended to help both program and financial managers.
  - "[Financial Audit Manual](#)": Known as the "FAM," it is a methodology to perform financial statement audits of federal entities in accordance with professional standards and is jointly maintained by GAO and the [Council of the Inspectors General on Integrity and Efficiency](#).
- GAO also produces annual summaries of all reported [Antideficiency Act violations](#).

## Congressional Budget Office

- CBO supports Congress by providing independent, nonpartisan and objective analyses of economic and budgetary issues.
  - The speaker of the U.S. House of Representatives and the president pro tempore of the Senate jointly appoint the CBO director, after each considers recommendations from its chamber's budget committee.
  - Directors are appointed to four-year terms and may be reappointed to the position.
- CBO reports and other reference materials are available on the agency's website ([cbo.gov](https://www.cbo.gov)) and include:
  - Economic forecasts and baseline budget projections, including a 10-year budget and economic outlook.
  - Cost estimates of proposed legislation.
  - Analyses of the president's budget.
  - Scorekeeping of annual appropriations.
  - Options for reducing budget deficits.

## Inspectors General

- The Inspector General Act of 1978, as amended, statutorily established federal offices of inspector general as independent and objective units to combat waste, fraud and abuse in the programs and operations of the agency they monitor. Most agencies have such a unit, and each is responsible for conducting audits and investigations related to the programs and operations of its agency.
- IGs also recommend policies for activities designed to promote economy, efficiency and effectiveness in their agency, and prevent and detect fraud and abuse in agency programs and operations.