



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300
Fax: (401) 222-6410

MEMORANDUM

To: Department Directors and Agency Heads
From: Joseph M. Codega Jr., Budget Officer *Joseph M. Codega Jr.*
Date: January 8, 2024
Subject: **Second Quarter Reporting Requirements**

Please be advised of recent changes to quarterly reporting requirements effective immediately. The Office of Management and Budget (OMB) requires agency directors to complete fiscal, audit, and performance reports for the first quarter by **January 30, 2024**.

Agency quarterly reporting is now comprised of three components:

- I. **Quarterly Financial Statement:** This reporting requirement remains unchanged and consistent with the quarterly fiscal reporting that all state agencies have traditionally sent to OMB, House Fiscal Office, and Senate Fiscal Office.
- II. ***New* Quarterly Audit Corrective Action Plan Updates:** Introduced in law in the 2023 legislative session, agencies must detail the status of corrective actions in response to the most recent annual findings by the Auditor General to be reported to OMB, House Fiscal Office, and Senate Fiscal Office.
- III. ***New* Quarterly Performance Measure Data Submission:** In furtherance of OMB's statutory mission to monitor state agency performance, executive branch agencies must submit quarterly performance measure data to OMB.

Instructions regarding audit corrective actions plans and performance measures were introduced in FY 2024 Q1 and have not been changed. Relevant sections remain labeled as ***New*** throughout this document for your quick reference.

Our coordinated effort in quarterly reporting underscores the interdependence of budgetary performance, management's response to audit insights, and the assessment of program outcomes against strategic objectives. Combining these three requirements into one unified reporting process should help agencies provide a comprehensive view of their agency performance in budget, programming and financial operations.

I. Quarterly Financial Statement

Statutory Purpose and Justification: Rhode Island General Laws (RIGL) § 35-3-17.1 and OMB policy requires that agencies submit Quarterly Financial Statements to the Budget Office and House and Senate Fiscal Offices within 30 days of the end of each quarter.¹ Agency Financial Statements include expenditures and encumbrances to date as well as estimated expenditures to complete the fiscal year, identifying any projected surplus or deficit relative to appropriations. Agencies should make prudent assumptions regarding the continuation of current trends, cyclical expenditure patterns, and anticipated implementation of enacted budget initiatives.

The Budget Office reviews and verifies Agency Financial Statements and releases a unified Quarterly Report as mandated by RIGL § 35-1-5 within 45 days of the end of each quarter.

Quarterly reporting is critical to the budget development process as it indicates adjustments which may be needed in the revised budget. Furthermore, this reporting is critical to ongoing fiscal management as deficiencies may trigger enhanced fiscal oversight and budgetary control pursuant with OMB policy.²

BFM Quarterly Reporting Tool: The Budget Office has developed a Quarterly Reporting Tool within BFM to assist agencies in the development of their quarterly Agency Financial Statements, which many agencies have chosen to use in the past. 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.

The Budget Office encourages agencies to utilize the Quarterly Reporting Tool in BFM as part of their submission. The updated form and BFM report should be live and available for use by COB on Monday, January 8, 2024. If you have any questions about using this feature, please contact Lisa Henriques (lisa.henriques@budget.ri.gov).

Required Components of the Agency Financial Statement: Agencies submitting via BFM may submit a brief executive summary memo as a PDF with program-level analysis contained within BFM reports. Agencies not utilizing BFM to compile their submission should structure their quarterly financial statements as a single, longer memo, compiled as a PDF, which begins with a high-level summary and is followed by more detailed analysis by fund source, by category, and by program as described below.

Executive Summary

This component may take the form of a brief memo (1-2 pages) from the Agency Director or CFO addressed to the State Budget Officer, House Fiscal Advisor, and Senate Fiscal Advisor. The purpose of this memo is to describe the projected general revenue surplus/deficit relative to appropriations and any notable trends and variances reported in the agency financial statements at a high level. You may discuss other non-general revenue fund sources if significant for your agency.

