

State Fiscal Year-End Closing Update FMAC June 2017

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Office of Financial Management

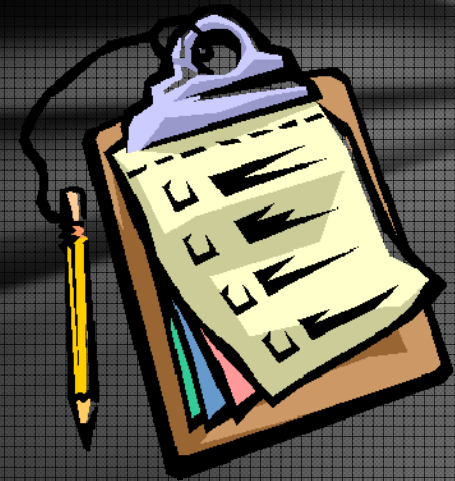
Statewide Accounting

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Today's Agenda

- Closing calendar for FY 17
- New GASB Standards
- To do's & reminders
- GL Reconciliations
- Disclosure form changes
- Certifications
- Training & Resources



FY 2016 CAFR

- **Just a quick SHOUT OUT to our state's fiscal staff at all agencies and the SAO CAFR audit team - we continue to be one of the top five states issuing our CAFR!**
- **What's the goal for FY 17?**

Does the year-end process make you feel like this:



Key dates for FY17 closing

- **June 30** – Cash cutoff
- **July 14** – Disclosure forms open
- **July 21** – Interagency billings mailed
- **July 31** – Phase 1 cutoff – accruals
- **August 18** –Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- **September 1** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 13** – State certification form due
- **January 31, 2018**– Federal certification form due

After Phase 2 close

OFM Statewide Accounting analyzes AFRS data and disclosure forms

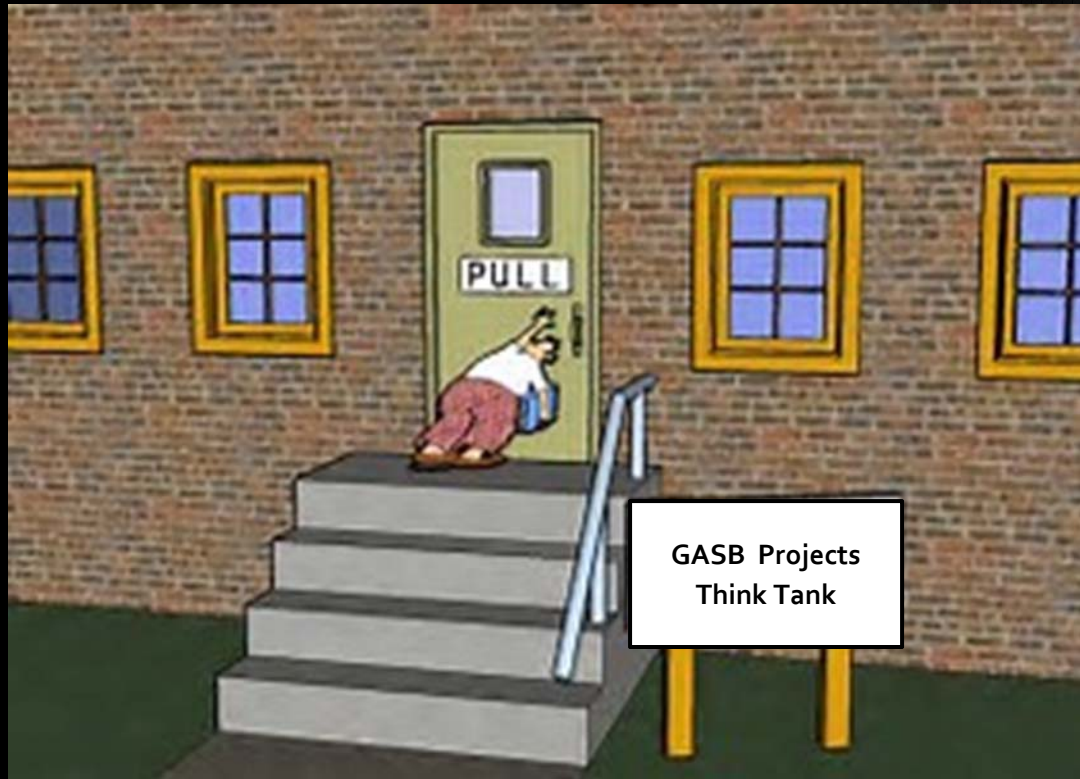
- These activities often result in questions to the agencies so someone needs to be available to answer them.
- No agency entries unless requested and/or approved by OFM.

