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 4, 2022

Subject: First Quarter Financial Statement Requirement

The Budget Office requires agency directors to submit FY 2023 First Quarter Agency Financial Statements by Friday, October 28, 2022. By statute these submissions shall be made to the Budget Officer, House Fiscal Advisor, and Senate Fiscal Advisor. Submissions should be made individually to each statutory recipient according to the instructions in this memo. The Budget Office encourages the use of the "Quarterly Reporting Tool" on BFM. Agency CFOs should review the detailed instructions for compiling Agency Financial Statements contained in this memo and contact their assigned budget analyst with further questions. Thank you for your cooperation with the quarterly reporting process, which is integral to both budget development and ongoing fiscal management.

Statutory Justification and Purpose

The quarterly financial reporting process consists of a "Quarterly Financial Statement" prepared by each agency followed by a statewide "Quarterly Report" prepared by the Budget Office. Rhode Island General Laws (RIGL) § 35-3-17.1 requires that each agency submit Quarterly Financial Statements to the Budget Office and House and Senate Fiscal Offices within 30 days of the end of each quarter. RIGL § 35-1-5 requires that the Budget Office prepare and release a consolidated Quarterly Report to the public within 45 days of the end of each quarter.

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 Quarterly Report verifies the assumptions made in agency submissions and reports them on a statewide basis.

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.

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. 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 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 Wednesday, October 5, 2022. If you have any questions about using this feature, please contact Lisa Henriques (lisa.henriques@budget.ri.gov).

Should I use the BFM Quarterly Reporting Tool?

The BFM Quarterly Reporting Tool may not be appropriate for all agencies, but regardless of whether you use the Quarterly Reporting Tool, the Budget Office encourages you to explore its functionality as it may assist you in generating useful reports. Consider the following factors when deciding whether the BFM tool is right for you:

	BFM	Traditional
Should I use the BFM Quarterly Reporting Tool?	Well suited for agencies primarily financed with general revenue for whom program-level analysis is sufficient to explain major variances; well suited to smaller agencies.	Well suited for agencies with various fund sources, extensive capital budget, or unusual circumstances not well explained by a program-level analysis.
What is my approach to producing analysis?	Agency utilizes BFM forms and tools to produce their report. Within BFM, the agency utilizes the justification, summary narrative, and proposed response fields to explain projected budget-to-actual variances.	Agency utilizes RIFANS, BFM, and their own analysis conducted in Excel or elsewhere to compile budget-to-actual analysis similar to that produced in BFM but adapted to meet the circumstances of your agency.
What elements comprise my submission?	Submission consists of a brief executive summary memo, a pdf export of required reports from BFM, and a required overtime reporting submission.	Submission consists of a more extensive memo which combines executive summary with program-level analysis, and a required overtime submission.

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.

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 Analysis

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 (see link below), agencies are also asked to provide a separate report on overtime to the Office of Management and Budget. 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.

Submission Instructions

By statute, Agency Quarterly Financial statements are to be submitted to the Budget Office, House Fiscal Advisor, and Senate Fiscal Advisor. Please note that the submission is directed to the House and Senate *Fiscal Advisors* (<u>not</u> legislative leadership, committee chair, committee members, or fiscal analyst staff).

Budget Office	House	Senate
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. If not using BFM, please compile required submission documents (including required overtime reporting) as a PDF and email as an attachment to Joseph Codega Jr., State Budget Officer at Joseph.Codega@omb.ri.gov and copy Katie.Westgate@omb.ri.gov and your assigned budget analyst. 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.	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. All agencies must submit a paper copy, but agencies choosing to send a duplicate copy via email may direct it to SReynolds@rilegislature.gov	The Senate Fiscal Advisor requests submissions as a PDF via email to be addressed to Stephen Whitney, Senate Fiscal Advisor at SWhitney@rilegislature.gov. All agencies must submit electronically via email, but agencies choosing to send a duplicate copy in paper may direct it to Senate Fiscal Office; Room 117, State House; Providence, RI 02903.

