



OFFICE OF MANAGEMENT & BUDGET

STATE BUDGET OFFICE

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MEMORANDUM

To: Department Directors and Agency Heads
From: Joseph M. Codega Jr.
Budget Officer 
Date: October 5, 2021
Subject: **First Quarter Financial Statement Requirement**

Section 35-1-5 of the Rhode Island General Laws in Chapter 35-1 requires that the Budget Office prepare and release to the public within 45 days of the close of each quarter a consolidated quarterly report incorporating the cumulative current and year-end status of revenues and expenditures. The statute requires that each quarter's report include both current actual departmental expenditures and encumbrances compared to appropriations, and the anticipated year-end balance, assuming current trends continue, and that typical cyclical expenditure patterns prevail over the course of the year. To assist in fulfilling this statutory requirement and in accordance with RIGL 35-3-17.1 (shown below), each agency and department is required to submit financial statements to the Budget Office and House and Senate Fiscal Offices within 30 days of the end of each quarter. These statements are used by policymakers and Budget Office staff as an early indicator of the adjustments that may be needed in the FY 2022 budget. Therefore, it is critical that the report be based on sound and prudent assumptions.

Agency financial statements should include data and supporting notes sufficient to demonstrate each department's fiscal condition and should also include a concise executive summary. Review of current year operations is integral to day-to-day fiscal management, and to the development of the upcoming fiscal year's financial plan. Most of the effort required for this task has already been dedicated during the development of your FY 2022 revised budget request. Each agency and department head should provide an explanation of projected deviations from the legislatively enacted programs (line items) reflected in the budget database.

BFM Quarterly Report Tool

Budget Office recently developed a new Quarterly Report tool within BFM to assist agencies in the development of their quarterly financial statements. This report provides year-to-date expenditure data. Because the October 1 payroll was for the pay period ending September 25 (pay period 7), we have included payroll expenditure data through October 1 in the new Quarterly Report form (all other expenditure data is through September 30). This tool will enable agencies to export data to Excel, enter projections through year-end, re-import the data to BFM and run several summary reports that can be used as part of your report submission. Accompanying this memo are updated instructions on how to access this feature in BFM. One additional benefit of using BFM for development of your quarterly report is that it can be accessed via the internet without the need for VPN in case you are working remotely. The updated form and BFM report should be live and available for use by COB Wednesday, October 6. If you have any questions about using this feature, please contact Lisa Henriques (lisa.henriques@budget.ri.gov).

The FY 2022 quarterly financial statement submission should include:

1. Analysis of the status of funding by program including the projected annual expenditure vs. the FY 2022 enacted appropriation under current trends, and the plan for a resolution of shortfalls, if any are projected. Any anticipated transfers between programs should be discussed. Agencies should clearly identify assumptions in the analysis relating to adjustments from or to federal and restricted accounts, or other cost allocation adjustments which have not yet been processed. ***The statement should specifically address any budget reduction plans and other initiatives enacted by the General Assembly and their current status. If projected savings are NOT being achieved by your agency, you should identify plans to offset any unachieved savings.***
2. Analysis of trends of under or over-expended programs, noting the reasons and the projected ending balances.
 - (a) With respect to personnel costs, agencies should use the payroll benefit rates and co-shares currently being charged (as shown on the Planning Values distributed with the FY 2022 Budget Instructions). Please note that health benefit rates for medical, dental, and vision coverage for all state employee plan levels will change on January 1, 2022.
 - (b) You should estimate personnel costs based upon positions filled as of September 25, 2021 (pay period 7, paid on October 1, 2021). Please be sure to identify your assumptions relating to filling of currently vacant positions through year-end.
 - (c) With respect to Internal Service Funds, agencies should reflect the enacted funding level for HR, DOIT and DCAMM charges (for natural accounts in the 647xxx series).
3. Analysis of federal funds receipts and Rhode Island Capital Plan funds, noting any projected requirements for increases in cap authorizations. All ceiling increases known at this time should be included in your statement. Federal Funds must include any COVID-19 ***direct grants*** under: (1) The Coronavirus Preparedness and Response Supplemental Appropriations Act; (2) The Families First Coronavirus Response Act; (3) The Coronavirus Aid, Relief, and Economic Security (CARES) Act; (4) The Paycheck Protection Program and Health Care Enhancement Act; (5) The Consolidated Appropriations Act, 2021; (6) The American Rescue Plan Act of 2021 and (7) Any forecasted reimbursements from the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. *Please note, agency financial statements should not include any assumed and/or requested expenditures from the State Fiscal Recovery Fund or the Coronavirus Capital Projects Fund established by the American Rescue Plan Act of 2021.*
4. In accordance with the DOA Overtime Policy (see link below), agencies are also asked to provide a separate report on overtime. This report shall include information on the amount of overtime paid in the previous quarter by type. This report shall include a comparison of paid overtime with budgeted amounts and justifications for any significant deviations.

In accordance with the DOA Enterprise OMB Quarterly Report and Corrective Action Plan Policy (see link below), if the Budget Office is projecting a general revenue deficit for an agency in the quarterly report issued on November 15, 2021, a corrective action plan must be filed within 30 days of the quarterly report's publication. A draft plan that lists the activities the agency can and/or will pursue to eliminate the projected deficit needs to be submitted to the Budget Office for review and approval prior to submitting to the House and Senate.

In accordance with the DOA Enterprise OMB Budgetary Control Policy (see link below), agencies projecting a deficit will be held to more stringent controls in RIFANS and the PAR system. Only expenditures related to

immediate health and safety will be approved.

This information must then be submitted with full documentation to the Budget Office, House and Senate Fiscal Offices by Friday, October 29, 2021 to allow for preparation, briefing the Governor, and timely public submission of the Budget Office's quarterly report.

Your continued cooperation is appreciated.

§ 35-3-17.1 Financial statements required from state departments, agencies, and instrumentalities. –

The several state departments, agencies, and public authorities and corporations shall submit to the fiscal advisors of the house and senate, statements of financial conditions and operations within thirty (30) days of the close of each of the first three (3) fiscal quarters of each year. The statements shall include, at a minimum:

- (1) Account numbers;
- (2) Allotments;
- (3) Expenditures to-date;
- (4) Estimated expenditures to complete the fiscal year; and
- (5) Surplus or deficiency projections.

Referenced DOA Enterprise Policies

[OMB Overtime Policy 6-5-19](#)

[OMB Quarterly Reports Policy 8-23-19](#)

[OMB Budgetary Controls Policy 8-23-19](#)

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cc: Departmental Chief Financial Officers
State Budget Office Staff