



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 *J.M. Codega Jr.*
Date: October 4, 2024
Subject: First Quarter Reporting Requirements

Overview

The Office of Management and Budget (OMB) requires agency directors to submit fiscal, audit, and performance reports for the first quarter by **October 30, 2024**. This memorandum provides a detailed summary of the reporting requirements and procedures.

Quarterly Reporting Components

Agency quarterly reporting is 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. **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. **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.

Special Notes for FY 2025 Q1

While you should review this entire memorandum to familiarize yourself with expectations, please pay special attention to the following notes regarding assumptions for preparing your quarterly financial statement:

1. **State Employee Cost-of-Living Adjustments (COLAs):**

Although the recently awarded COLA for most employees went into effect during the most recent pay period, **you should project personnel costs as if the COLA had not been implemented, consistent with your budget request submission.** The Budget Office will add the impact of the COLA in consultation with your agency in the Budget Office First Quarter Report. The Budget and Financial Management (BFM) system will be populated with data through pay period 5, which is the pay period prior to the COLA

implementation. If unique circumstances at your agency make this assumption impracticable then please clearly state your COLA assumptions in your quarterly financial statement submission.

2. Turnover and Vacancy Assumptions

If your agency is subject to Budget Office Personnel Action Request (PAR) review, please project personnel expenses in the Quarterly Financial Statement **assuming that the personnel controls announced in the July 18, 2024 memorandum from the Director of Management and Budget remain in place for the remainder of the fiscal year.**¹ Please note that this assumption may differ from your agency's revised budget request.

Please ensure that all reports are prepared in accordance with the guidelines outlined in this memorandum. If you have any questions or need further clarification, do not hesitate to contact appropriate OMB staff.

¹ The Director of Management and Budget's memorandum announcing enhanced controls on discretionary spending and hiring is available: [24.07.18 FY 2025 Discretionary Spending and Hiring Restrictions 2.pdf](#).

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.² 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.³

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 Friday, October 4, 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

² [OMB Quarterly Reports Policy 8-23-19](#)

³ [OMB Budgetary Controls Policy 8-23-19](#)

at a high level. You may discuss other non-general revenue fund sources if significant for your agency.

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 Analysis⁴

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.⁵ 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.

⁴ Please consult “Appendix: Key Assumptions to Guide Your Analysis” for additional technical guidance.

⁵ [OMB Overtime Policy 6-5-19](#)

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.

Submission Instructions: By statute, Agency Quarterly Financial statements are to be submitted to the Budget Office, House Fiscal Advisor, and Senate Fiscal Advisor **by October 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 02908.</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. 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, access to the reporting file can be granted to any individual(s) the agency designates as 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 posted to the OMB website. **Please provide an update on corrective actions taken for those findings classified as “In Process” or “Not Started” as well as any new findings identified in the Auditor General’s [Single Audit Report, FY Ended June 30, 2023](#). Utilize the *FY 2025 Q1 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 October 30, 2024**.

III. 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: Agencies are required to submit quarterly performance measure data to OMB via the new SharePoint Reporting Portal. Guidance on gaining access to the portal 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 October 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: Steve Whitney, Senate Fiscal Advisor
Sharon Reynold Ferland, House Fiscal Advisor
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 2025 Budget Instructions).

FY 2025 Cost of Living Adjustments (COLAs): *We request that agencies EXCLUDE the impact of all recently ratified FY 2025 COLAs from their first quarter financial statement. The Budget Office will formulate a statewide estimate of these costs during the preparation of the official Budget Office First Quarter Report. As such, the BFM quarterly reporting tool will not be loaded with any payroll data from the September 27 (pay period 6) or October 11 (pay period 7) pay dates, as these will generally contain expenditures with COLAs applied.*

Actual Costs: BFM will be loaded with actual personnel costs based through September 7, 2024 (pay period 5, paid on September 13, 2024) and actual expenditures through September 30, 2024.

Turnover Assumptions: As is customary, agencies should be projecting realistic personnel expenditures that incorporate all turnover savings achieved during the first quarter, coupled with a constrained forecast for the remainder of FY 2025. All personnel projections should assume that the enhanced discretionary spending and hiring controls imposed by the Office of Management and Budget in July of 2024⁶ *will remain in place through June 30, 2025.* As such, your first quarter projections of personnel expenses may deviate somewhat from the financing levels requested in your FY 2025 revised budget submission. Please be sure to identify your assumptions relating to the refilling of currently and soon-to-be vacant positions through fiscal year-end.

Internal Service Funds: With respect to Internal Service Funds, agencies should reflect the FY 2025 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, if still applicable.

⁶ Please see [OMB Discretionary Spending and Hiring Restrictions](#) and [Documentation for Personnel Action Requests](#).