Key Assumptions to Guide Your 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 2023 Budget Instructions). While it is expected that health benefit rates for medical, dental, and vision coverage for all state employee plan levels will change on January 1, 2023, as is customary at the beginning of each new plan year, the Budget Office will accommodate these changes in the FY 2023 Governor's Recommended Revised Budget submission.

Actual Costs: BFM will be loaded with actual personnel costs based through September 24, 2022 (pay period 7, paid on September 30, 2022) and actual expenditures through September 30, 2022. Actuals should be reported through PP7. Please be sure to identify your assumptions relating to the refilling of currently and soon-to-be vacant positions through fiscal year-end.

Pending Collective Bargaining Agreements: Personnel projections related to any state collective bargaining unit that does not have a final agreement in place should not be included in your projections at this time. Please project personnel costs as if current wage and salary rates remain in effect. The Budget Office will accommodate the impact of any finalized collective bargaining agreement at such time an agreement is made.

Turnover Assumptions: Many agencies experienced significant turnover savings as shown in the preliminary FY 2022 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.

Corrective Action Plans and Enhanced Fiscal Oversight

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, 2022, 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.

References to Related Statutes and Policies

§ 35-1-5. Quarterly financial reporting. […] 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.

§ 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

Budget Formulation and Management

Quarterly Report User Guide

For Fiscal Year 2024

State of Rhode Island

October 3, 2022

QUARTERLY REPORT BFM INSTRUCTIONS

All agency CFO's should have access to this system. If you do not have access or need to have other staff given access, please contact Lisa Henriques at Lisa.Henriques@budget.ri.gov or Hector.J.Casanova@omb.ri.gov.

What is BFM?

Budget Formulation and Management is the software tool that will be used by the State to prepare budgets, track performance measures, and report on in-year budget-to-actuals. It includes a reporting solution that allows users access to any data that has been entered in BFM in any format.

BFM Terminology

Budget Form: This is how you enter data into BFM. A Budget Form is a specific layout that has certain required fields, such as text, price, quantity, or other information.

Report: This is how data from multiple forms is consolidated. Reports are also used to view historical actuals and adopted budgets alongside the budget request data.

Stage: Stages are how BFM creates workflow. End users will enter their budgets in the Program Budgeting stage. The budget request will be submitted to the OMB Analyst Review stage. OHHS agencies have an additional OHHS review stage that other agencies will not see.

Form Instance: A form instance is the generic term for a budget form that you access to enter your budget. Each form instance has an ID, called a Form Instance ID, which is a unique numerical code that is assigned to each budget request. This ID is not generally referred to except for Decision Packages since agencies may submit multiple Decision Packages and each will have a unique Form Instance ID.
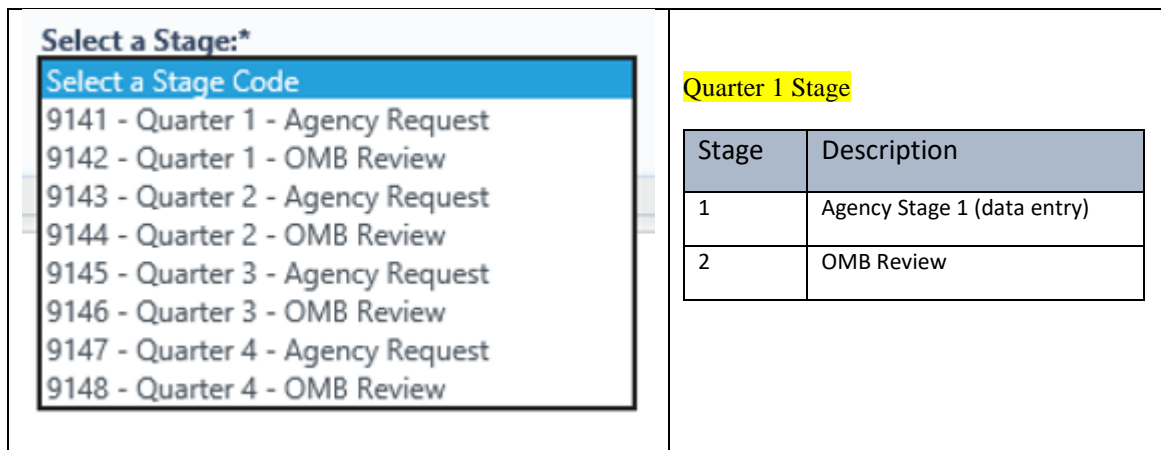
Org/Organization: a generic term referring to the organizational dimension which consists of Agency, Program, Subprogram, and Line Sequence as well as performance measures.