¹ [OMB Quarterly Reports Policy 8-23-19](#)

² [OMB Budgetary Controls Policy 8-23-19](#)

Either in the executive summary or in later sections throughout the financial statements, the agency should consider including notes to explain any departures from the enacted budget plan, turnover/vacancy trends, cost drivers, savings strategies, implementation status of enacted budget initiatives, program performance, unexpected developments with respect to agency operations, variance from normal trends, risks/opportunities, and any other information deemed relevant to the fiscal management of the agency.

For agencies submitting via BFM, the executive summary memo should be uploaded as PDF file attachment to the Agency Quarterly Estimate Form. For agencies not utilizing BFM, the memo can simply begin with high level summary and naturally continue into more detailed analysis described below. The agency should consider including explanatory tables and charts throughout.

Detailed Budget-to-Actual Analysis³

Agencies utilizing the BFM tool will see that reports are automatically generated showing agency-wide summaries by category and by program. Additionally, each program is summarized with a report by source and category. Agencies may add explanations for minor variances using the “justification” field at the line sequence/natural account level and add explanations for significant variances and agency response utilizing the “Summary Narrative” and “Proposed Actions” fields in the Agency and Program Quarterly Estimate forms.

Agencies not utilizing BFM should generate comparable budget-to-actual reporting using their own methods and describe contributing factors to any reported variances of projected expenditures relative to appropriations. Agencies not utilizing BFM should generate similarly detailed summary tables to include throughout their submission organized by program.

Regardless of submission format, agency submissions must analyze budget-to-actual expenditures under current trends and include plan for resolving any shortfalls. Anticipated transfers between programs should be discussed. Agencies should clearly identify assumptions in the analysis relating to adjustments to or from federal and restricted accounts or other cost allocation adjustments not yet processed. The statement should specifically address budget reduction plans and/or expansionary initiatives implemented by the General Assembly. If projected savings are NOT being achieved by your agency, you should identify plans to offset any unachieved savings.

Required Overtime Reporting

In accordance with the DOA Overtime Policy, agencies are also asked to provide a separate report on overtime to the Office of Management and Budget.⁴ 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.

For agencies submitting via BFM, this may be attached as a PDF to the Agency Quarterly Estimate Form. For other agencies, this may be submitted as a supplement to the quarterly financial statement in the submission to the Budget Office.

³ Please consult “Appendix: Key Assumptions to Guide Your Analysis” for additional technical guidance.

⁴ [OMB Overtime Policy 6-5-19](#)

Submission Instructions: By statute, Agency Quarterly Financial statements are to be submitted to the Budget Office, House Fiscal Advisor, and Senate Fiscal Advisor **by January 30, 2024**. Please note that the submission is directed to the House and Senate Fiscal Advisors (*not* legislative leadership, committee chair, committee members, or fiscal analyst staff).

Budget Office	House	Senate
<p>If using BFM, please use the stage advance feature to submit. Please ensure that PDFs of your executive summary memo and required overtime reporting are uploaded as attachments to your BFM submission. You may also choose to export BFM reports as a PDF and submit via email using the following instructions.</p> <p>If not using BFM, please compile required submission documents (including required overtime reporting and progress on audit finding corrective action plans) as a PDF and email as an attachment to Joseph Codega Jr., State Budget Officer at Joseph.Codega@omb.ri.gov and copy kimberly.a.henshaw@omb.ri.gov and your assigned budget analyst.</p> <p>All agencies must submit electronically via BFM or email, but agencies choosing to submit a duplicate copy in paper may direct it to Budget Office; One Capitol Hill, Fourth Floor; Providence, RI 02903.</p>	<p>The House Fiscal Advisor requests paper submission addressed to Sharon Reynolds Ferland, House Fiscal Advisor at House Fiscal Office; Room 305, State House; Providence, RI 02903.</p> <p>All agencies must submit a paper copy, including progress on audit finding corrective action plans, but agencies choosing to send a duplicate copy via email may direct it to SReynolds@rilegislature.gov</p>	<p>The Senate Fiscal Advisor requests submissions as a PDF via email to be addressed to Stephen Whitney, Senate Fiscal Advisor at SWhitney@rilegislature.gov.</p> <p>All agencies must submit electronically via email, including progress on audit finding corrective action plans, but agencies choosing to send a duplicate copy in paper may direct it to Senate Fiscal Office; Room 117, State House; Providence, RI 02903.</p>

II. **New** Quarterly Audit Corrective Action Plan Updates

Statutory Purpose and Justification: The FY 2024 Appropriations Act amended RIGL § 35-3-17.1 to require that agencies submit "[p]rogress on any corrective action plans per the most recent annual findings of the Auditor General" within their quarterly reports. This new reporting requirement is applicable to any agency with audit findings noted in the most recent State Financial Findings or Single Audit Report.