SAO audits the accounting data and the state's CAFR.

- If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!

Governmental Accounting Standards Board (GASB) Statements

Here's how we feel about GASB statements and projects



Implementing GAAP

New in FY17

- GASB Stmt. 77- Tax Abatements
- GASB Stmt. 80 - Blending Requirements for Certain Component Units
- GASB Stmt. 74 – Financial Reporting for OPEB Plans

Implementing GAAP

Major Projects - www.GASB.org

- Leases
- Fiduciary activities
- Asset retirement obligations
- Financial reporting model
- Irrevocable Split-Interest Agreements

SAAM Update June 1

No significant changes to list for Chapter 75.

Reminder:

No interagency & interfund receivables & payables at June 30 in fiduciary funds.

Revenue source 04 09 – Interest income vs. 04 01 –
Investment income

Administering Agency Responsibilities



Administering agencies provide general oversight of financial accounting records at the Account level

- Monitoring cash
- Investigate unusual activity and/or GL balances

Alert OFM Budget and SWA about fund balance or cash issues

To Do's & Reminders

To Do's & Reminders

Watch your spending - no overspent appropriations

Record revenues and expenditures in correct fiscal year

Interagency billings

- Mailed out by July 21st
- Estimates or actual
- Communicate, communicate, communicate

To Do's & Reminders

Due to/Due from's

- Most last year balances should be liquidated by now
- Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/18/17**

Liquidate over-accrued payables

- Before Phase 2 close – adjust accrual
- After Phase 2 close – immaterial prior period adjustment
- If under-accrued payable – belated claim

To Do's & Reminders

Pollution remediation site status report

DEADLINE Phase 1B – 8/18/17

Adhere to the OST cash cutoff memo

Receipt goods and services by 6/30

Complete physical inventories

To Do's & Reminders

Clear In-Process (71xx) and Error reports

Clear GL 9920

Clear revenue sources 09xx

Clear Account 01P Suspense

To Do's & Reminders

Run ER exception reports and clear all variances, such as:

- Transfers
- Assets with credit balances
- Liabilities with debit balances
- GLs with unchanged balances
- Interfund/Interagency balances

Record compensated absences

To Do's & Reminders

Capital assets

- Record depreciation/accumulated depreciation
 - Use the correct trans code
- Reconcile capital asset GLs to capital asset system
- Review GL 2510 Construction in progress, and if complete, reclassify to appropriate capital asset GL
- Use capitalization thresholds in SAAM 30.20.20
- Enter in CAMS or agency capital asset system

Review your subobject codes

Certain subobject codes are only to be used for interagency payments

Do not use these codes for payments to outside vendors

	Subobject Title	Pay to:
EK	Facilities & Services	DES
EL	Data Processing Services	CTS
EM	Attorney General Services	ATG
EN	Personnel Services	DES, OFM
ET	Audit Services	SAO
EV	Admin Hearing Services	OAH
EW	Archives & Records Mgt Services	Sec of State

Transfers

Be sure to use the correct Trans Code so that transfer amounts show up correctly as debits or credits in AFRS

Transfers from one Account to another Account within the same agency must be in balance

To Do's & Reminders

Analytical review

- In terms of the \$ amount change or the % change, is the current year-end balance reasonable?
- Review your Trial Balance
 - Have prior year short-term receivables & payables been liquidated?
 - Do I have all GL activity reported and in the correct GL?
 - Do the balances agree with supporting documentation or internal system?

To Do's & Reminders

All agency entries should be completed by September 1st!

Disclosure forms complete by September 1st!



General Ledger Reconciliations

GL Reconciliations

GL reconciliation means you know what makes up the balance in each GL and you have a plan for any action that is needed. This includes prior year or prior biennium GL balances that need to be corrected.

GL reconciliations

General ledger (GL) reconciliations should be up-to-date

- All GLs should be reconciled
 - Agree with subsidiary records
- An error in one GL may mean an error in another GL

Example: A receipt was credited to GL 1312 A/R, when it should have been credited to GL 1319 Other Receivables. Now both GL balances are wrong.