Budget Form Stages/Workflow

Budget forms advance through the budget process using a concept called Stages. Stages are unique to each budget form and the first three characters of a stage are the form to which they are assigned.

For example, Quarterly Estimate Form 9140/9150 has stages 9141, 9142, 9143, 9144, 9145, 9146, 9147 and 9148. For simplicity, those stages are often referred to generically by the last digit, such as 9141 as 'Stage 1'.

The stages used for Rhode Island are:

Select a Stage:*

Select a Stage Code
- 9141 - Quarter 1 - Agency Request
- 9142 - Quarter 1 - OMB Review
- 9143 - Quarter 2 - Agency Request
- 9144 - Quarter 2 - OMB Review
- 9145 - Quarter 3 - Agency Request
- 9146 - Quarter 3 - OMB Review
- 9147 - Quarter 4 - Agency Request
- 9148 - Quarter 4 - OMB Review

Quarter 1 Stage

| Stage	Description
1	Agency Stage 1 (data entry)
2	OMB Review

Agency users submit to Stage 2. Once you Submit your Quarterly Report you will not have access to it any longer, but OMB has the authority to Submit the request backwards in the process, so contact your OMB Analyst if you need to make changes post-submission (assuming the deadline has not passed).

How to Access BFM

BFM is accessed via Internet Explorer (IE). This can be accessed from both your office and home.

- **BFM Links:** Your BFM Link is below. Save your link as a Favorite for easy access.
  https://ri.bfm.cloud/bfmprod/default.aspx

- **Reporting**: In BFM, go to Links / BFM Reporting to access reports.
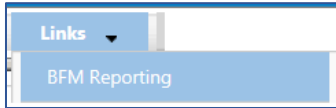
- **ID/PW:** Your BFM system administrator will provide your Userid and Password.

- **Timeout**: Web-based applications have a built-in timeout function. A timeout function is required so users do not leave idle windows open for excessive amounts of time, impacting overall performances.

The current timeout is set at 20 minutes. Be sure to save often as you work. If you are idle for more than 20 minutes, you will have to log back in and any work you did not save will be lost.

Browsers and Internet Security

BFM now supports multiple browsers including Edge, Chrome, and Firefox. BFM no longer works in Internet Explorer (IE). Since BFM is a web-based application, please be aware of some browser-specific issues. In some cases, IE displays screens slightly differently from the screen shots in this document, but the functionality is the same. For example, older versions of IE will show buttons as rectangles instead of ovals.

In addition, the first time you use BFM on a new computer, there may be requests from the browser to trust the application, accept pop-ups, or other warnings. Accept any of these requests and when possible, check the options to not remind you in the future / always trust / etc for this website.

Since BFM is cloud-based system, VPN login to access.

Logging In

Click on the BFM link or select it from your Favorites.

