Issues in Federal Government Budgeting and Control

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# Introduction

Budgeting happens all over organizations across the world; business and governments alike. Budgets are numerical estimates of what an organizations plans to spend within a period, and how such expenditures are financed within the same period. Control entails comparing the original budgets with the real outcomes, noting the discrepancies whether positive or negative and finding a way of correcting them. Government planning is a bit strict compared to business organization because for one it is a legal activity and has to happen within the prescribed legal framework. The general fund and special revenue fund have to be legally adopted before government can collect taxes and incur expenses. Penalties are due if government agencies fail to comply with the budget and in this case it is imperative that the accounting system facilitates accounting for the budget. Budgets help in planning; determining the services to be offered, the cost of the services and how such services would be paid. In addition budgeting helps the government in ensuring that resources are obtained and applied as per the plan. Budgets can also be used to keep track of how resources are flowing. Finally, budgets lay the basis of end-of-period budgeting reports and evaluations of how the government was able to implement the budget. For example budgets to actual comparisons reveal whether the revenue and spending mandates were carried out as planned. More importantly when tied to realization of some objectives such as encouragement of consumer spending a budget can a good tool of measuring whether such objectives were realized. This paper explores issues in government budgeting and control.

# Makers of the budget

This section highlights the people and agencies involved in the budgeting process. Normally budgets are initiated by federal executive agencies and considered by the House of Representatives budget committee which is responsible for allocation of resources. Not all financial resources can be met and therefore budgeting involves prioritization of government needs depending on urgency.

# Major types of budgets

This section will focus on major types of government budgets. For example it will look at appropriation budgets, capital budgets and flexible budgets. Such other types of budgets that will be looked at are balanced; deficit and surplus budgets and their implications go the government and the economy.

# Components of government budget

This section will explore the major components of government budget; expenditure and revenue collection. Under revenue the paper will explore the revenue and debt financing of budgets and current issues surrounding debt financing. For example what are debt implications of debt financing on the economy?

# Functions of government budget

Unlike in business organizations government budgets are meant to achieve various objectives apart from ensuring proper resource utilization services delivery. This section will therefore explore the various functions that a government budget performs. For example a government budget can be used to redistribute a wealth among the poor sections of populations and achieve equity.

# Budgeting cycle

Government budgeting is a process involving participation of various people and entities. This section of the paper will explore the various steps in the budgeting cycle and what happens in each step. Such steps include preparation, legislative adoption and executive approval, execution and reporting and auditing.

# The basis of government accounting

Even though GASB recommends modified accrual basis of accounting, most governments use cash basis of accounting. Is government accounting sustainable? This section will explore the cash basis of accounting, the advantages and disadvantages

# Ethical issues in government budgeting

Administrators of government budgets are expected to advance public interests and laws so as to promote public good. Sometimes issues of conflict of interest arise in addition to the fact that government budgets themselves have structural problems that hinder fiscal responsibility. First they are politically motivated documents and as such the budget process is not pure accounting but also a lobbying and power play process. Some of these budgets may be short-term while the issues they are meant to address are long term. This section therefore explores the ethical issues surrounding budgeting.

# Budgeting challenges

Cresting federal budgets is not easy given the scarce resources and the many needs that need to be fulfilled at once. In this case federal budget makers face some challenges. This section will explore federal budgeting challenges such as the lapse of budgeting period when laws for the next accounting period have not been enacted. This increases uncertainty in the budgeting process. Increase of mandatory spending crowds out discretionary spending and therefore government agencies should exercise due diligence in such budgets. Technocratic nature of government agencies makes government budgeting process hard, taking longer times than expected. This hinders the service delivery.

# How to improve the federal government budgeting process

This section will address and recommend strategies to improve federal government budgeting process. Reforms are required in law and implementation to improve the government budgeting process. For example, there is need to draw long-term budgets that can be enforced and also inclusion of emergency spending outlays.

# Role of budgeting control

This section explores the role of control in the budgeting process.

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