- Agency director and CFO certification

Disclosure Forms

State Disclosure Form Security

- Each agency has a security administrator (form required). They can add new users with ***View or Edit access.***
- Log in after 7/14 to verify that your username & password are working.

State Disclosure Forms

SAAM Section 90.40

- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS beg/ending GL balances and require you to fill in the actual increase and decrease activity for the FY.

Phase 1B - Certain disclosure forms due 8/18/17 (90.40.10)

- Early disclosure for:
 - 4 Cash & Investment forms
 - 3 Bond forms
 - 2 COP forms
- Request an extension in writing from SWA if the early date can't be met

State Disclosure Forms

- 3 forms are now **required** to be completed by all agencies
 - State Financial Disclosure Certification
 - Miscellaneous
 - Cash and Investments Restricted Disclosure
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed

DF - New for FY17

Liabilities by Major Class (90.40.45.b)

- Added: GL 5116 - Retained Percentages Payable and GL 5117 – Construction Contracts Payable under **Other Obligations**.

Reminder: For proprietary accounts, use GL 5298 for other long-term obligations (other than bonds, leases, and COPs) that are related to the acquisition of capital assets (purchased or constructed).

DF - New for FY17

- Revised Bond Debt by Major Class Form (90.40.55.B)
 - Added separate lines in Table 8 for General Revenue bond principal and General Revenue interest.

DF - New for FY17

Miscellaneous Disclosure (90.40.75.A)

- New question – Internal Control Officer

Financial Disclosure Certification

SAAM 90.40.95

Certification form substantially
revised:

28 statements

State Financial Disclosure Certification form

- Read all 28 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/13/17**
- Re-sign & re-submit if material changes are made after the original submission

Financial Disclosure Certification

SAAM 90.40.95

Attachments may include:

Narrative disclosing deficiencies in internal control

Pollution remediation site status report

Narrative related to a Service Organization Control (SOC) report

Certification related to the use of a specialist

Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures

Narrative related to certification exceptions detailing variances and proposed or completed corrective action

Service Organizations & SOC reports

A **Service Organization** is a 3rd party that processes or stores information or handles business transactions on behalf of its customers (in your case, a state agency).

Examples:

Software as a Service (Provider 1 - HCA)

3rd party Toll Collection business - DOT

Service Organizations & SOC reports

If your agency uses a service organization and

- 1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or
- 2) A SOC report is required by federal regulation

Then obtain a SOC report and attach a narrative to the state certification detailing:

Period covered, Nature of service provided, Summary of the report (don't send the report), any follow-up actions taken to address weaknesses noted in the SOC report.

For questions about materiality contact your SWA accounting consultant.

SOC reports

SOC Reports provide information users need to assess and address the risks associated with an outsourced service.

Common disclosure form problems

- User can't get into the application
- Changes are made in AFRS, but the related disclosure form isn't updated
- Variances aren't explained
- Certification forms aren't submitted timely

Federal Fiscal Year-End Update

2016 Statewide Single Audit Report

Summary of Results

Federal Assistance Expenditures	2016	2015	2014	2013
Federal Assistance Expenditures	\$ 17.2 Billion	\$ 17 Billion	\$ 15.7 Billion	\$ 14.9 Billion
Questioned Costs*	\$ 18.4 Million	\$ 28.7 Million	\$ 3.9 Million	\$ 4.3 Million
Likely Questioned Costs **	\$ 363.5 Million	\$ 142.2 Million	\$ 13.8 Million	N/A
Total Number of Findings	50	56	55	45
Total Number of Repeat Findings	25	20	20	22
Total Number of New Findings	25	36	35	23

* Questioned costs - specifically identified by the auditor resulting audit exceptions.

** Likely questioned costs - best estimate of total questioned costs that may exist in the items of the population not tested by the auditor. Sampling involves projecting the error/noncompliance rate to the entire population.

2016 Statewide Single Audit Report

Summary of Results

Findings Category (compliance requirements):	FY16	FY15
Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles	22	15
Special Tests and Provisions	22	13
Subrecipient Monitoring	1	2
Eligibility	6	5
Level of Effort/Maintenance of Effort, Matching, Earmarking	3	5
Suspension and Debarment	0	1
Period of Availability	1	3
Reporting	2	3
Program Income and Cash Management	0	1
Multiple Compliance Areas	8	6
Non-Federal	1	2

- All findings are followed up by the feds based on the agency's corrective action plan.
- Potential consequences::
 - decrease future funding for the state
 - agency pay back the questioned costs.
 - the program could be eliminated. *Worst scenario!!*
- For more information, refer to §200.207 and §200.338 of the Uniform Guidance.