From the top-level menu bar at the top left of the screen, click on Main Menu, then login using your Userid and Password provided to you.
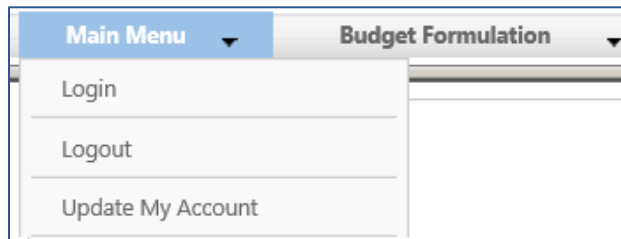
Enter your Userid and Password, then click Submit.

Change Password

The first time you log in you may receive this dialog box:

Click Ok. Set your new password and click Update.

- Users often will set the password to match their computer log-in
- Follow all State guidelines for proper password complexity

If successful, you will see the top-level menu items to which you have access. If your password needs to be reset, please contact your BFM Administrator to reset.   If you believe you need additional access, contact your BFM Administrator.

QUARTERLY REPORT FORM

The form used to enter quarterly report detail can be found under the Budget Management tab on the main BFM menu.

Quarterly Report Estimate Form – Agency (9140/9150)

Calculate projected spend for the remainder of the year, using Enacted Budget, as well as actuals to date (1 or many quarters depending on where we are in the budget cycle).

The Quarterly Estimate form is designed such that if you did nothing at all, the projected spend equals the Enacted Budget.

The surplus or deficit is calculated in BFM report, BFM (3 Agency Reports > 3.1 Budget > Quarterly Report > 124 - Quarterly Report Program Summary). See instructions below on where and how to run the report.
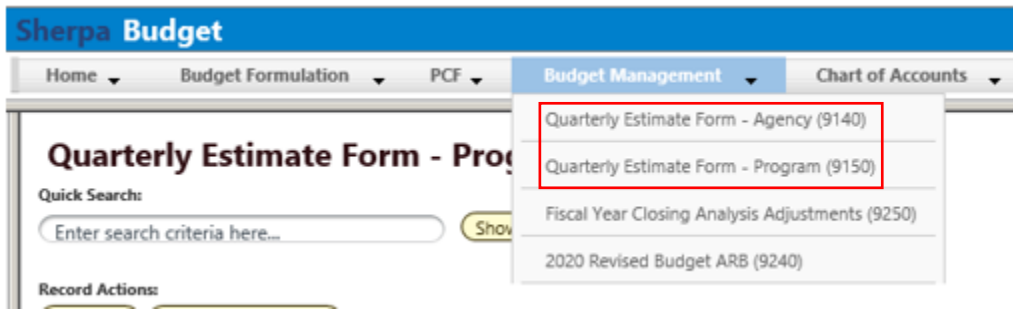
To enter data into this form:

- Click on the Edit icon to the far right on each line to open the boxes to enter data.
- When finished, click on the Save button. To exit without saving, click on the "Cancel" button.

There are 3 ways to edit data in forms within BFM:

1. ***Online Editing*** - click on the pencil icon, click save all, and close the window.
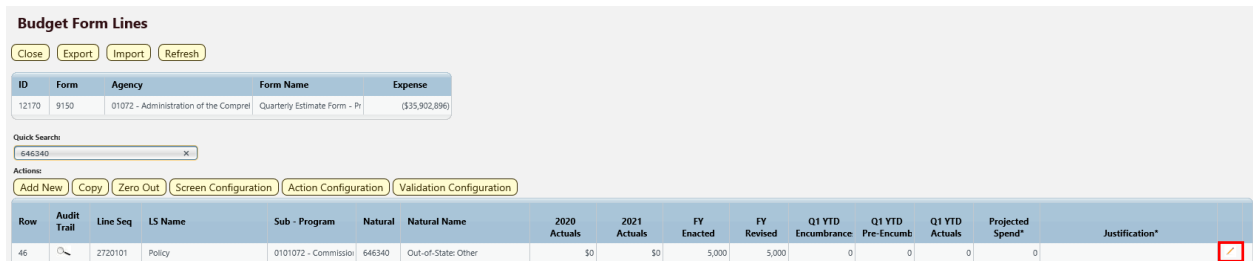
2. ***Export/Import from Excel*** – this is the most efficient way to work with BFM. First, Export the existing budget form, make your changes in Excel, and re-import. Most users are very efficient with the Excel tools and can quickly add formulas to make the data entry process rapid.

