



# DEPARTMENT OF ADMINISTRATION

## Enterprise Policy

### OMB-BUDGETARY CONTROLS-2019

### OFFICE OF MANAGEMENT AND BUDGET

### Budget Control Policy

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#### 1. Purpose

- a. The purpose of this policy is to establish budgetary rules and guidelines for agencies in the RIFANS accounting and Ocean State Procures systems. These budgetary controls exist to restrict agency spending when agency spending has not kept within or is projected to exceed appropriations authority, or when the Budget Officer determines that revenue shortfalls are significant. In addition, the rules enable the Budget Office to monitor agency spending to ensure spending stays within appropriated levels.

RIGL Chapter 35-3 requires the Budget Officer to exercise budgetary control over all state departments and agencies, including the approval or disapproval of Personnel Action Requests (PARs), or requisitions for other expenditures, as well as restrictions on allotments of funding to state agencies. If a department or agency is projected to end a fiscal year with expenditures in excess of the amounts appropriated, spending for additional staff, contracts, or purchases will not be approved unless necessitated by immediate health and safety reasons.

#### 2. Applicability

- a. This Policy applies to all departments and agencies of state government.

#### 3. Definitions

- a. **“Allotment”** means the distribution of enacted budgeted amounts to agencies, thereby making funds available for obligation. Distribution of funds occurs by time period -- yearly, quarterly or monthly -- to achieve an effective and orderly use of budget authority and to reduce the need for supplemental appropriations.
- b. **“Immediate Health and Safety Expenditure”** refers to state program spending that, without which would exist a reasonable likelihood that the safety of human life would be compromised. Examples include:
  - (i.) Direct staffing levels that fall below benchmarks for health and safety that are readily demonstrable by the affected agency.
  - (ii.) Support and supervisory staff necessary for continuity of critical operations that would impact health and safety.
  - (iii.) Capital asset repairs or maintenance needed to maintain safety standards.
  - (iv.) Contracts required to provide services to maintain health and safety.

- c. **“Corrective action plan”** means a set of actions being undertaken by a department or agency to bring spending in line with appropriations as described in RIGL § 35-3-24. The plan must be filed within 30 days of the publication of the Budget Office’s quarterly report revealing the deficit and reported monthly to the House and Senate Finance Committee Chairs, the Controller, and OMB.

#### 4. Procedures for Compliance

- a. **Balanced Agencies:** Agencies projecting a balanced budget for the current fiscal year based on the Budget Office’s most recently published quarterly report are usually exempt from some oversight but are required to follow the parameters below:

- (i.) Budget Office approval is required for requisitions:
- More than \$50,000.
  - For the purchase of vehicles.
  - Involving capital funds (bonds, COPS, RICAP, etc.).
  - Submitted with zero-dollar value.
- (ii.) PAR approval is required from the Budget Office to ensure agency personnel actions stay within approved FTE caps, meet the authorized policy and programmatic purpose as set forth in the PAR justification section, and have a valid funding source.

If a significant statewide shortfall to enacted revenue or deficit to enacted appropriations occurs, balanced agencies will be subject to the parameters in section B, below.

- b. **Deficit Agencies:** Agencies projecting a deficit in the current fiscal year based on the Budget Office’s most recently published quarterly report, unless said deficit is driven by those programs subject to estimation by the Caseload Estimating Conference as set forth in RIGL Chapter 35-17, are required to follow the parameters below:

- (i.) Corrective action plans must be filed with and approved by the Budget Office before they are filed with the House and the Senate.
- (ii.) Budget Office approval is required for requisitions:
- More than \$5,000.
  - Involving out-of-state state employee travel.
  - For the purchase of vehicles.
  - Involving capital funds (bonds, COPS, RICAP, etc.).
  - Submitted with zero-dollar value.
- (iii.) Requisitions will only be approved if they are necessitated by immediate health and safety reasons, are part of a corrective action plan, or are expenditures to prevent an increase to the deficit..
- (iv.) PAR approval is required from the Budget Office to ensure agency personnel actions:

- Stay within approved FTE caps;
- Meet the authorized policy and programmatic purpose as set forth in the PAR justification section;
- Have a valid funding source; and
- Are necessitated by immediate health and safety reasons, are part of a corrective action plan or are expenditures, if not incurred, that would increase the deficit.

(v.) Agencies must operate within allotments that will be granted quarterly. If the deficit is severe, agencies may be required to operate under monthly allotments.

If a statewide deficit to revenue or appropriation occurs, agencies may be subject to more restrictive policies.

### 5. Encumbering Payroll

- DOA will encumber enacted payroll allocations for all agencies, regardless of projected year-end status, on general revenue accounts. This action will help ensure an accurate projection of year-end status. As a result, agencies are encouraged to allocate personnel costs based on the enacted budget using the payroll cost allocation system on a timely basis. The payroll encumbrance will be liquidated on a bi-weekly basis. Adjustments for actual time and effort should be made at least quarterly, but preferably monthly.

### 6. Repercussions for Noncompliance

- Noncompliance by any agency with these rules and guidelines as outlined herein will result in the Budget Officer or his/her staff designee rejecting purchase requisitions or personnel action requests.

### 7. Signatures

  
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**Division Director**

8/23/19  
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**Date**

  
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**Director of Administration**

8/23/19  
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**Date**