

Approach Outline

FY19 Integrated Budget Review Process

December 5, 2017



Path to greater fiscal governance



In FY18, the Oversight Board reviewed the Consolidated Budget but only certified the General Fund Budget and a subset of public corporation budgets



The General Fund Budget excludes numerous governmental funds, proprietary funds, agencies with independent treasuries and government instrumentalities that have historically run deficits and that ultimately rely on tax revenues or central government appropriations to operate



Going forward, the Oversight Board should certify the Consolidated Budget, which includes more than 125 agencies¹



Certification of a Consolidated Budget will improve budgetary controls, increase transparency and enhance fiscal discipline



Need to hold agencies accountable for their roles in fiscal governance, including OMB, Hacienda and AAFAF



The Oversight Board is also aware that there may be certain legal, political and technological obstacles the Government will need to address to impact the feasibility of approving the entire Consolidated Budget and all instrumentality budgets in FY19

(1) Estimates of agencies/corporations/funds are based on an initial draft inventory listing of agencies compiled from multiple sources, including prior year budgets and Fiscal Plans, and are subject to change

Guiding principles for FY19 integrated budget process

- 1** All budgets must be compliant with their applicable Fiscal Plan¹ and developed in accordance with modified accrual accounting standards
- 2** Revenue forecasts must be provided by the Oversight Board to the Government and Legislature/Board of Directors for use in developing of relevant budgets
- 3** Budgeted expenses must be properly justified
- 4** Reporting blueprint templates must be agreed to by Government and Oversight Board; Government must comply with reporting pursuant to these templates
- 5** Clear responsibility for enforcement of all elements of the budget and reporting is critical
- 6** All expenditures (including capital expenditures) of the Commonwealth and instrumentalities can only be made pursuant to a budget certified by the Oversight Board

(1) Pursuant to PROMESA Sec. 202(c)(1)

Key milestones for FY19 Budget review process - Central Government

Milestones	Action Item
December 5th	<ul style="list-style-type: none"> Consistent with PROMESA 202(a), Oversight Board sends Governor schedule for FY19 Budget process
December 22nd	<ul style="list-style-type: none"> Along with the submission of the Fiscal Plan, Government provides complete inventory listing of all agencies/corporations/funds included in the Fiscal Plan
January 15th	<ul style="list-style-type: none"> Government provides proposed revenues for each agency/corporation/funds consistent with approved Fiscal Plan along with supporting details, including all relevant third party certifications
February 15th	<ul style="list-style-type: none"> Consistent with PROMESA 202(b), Oversight Board sends Governor/Boards of Directors forecast of revenues for the period covered by all applicable Budgets
March 1st	<ul style="list-style-type: none"> Government and appropriate governing boards provide proposed budgets to Oversight Board along with supporting detail, including detailed reconciliation of budgeted expenses to revenues and supporting detail to evidence consistency with historical actual expenditures and/or explanations if there is a significant difference Government provides proposed reporting blueprints for reporting post-certification
April 30th	<ul style="list-style-type: none"> Consistent with PROMESA 202(c), Oversight Board provides FY19 General Fund budget to Legislature Oversight Board approves reporting blueprints for each fund type (templates and timing)
June 30th	<ul style="list-style-type: none"> Consistent with PROMESA 202(e), Oversight Board approves FY19 Budgets