Exporting to Excel
Click on the Export icon to download the data to Excel.
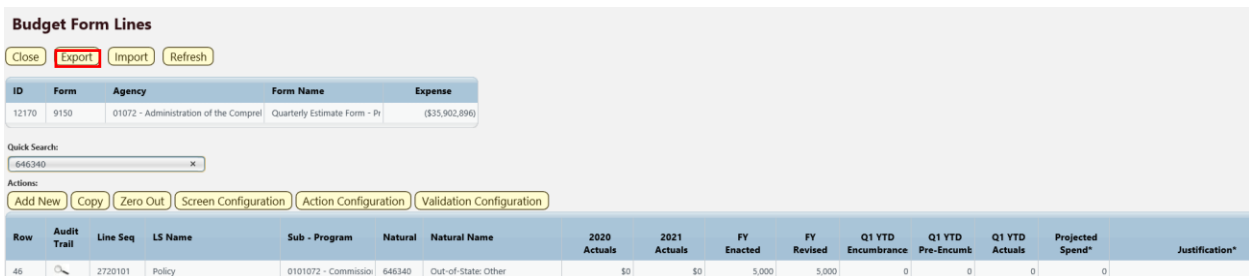
At this step, users may have different interactions depending on their settings for downloads. You may be prompted to Open or Save your file, or a default action has been selected in the past. The following example will follow choosing Open.

Note, that if you Save or Save As, open the file and just follow the Open instructions below. Save As is found by clicking on the arrow to the right of Save and choose Save as.
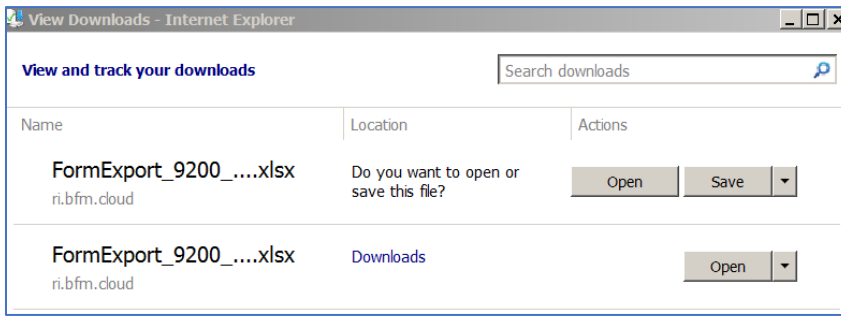
Importing to BFM

Click the Import icon to upload your spreadsheet:

Hint: click on Date Modified heading and the file you just saved will go to the top. If a file is open, it will have a second entry with a ~ prefix; do not select that file. You do NOT have to close the file to upload it.
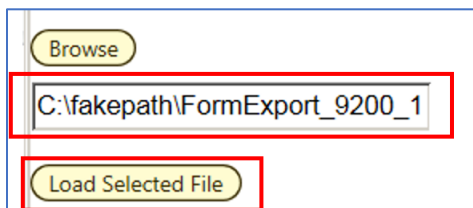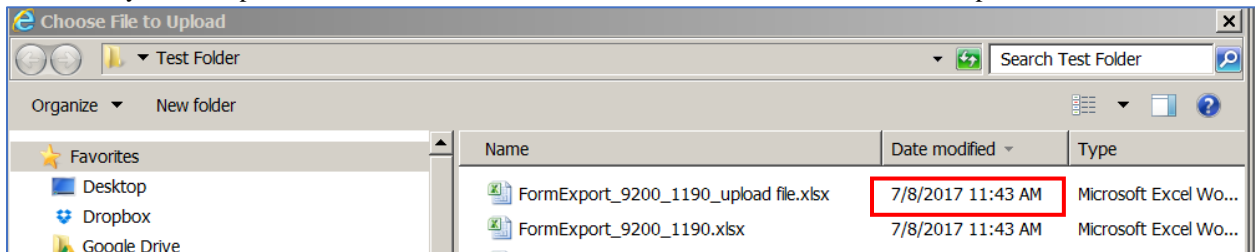