SharePoint Reporting Portal Available: For ease of tracking, OMB has developed a SharePoint Reporting Portal containing files that are pre-populated with all outstanding audit findings currently tracked by the Controller’s Office. Since this portal does not require BFM credentials, agencies have the ability to assign access to whomever they designate as being responsible for this reporting requirement. Written and video instructions on using the reporting tool are posted to the SharePoint portal. Guidance on gaining access to the portal is included as a separate PDF file attached to the quarterly financial statement instruction email and will be posted to the OMB website. **Please provide an update on corrective actions taken for those findings classified as “In Process” or “Not Started” in the first quarter response. Utilize the FY 2024 Q2 Required Updates fields. Resolved findings require no further action.**

Submission Instructions: RIGL requires submission to House and Senate Fiscal Offices in addition to submission to OMB. The SharePoint template is formatted to be easily printable, so agencies should print and/or export the file as a PDF at their convenience and append the

document to their Quarterly Financial Statement submission as directed above, to be submitted **by January 30, 2024**.

III. ***New*** Quarterly Performance Measure Data Submission

Statutory Purpose and Justification: As part of its statutory mission to coordinate the budget functions of the state with performance management objectives per RIGL §35-1.1-2(5) and measure interim progress with respect to program performance measurement per RIGL §35-3-24.1, OMB requires all executive branch agencies to provide a quarterly performance measure update and welcomes submissions from all other agencies.

SharePoint Reporting Portal Available: Agencies are now required to submit quarterly performance measure data to OMB via the new SharePoint Reporting Portal. Guidance on gaining access to the portal is included as a separate PDF file attached to the quarterly financial statement instruction email and is posted to the OMB website.

Submission Instructions: OMB requires that agencies submit their Quarterly Performance Measure Data Submission to OMB only via the SharePoint Reporting Portal **by January 30, 2024**. There is no requirement that this report be submitted to House and Senate Fiscal Offices. **However, agencies should consider that their submission is a public document.**

cc: Departmental Chief Financial Officers
State Budget Office Staff

Appendix

Key Assumptions to Guide your Quarterly Financial Statement Analysis

Benefit Rates: 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 2024 Budget Instructions). However, please note that health benefit working rates for medical, dental, and vision coverage for all state employee plan levels changed on January 1, 2024, as is customary at the beginning of each new plan year (see accompanying PDF document entitled “FY 2024 Revised Health Benefit Working Rates”). *Due to recent methodological adjustments made to the rate development process, the CY 2024 rates are materially higher than those forecasted in the original FY 2024 revised planning values.* The Budget Office will accommodate these changes in the FY 2024 Governor’s Recommended Revised Budget, but effort should be made to incorporate these increases into your second quarter financial statement’s personnel projections.

Actual Costs: BFM will be loaded with actual personnel costs based through December 30, 2023 (pay period 14, paid on January 5, 2024) and actual expenditures through December 31, 2023. Please be sure to identify your assumptions relating to the refilling of currently and soon-to-be vacant positions through fiscal year-end.

Turnover Assumptions: Many agencies experienced significant turnover savings as shown in the preliminary FY 2023 actuals versus the revised enacted budget. Agencies should be projecting realistic personnel expenditures as part of your year-end projections.

Internal Service Funds: 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).

Federal Funds and RICAP: Your submission should include analysis of federal funds receipts and Rhode Island Capital Plan funds, noting any projected requirements for increases in the revised budget submission. 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 (ARPA) and (7) Any forecasted reimbursements from the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.