- ❑ Office of Management and Budget rescinded 8 federal circulars in Dec 2014.
- ❑ The Uniform Guidance was in full implementation for the FY16 single audits - 2 CFR 200 .
- ❑ SAAM 50.30 was updated to reflect changes that will impact compliance with the Federal Single Audit Act in WA.

Uniform Guidance basic layout:

6 Subparts - A through F

Subpart A, 200.XX – Acronyms & Definitions

Subpart B, 200.1XX – General

Subpart C, 200.2XX – Pre Award – Federal

Subpart D, 200.4XX – Post Award – Recipients

Subpart E, 200.4XX – Cost Principles

Subpart F, 200.5XX – Audit

- 12 Appendices – I through XII

- <https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

**A-133 Audit
Requirements**



Agencies know what policies and procedures need to be revised, deleted, or created.

Federal Assistance Disclosure Forms

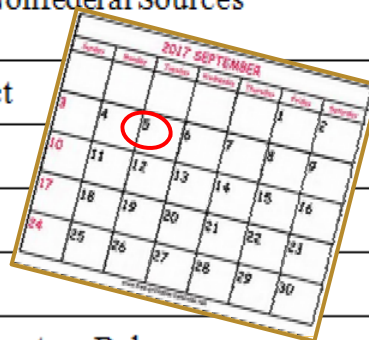
Federal Assistance Disclosure Form Lead Sheet

Agency Code:

Agency Title:

95.20.10 Federal Assistance Disclosure Form Lead Sheet

Federal Disclosure Forms	SAAM	Required	Completed
Due September 1, 2017 – Phase 2 Disclosure Forms			
Federal Analytical Review	95.20.30		Yes / N/A
Federal Assistance Received from Nonfederal Sources (Pass-Through)	95.20.70		Yes / N/A
Federal Financial Assistance - Direct	95.20.20		Yes
Federal Identification Numbers	95.20.80	Required	Yes
Federal Loan Balances	95.20.60		Yes / N/A
Federal Nonfinancial Assistance	95.20.40		Yes / N/A
Federal Nonfinancial Assistance Inventory Balances	95.20.50		Yes / N/A
Due January 31, 2018 - Certification			
Federal Assistance Certification	95.20.90	Required	Yes



Available Training

Current subscription to the Thompson Grants Webinar Training Library. Some recent topics added to the list include:

- ❑ *Purchasing Using Federal Grants: Understanding the Uniform Guidance Requirements*
- ❑ *Cost Allowability in 2017: Understanding OMB's Federal Award Cost Principles*
- ❑ *Preparing for an Audit Under the Uniform Grant Guidance: New Strategies and Techniques (Webinar)*
- ❑ *Procurement Under the Uniform Guidance Beware - The Two Year Fiscal Grace Period Ends In 2017 (Webinar)*
- ❑ *Subrecipient Monitoring Controls: Breaking Down and Analyzing Your Processes for Compliance (Webinar)*
- ❑ *Policies and Procedures in 2017: Complying with the Uniform Guidance*



 THOMPSON
GRANTS WEBINAR TRAINING LIBRARY



If you are interested please contact us for link and access code to training.

Training & Resources

Year-end training classes

Update classes

- State Fiscal Year-end Closing
- Federal Fiscal Year-end Closing

Workshops

- Expenditures & Payables
- Revenues, Reconciliation, & Phase 2 Adjustments
- State Disclosure Forms

Other Recommended Training Classes

- General Ledger Review
 - General Ledger Reconciliation: Basics
 - GL 5111 Accounts Payable Reconciliation
 - In-Process Report Training
 - Administering Agency
 - Intro to GAAP
 - Internal Control: Basics
- Payroll Revolving Account Reconciliation
- Health Insurance Reconciliation
 - Accounting for Capital Assets

Resources

SAAM

➤ <http://www.ofm.wa.gov/policy/default.asp>

Year-End Resources

➤ <http://www.ofm.wa.gov/resources/yearend.asp>

Enterprise Reporting

➤ <http://reporting.ofm.wa.gov/businessobjects/enterprise10/eportfolio/en/logonform.csp>

Questions?