If the font returns in black it was successful. If there are errors the screen will have text returned in a red font. In the complete user guide, tips are included in how to resolve the import issues. Click *Close* in the upper left if you are successful.

Once you close the upload screen, you will see a Loading… message. The results will load shortly. Note that the new line may or may not be on the visible screen since the form is sorting by Line Seq / Natural.

3. *Using Import/Export reports* – run either version of the **Q1 – Quarterly Report Export Import Form Template (Agency) or (Program)** report (items 3 and 4 below), depending on how your agency is set up in BFM. Export the report, saving as an Excel file type.
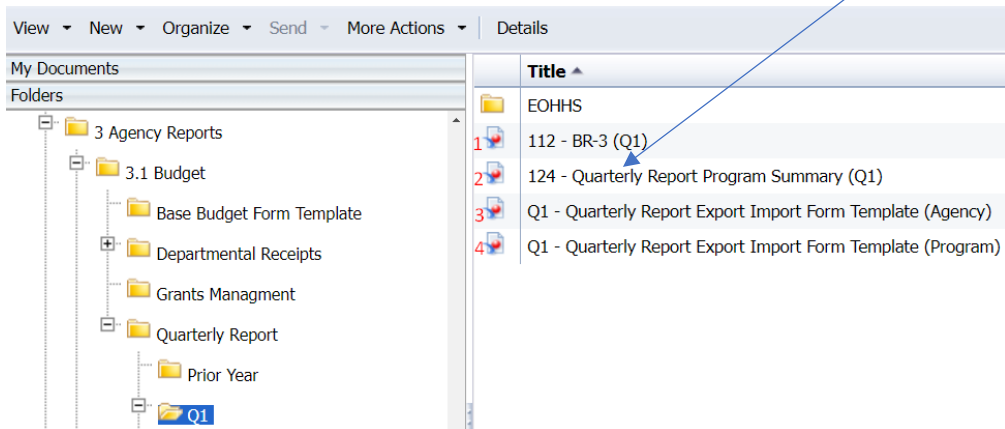
Once the file is exported, make your changes to the projected spend column. Once all changes are complete, follow the instructions on the top of the report about deleting headers, footers, and extra columns in the report.

Instructions to Upload to Quarterly BFM Form:
1) Export this file to Excel
2) ONLY make changes to 2 columns (Projected Spend and Justification)
3) Remove ALL Columns with prefix (REMOVE ME) - (IMPORTANT - Upload will fail otherwise)
4) Remove Header Rows (not column headings) and Total Row before Importing into BFM

Finally, upload the report in the BFM form.
1) First, click on the detail command button.
2) Next, click on the Import command button.
3) Select browse and locate the file you just updated.

