



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 | Olympia, Washington 98504-3113 | (360) 902-0555

June 18, 2012

OFM DIRECTIVE 12A-04

TO: Agency Directors and Policy Manual Users

FROM: /s/ Wendy Jarrett, Assistant Director
Accounting Division

SUBJECT: **Chapter 5, Data and Systems Access; Chapter 25, Payroll; Chapter 30, Capital Assets; Chapter 50, Federal Compliance; Chapter 75, Chart of Accounts; Chapter 80, Accounting Policies; and Chapter 85, Accounting Procedures**

We have revised several policies in the *State Administrative and Accounting Manual (SAAM)*, effective July 1, 2012.

Key changes to the policies include the following:

Chapter 5 – Data and Systems Access

(New Chapter 5, Section 5.10)

- Added new policy on data and systems access to call out the existing authorities that address controls applicable to statewide accounting and reporting systems.

Chapter 25 – Payroll

(Sections 25.30, 25.40, 25.50, and 25.80)

- Added language acknowledging that in limited circumstances, cash compensation for compensatory time cash-out payments are not subject to state retirement. (25.30.50)
- Changed the formula for reverting shared leave hours to the donor to use the donor's current salary rate. (25.40.10)
- Removed the reference to the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA/CREF) and replaced it with a more generic reference to Higher Education Retirement Plans. (25.50.20)
- Removed the "gross overpayment" definition. (25.80.10)

Chapter 30 – Capital Assets

(Sections 30.10 and 30.20)

- Added and clarified a consistent capital asset definition to Chapter 30, the glossary and the general ledger description in Subsection 75.40.20. (30.10.15)
- Added requirement to reconcile capital assets in AFRS to CAMS (or approved substitute system). This language also exists in Subsection 85.60.60. (30.20.95)

Chapter 50 – Federal Compliance

(Section 50.10)

- Updated section to include current IRS/SSA forms, publications, websites, and who to contact for tax advice. (50.10)
- Added new policy on the 1099 download application maintained by the Department of Enterprise Services. (50.10.65)

Chapter 75 – Chart of Accounts

(Sections 75.20, 75.30, 75.40, and 75.70)

- Added new agency: 0370, Office of Legislative Support Services
- Eliminated agencies: 2500, Indeterminate Sentence Review Board; 3250 Sentencing Guidelines Commission; 3430, Higher Education Coordinating Board; 3770 Spokane Intercollegiate Research and Technology Institution, and 3820 Office of Student Financial Assistance
- Changed the name of agency: 3400 to Student Achievement Council
- Removed two rollup funds: FC Convention and Trade Fund and GC Printing Services Fund
- Changed name of account: 748 to Student Achievement Council Fund for Innovation and Quality Account
- Added new accounts: 17W, 18L, 18N, 18P, 18W, 19C, 19E, 20A
- Deleted accounts: 022, 02B, 02C, 04K, 04T, 05K, 05N, 05T, 068, 06C, 06F, 06M, 06V, 06W, 07H, 088, 100, 10E, 10N, 11G, 11T, 129, 14T, 152, 194, 247, 258, 261, 309, 335, 350, 406, 426, 427, 434, 486, 517, 518, 538, 554, 720, 782, 787, 796, 831, 896
- Changed rollup fund code: 07K, 420
- Changed fund type code: 07K
- Changed administrative agency of accounts: 08B, 08N, 12N, 17F, 17R, 18G, 18H, 18V, 496, 534, 653, 747, 748, 773, 785, 788, 835, 837, 842, 852
- Changed closing GL codes: 14F and 432
- Added new general ledger codes: 6597 and 9274
- Revised descriptions of the capital asset GL codes: 2000, 2140, 2470
- Added subobject code: WF, Capital Asset Adjustment (General Capital Assets Subsidiary Account Only)
- Added statewide sub-subobject SW22 “Cellular device” to subobject BE Allowances.
- Revised the descriptions for subobjects: BE, EK, NF, and NW

Chapter 80 - Accounting Policies

(Sections 80.20 and 80.30)

- Updated the “financial reporting entity” per Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. (80.20.45)
- Updated “state accounting and reporting principles” per GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Removes reference to pronouncements issued on or before November 30, 1989. **NOTE:** The changes to SAAM to incorporate the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which is effective July 1, 2012, will be made at a later date. (80.30.05)
- Revised policy for systems approval to direct written financial/administrative systems requests be submitted to the Office of the Chief Information Officer. (80.30.88)

Chapter 85 - Accounting Procedures

(Sections 85.22, 85.38, 85.42, 85.70, 85.74, 85.85, and 85.90)

- Updated the returns and reversals of AFRS ACH payments policy to reflect the new automated process. (85.22.50)
- Added a new subsection for agency-initiated cancellations. (85.38.10)
- Revised and relocated the non-deliverable warrant policy. (85.38.15)
- Combined illustrative entries related to warrant cancellations and added illustrative entry for canceling warrants issued in error. (85.42.80, 85.42.85, and 85.42.90)
- Added GL Code 5290 to the unearned revenues policy. (85.70.45)
- Updated public works contracts retention policy. (85.74.20)
- Revised illustrated entries for retention of payments on public work. (85.85.60)
- Added HRMS annual billing and made some minor corrections to the billing/payment schedules. (85.90.40)

The policies and procedures prescribed in SAAM are the minimum requirements that state agencies must meet. An agency may adopt more restrictive or detailed policies as long as the agency meets the required minimum standards.

Please be aware that in addition to the SAAM policies, all OFM directives, technical corrections, and superseded policies are available online on OFM's website at:

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

Additional administrative and accounting resources are also available on OFM's website at:

www.ofm.wa.gov/resources/default.asp.

If you are maintaining a hardcopy manual, a link to the replacement pages is available at:

<http://www.ofm.wa.gov/policy/replacement-pages.asp>.

Questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency. You can find your agency's OFM Accounting Consultant at: <http://www.ofm.wa.gov/accounting/swa/swacontactsbyagency.asp>.