

BUDGET LETTER

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| SUBJECT: COVID-19 COST REPORTING | NUMBER: 20-32 |
| REFERENCES: | DATE ISSUED: August 28, 2020 |
| | SUPERSEDES: 20-07 |

TO: Agency Secretaries
Department Directors
Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) informs departments of required COVID-19-related cost reporting on a weekly basis until notified of an end date. This BL supersedes BL 20-07, which required monthly reporting, and also contains revised reporting instructions.

Background

On March 4, 2020, the Governor declared a state of emergency to help the state prepare for and respond to COVID-19. State departments have been tasked with various response and recovery activities. As the pandemic continues, the complexity of tracking costs and funding sources has increased, necessitating a revised approach to the state's cost tracking. This includes accounting for costs by type of activity, as well as a continued examination of potential funding sources, especially given guidelines surrounding the use of various federal funds. This BL provides an updated cost reporting template and increases the frequency of the reporting from monthly to weekly. This updated cost reporting will now also be in lieu of the daily COVID-19 State Operations Center reporting that each department may already provide to the Office of Emergency Services (Cal OES).

Cost Reporting

Many departments and Agencies have assisted in the statewide response to this emergency, which may result in costs that cannot reasonably be absorbed within existing resources. In an effort to track overall state costs, identify potential federal funding sources for these costs, and to make informed financial decisions, all departments are to provide weekly updates of cost estimates and amounts spent to-date associated with COVID-19-related activities. This reporting will be more detailed than the previous monthly reports; however, this weekly report will replace and be in lieu of the COVID-19-related daily cost reporting requirements for departments reporting to Cal OES. As the pandemic progresses and this reporting continues, there may be revisions to the template to capture emerging issues or other refinements needed.

Attachment I provides the format for the weekly reporting by Agency. The initial report will be due on **Monday, September 14, 2020**. Subsequent reports will be due every Monday (unless that day falls on a holiday), **until further notice**. Although this is more detailed reporting than was required pursuant to BL 20-07, it remains at a higher level of detail than typical budget or accounting transactions.

Therefore, more detailed backup and substantiation should be maintained for potential reporting to Cal OES or Finance upon request, as well as for future potential audits by the state or federal government. Departments should continue to use custom COVID-19 FI\$Cal attributes (or similar coding if not transacting in FI\$Cal) to track expenditures, obligations, and receipts at a detailed level.

Additional points of clarification:

1. Although this reporting is in lieu of the COVID-19-related daily cost reporting to the State Operations Center that each department may already provide to Cal OES, it **does not** change the State Operations Center cost reporting each department may be required to provide to Cal OES for other disasters (e.g. the current wildfire incidents).
2. The reporting of costs is not a guarantee of funding and Agencies are encouraged to work closely with their Finance Budget Analyst for any COVID-19-related funding needs or questions.
3. Each week should be a cumulative estimate of total costs across fiscal years, including amounts spent to date by fiscal year, not an incremental change to the prior report or specific costs associated with just the period of the report.
4. For each report after the initial September 14 submittal, departments should highlight each cell in the spreadsheet that has been changed/updated since the most recent prior report.
5. The Attachment includes a reporting tab and an instructions tab. There are a number of fields that have predetermined lists of options for entries. This will enable Finance and Cal OES to identify potential funding sources for these activities—and report on activities and expenditures to the Legislature and the public as well as the federal government in the instances where federal funding is being used. This information is critical to providing transparency and managing state resources in the most effective manner possible.
6. All costs should be reported in a consolidated spreadsheet by each Agency, and should be attributed to the department/agency that will ultimately incur the reported cost. For departments that do not report to an Agency, a spreadsheet should be submitted directly to Finance. Completed spreadsheets should be emailed to COVIDCostReporting@dof.ca.gov, with your respective Finance budget analyst cc'd.

If you have questions regarding this BL, please contact your assigned Finance budget analyst.

/s/ Matt Almy

MATT ALMY
Program Budget Manager

Attachment