



DEPARTMENT OF ADMINISTRATION

Enterprise Policy

OMB-QUARTERLY REPORTS-2019

OFFICE OF MANAGEMENT AND BUDGET

Quarterly Report and Corrective Action Plan Policy

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1. Purpose

- a. RIGL § 35-1-5 states that the Director of Administration shall “direct the State Budget Officer to project on a quarterly basis the anticipated year-end balance assuming current trends continue and that typical cyclical expenditure patterns prevail over the course of the year. A consolidated quarterly report incorporating the current status and projection shall be released to the public, with copies provided to the chairperson of the House Finance Committee, chairperson of the Senate Finance Committee, house fiscal advisor, and senate fiscal advisor, within forty-five (45) calendar days of the end of each quarter.”

Quarterly reports are expected not only to consolidate the current status of state agencies but also to alert those agencies and the Budget Office to spending patterns that are at variance with enacted appropriations and that may therefore require adjustment or corrective actions. They are based, in part, on the financial statements agencies are required to file under RIGL § 35-3-17.1.

2. Applicability

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

3. Definitions

- a. **“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.
- b. **“Financial Statement”** is the report agencies must file with the House, Senate, and OMB, 30 days after the close of the first three quarters under RIGL § 35-3-17.1. The statements are a general fiscal update that include a surplus or deficit projection for the remainder of the fiscal year.
- c. **“Quarterly Report”** is the report issued by the Budget Officer, using the agencies’ financial statements, that projects the state’s current financial status 45 days after the close of the first three quarters. The report includes a surplus or deficit projection for the remainder of the fiscal year.

4. Procedures for Compliance

- a. Five days prior to the close of each of the first three quarters of the fiscal year, the Budget Office shall inform departments and agencies of the financial statement due date and requirements.
- b. Each agency is responsible for submitting a financial statement that analyzes each program by funding source within the agency. This report must include a projection of annual expenditures under current trends versus the enacted appropriation for the first, second, and third quarters, as well as projections relative to the Governor's recommended revised appropriation in the third quarter with year-to-date expenditures, and projected new expenditures through year-end. The report should result in projected total expenditures with a surplus or deficit projection. Departments must identify all transfers, adjustments, re-appropriations, and assumptions from or to federal, restricted, and other sources. If the deficit projection involves programs for which expenditure estimates were determined by the Caseload Estimating Conference, as established by RIGL § 35-17-1 et seq, this should be noted in the quarterly financial statement.
- c. Each agency must conduct an analysis of trends and provide rationale for projected ending conditions.
- d. Each agency should also conduct an analysis of non-general revenue funds, including federal, restricted, other funds, and Rhode Island Capital Plan funds, noting any necessary changes in budget authorizations.
- e. Each agency shall also submit the aggregated summary of the quarterly overtime expenditures and hours worked by type (i.e., planned, leave backfill, emergency, seasonal, and miscellaneous), as required by Section 10 of the Department of Administration Overtime Policy. Agencies should also conduct an analysis of overtime spending and provide rationale for current trends, especially if the agency is projected to exceed the enacted appropriation allocated to overtime expenditures.
- f. Upon submission of the financial statement to the Budget Office, the agency's assigned Budget Analysts will review the accuracy of the submission and make any necessary adjustments based on their own independent review of the agency budget and year-to-date spending. Adjustments may include new positions that have been approved but not yet filled, other pending personnel transactions, and adjustments for cost allocations across department programs or fund sources.
- g. Analysts will compare their analyses with those of the department/agencies to note and investigate material differences. These variances will be discussed with department/agency CFOs and program staff to reach an understanding of the underlying activity and its impact on the closing position.
- h. The Budget Office will compile a quarterly report to be sent to the Governor, the Director of Administration, the House and Senate Finance Committee Chairs, and the House and Senate fiscal advisors. The reports for the first and third quarters will also include the outcome of the Revenue and Caseload Estimating Conferences. The final report for each quarter shall be posted on the OMB website.
- i. If the Budget Office is projecting overspending, on an agency-wide basis, as compared to the enacted general revenue budget, the agency must provide to the Budget Office a draft plan that lists the activities the agency can and/or will pursue to eliminate the projected

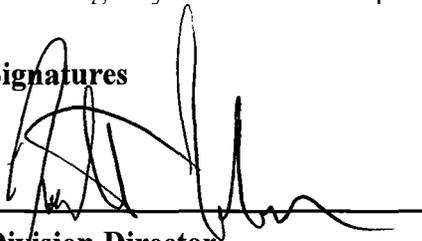
deficit. These Corrective Action Plans must be approved by the Budget Office before they are officially submitted to the House and the Senate. Please see the OMB Budget Control Policy for more details.

- j. To the extent possible, Corrective Action Plans should comprehensively close the projected deficit. They should include actions that are allowable under statute and implementable under the timeframes of the current fiscal year. Where there is a remaining deficit balance relative to the plan it should be noted explicitly, as well as any ARBs granted related to the OMB Budget Adjustment Policy.

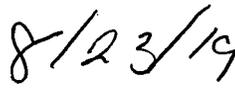
5. Repercussions for Noncompliance

- a. Noncompliance by any agency with the requirements of the quarterly report procedure will result in the State Budget Office holding personnel and/or purchasing requests until the agency comes into compliance.

6. Signatures



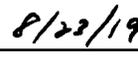
Division Director



Date



Director of Administration



Date