REPORTS

To access your agencies' quarterly report, run the following reports in BFM (3 Agency Reports > 3.1 Budget > Quarterly Report > 124 - Quarterly Report Program Summary>)
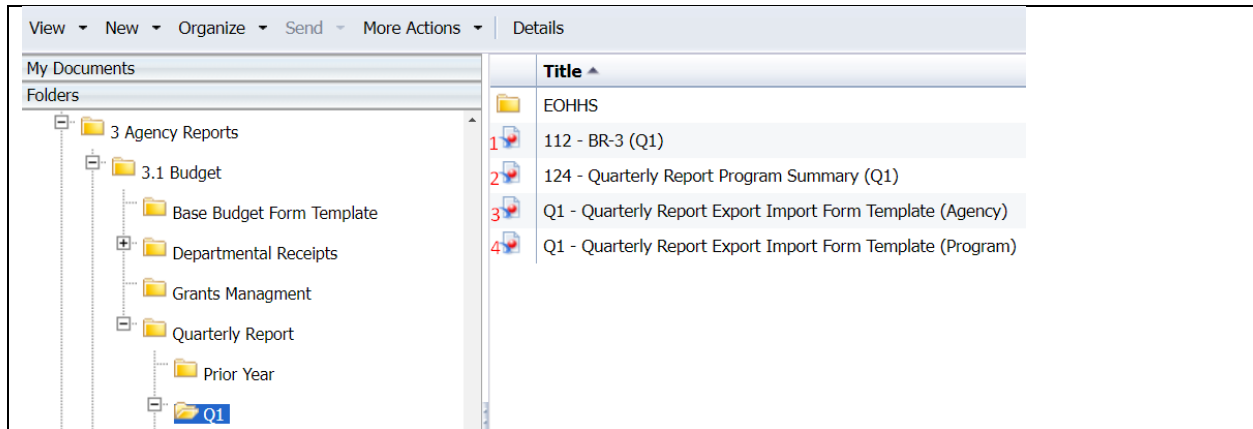
Below is a list of available reports in BFM. The 124 is the only report that is required for your submission. There are 2 versions of this report. Please select and include the report of your own preference.

> **1)** Slimmed down 112 includes quarterly YTD actuals
>
> **2)** Required for submission (shows how YTD projected spend + actuals align to the Enacted)
>
> **3)** Used by agencies who are not program-based. Can be uploaded in to BFM. Agencies prefer using this over exporting the BFM form because it contains additional columns that assist them in developing their estimates.
>
> **4)** Same as above but used by program-based agencies.

124 - Quarterly Report Program Summary
   o   Detailed

Running Reports in BFM
   o   Double click on the report name. This will open the Prompts Box.
   o   In the "type values here" box, either:
   - Type in your agency number (i.e. "068") or
   - Click on the refresh values button, which will bring up a list of all agencies.
   - Click on your agency number. This should highlight the row.
   - Click on the right arrow button to move the agency number into the right-hand box. Click OK and the report will run.

Exporting Reports in BFM
   o   Click on the export icon.
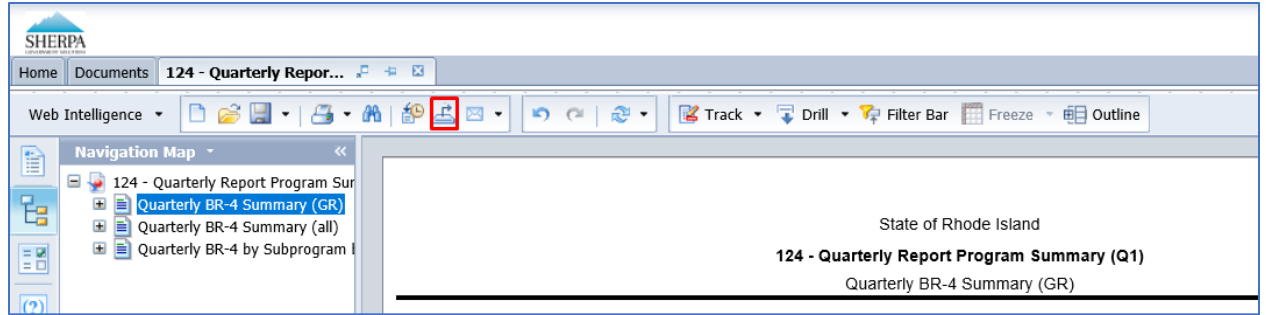
- o   Select to download All, or specific tabs in the report.
- o   Select File Type, PDF or Excel format.
- o   Select pages to download (all, current or mix)