

# The Connection

A QUARTERLY NEWSLETTER FROM OFM REPORTING NEWS & INFORMATION ON STATEWIDE ACCOUNTING & FINANCIAL SYSTEMS



## Personal Service Contracts & Out-of-State Travel & Training Restricted!

On February 18, 2009, the Governor signed Engrossed Substitute Senate Bill (ESSB) 5460, immediately reducing the administrative cost of state government. OFM has issued updates to the State Administrative and Accounting Manual (SAAM) Chapter 10 Travel and Chapter 15 Personal Service Contracts to reflect the immediate restrictions placed on personal service contracts and out-of-state travel and training, with limited exceptions to the restrictions. The restrictions apply to all agencies in the executive, legislative and judicial branches of government. The restrictions are in place until June 30, 2009. For additional information, please review the policies at <http://www.ofm.wa.gov/policy/10.00.htm> or <http://www.ofm.wa.gov/policy/15.00.htm>.

Questions regarding contract policies in Chapter 15 should be directed to the OFM Contracts staff. For any other questions, please contact your agency's OFM accounting consultant.



### in this issue

Training Restricted	1
Spring IRS Training	1
CAMS	2
TEMS	2
Cost Savings for Reporting	3
New Daily Beginning Balance	3
Roadmap Happenings	4-5
SAAM Update	6
GASB No. 51 Implementation	6
Biennium Close Information	7

## IRS Training for Spring 2009!

OFM is happy to announce that the following training classes will be offered this spring:

May 8	Compliance: Federal/State Employer Tax Procedures	8:30a-4:00p
May 29	Compliance: Independent Contractor or Employee?	9:00a-2:00p
June 12	Compliance: Taxable Fringe Benefits	9:00a-3:00p

All classes will be held at the Attorney General's Office in Tumwater.

We are very fortunate that trainers from both the IRS and Social Security have made themselves available for these sessions again this year.

As requested by many participants last year, we have extended the time for the Taxable Fringe Benefits class to allow for more in-depth discussion. To register, please go to the OFM training site at <http://www.ofm.wa.gov/training/default.asp>.

If you have questions about the classes being offered, please contact Steve Nielson at 360.664.7681 or [Steve.Nielson@ofm.wa.gov](mailto:Steve.Nielson@ofm.wa.gov), or Steve Ketelsen at 360.664.7777 or [Steven.Ketelsen@ofm.wa.gov](mailto:Steven.Ketelsen@ofm.wa.gov).

*The OFM Information Services Division, Accounting Portfolio Team, has been working diligently to meet growing agency demands in response to budget reductions.*

*OFM has successfully implemented enhancements to the following applications in an effort to coordinate and streamline business for agencies.*

## Capital Asset Management System (CAMS)

One of our recent enhancements is the Agency Financial Reporting System (AFRS) to Capital Asset Management System (CAMS) interface. The purpose of this interface is to provide a method for agencies to capture CAMS asset activity at the time it is entered into AFRS. This interface facilitates the AFRS to CAMS reconciliation process by providing a conduit between the accounting function and the staff responsible for the CAMS asset inventory.

The AFRS to CAMS interface is only functional for ONLINE agencies that use CAMS. Agencies utilizing the Financial Toolbox and sending transaction by batch interface do not have this capability.

To learn more about this feature, or if your agency is interested in utilizing the CAMS application, please call the AFRS Help Desk at 360.664.7725 or email to [afrshelpdesk@ofm.wa.gov](mailto:afrshelpdesk@ofm.wa.gov).

## Travel and Expense Management System (TEMS)

### Phase 1

The first phase of the Travel and Expense Management System (TEMS) has been implemented by all our customers as of March 2, 2009. The new system is web-based, so implementation has been greatly simplified. OFM is currently programming TEMS reports within the Enterprise Reporting (ER) application so agencies will be able to research travel data such as mileage, performance monitoring, workload, travel advances and taxable meals.

OFM transitioned twenty-nine agencies from the Travel Voucher System (TVS) application to TEMS. Two more agencies elected to implement TEMS during the initial roll out phase, and another five agencies have asked to implement the new system. If your agency is interested in utilizing the TEMS application, please contact the Travel Help Desk at 360.664.7750 or email [travelhelp@ofm.wa.gov](mailto:travelhelp@ofm.wa.gov).

OFM will continue to nurture and grow the TEMS system so it will always meet, or exceed, our customer's expectations.

### Phase 2

The second phase of TEMS began in December 2008 and was slated to provide functionality to the TEMS application for travel preauthorization and travel advance payment processing and tracking.

This effort was discontinued in February 2009, due to recognition of risks related to project deliverables and an inability to ensure a successful release by the June 30, 2009 timeframe. The decision was not an easy one. However, in view of our nation's current economic crisis, consideration had to be given to other pressing needs that could be completed using the same or similar resources.

For example, work is being done in this biennium that may prove of greater benefit to the state. As stated above, OFM is working on standardized TEMS reports that will be available in ER. The TEMS team is reviewing a list of issues and enhancements to examine the potential of continued system improvements through a maintenance release.

The team and all of you are to be complimented for all the good work completed on the travel preauthorization portion of this project. This work will be documented and saved for implementation at a more opportune time in the future. OFM wants to continue to add value and make your jobs easier. Thank you for your support, ideas and participation in this endeavor. We will keep you posted on our progress.

Feel free to contact any of the following staff to address your concerns or questions regarding TEMS.

Sadie Rodriguez-Hawkins, Sponsor

[Sadie.Hawkins@ofm.wa.gov](mailto:Sadie.Hawkins@ofm.wa.gov) or 360.664.7650

Bret Brodersen, SWA Travel Policy, Business Coordinator

[Bret.Brodersen@ofm.wa.gov](mailto:Bret.Brodersen@ofm.wa.gov) or 360.664.7677

TEMS Help Line

[travelhelp@ofm.wa.gov](mailto:travelhelp@ofm.wa.gov) or 360.664.7750

## Cost Savings for Reporting

OFM continues efforts to provide efficiencies to agencies by moving reports currently in AFRS to the Enterprise Reporting (ER) system. The following reports will be moved within the next month: Official Daily Payment Register (replaces Daily Warrant Register) and Daily Transaction Report. OFM is also developing a flexible Payment Register Report which will allow customers to search for payments made to vendors by vendor name, vendor number, budget code, etc. These reports will join the 122 reports that are now in ER, which were previously only available in AFRS. To obtain a crosswalk of AFRS reports currently available in ER, please see the "AFRS/ER Report Crosswalk."

Ultimately, OFM is striving to move all AFRS reports to ER. Please note that ER allows agencies to access reporting data back to July 1997. This further increases savings as agencies can reduce costs associated with archiving paper copies.

Agencies can save money now by accessing reports through ER rather than through AFRS. Agencies have unlimited access to ER reports as part of the Enterprise System fee. Reports run through AFRS can cost agencies in the range of \$0.16 to \$0.26 per page depending on the type of report selected. Soon OFM will eliminate access in the AFRS environment to the reports that have been moved to ER. More information will be made available to agencies as new reports move into production.

For additional information about changes to AFRS reports, please call the AFRS Help Desk at 360.664.7725 or email to [afrshelpdesk@ofm.wa.gov](mailto:afrshelpdesk@ofm.wa.gov).

### *In related news...*

OFM and the Office of Minority and Womens Business Enterprises (OMWBE) have partnered to create enhanced OMWBE agency reports. The new reporting application follows all OMWBE participation base rules and will provide agencies with detailed participation levels. This new functionality will enable agencies to clearly identify those vendors who are OMWBE certified. OFM and OMWBE believe that this will save agencies time and dollars in tracking OMWBE participation levels.

OFM and the Department of Revenue (DOR) have also partnered to develop an application to assist agencies in tracking and reporting Use Tax details more efficiently. More information will be available to agencies as this work progresses.

## NEW Daily Beginning Balance

Washington State currently closes accounts for the biennium at the account/general ledger (GL) level in January, following the biennium end. The current closing process has proven challenging and impacts agencies, as they do not have AFRS access to their beginning fund balances for the new biennium, for over six months. However, since a number of agencies have a pressing need for beginning balances prior to the January timeframe, they have to track them manually. In addition, some agencies have a need to track fund balances at a level of detail lower than account/GL. This need then creates additional manual tracking processes.

The new Daily Beginning Balance project will provide all agencies with updated beginning fund balances starting on July 1, 2009, for the concluding (old) biennium. Agencies can also request approval from OFM Statewide Accounting (SWA) to participate in closing their fund balance at a lower level of detail than account/GL.

The changes implemented will update cash and fund balance as of July 1 in the ensuing biennium with the changes that are posted in month 25. The new process will work by creating a separate file of AFRS history records and running the "close" process against this file nightly from July 1 until the official biennium close process occurs in January. As a result of nightly updates, agencies will be able to run reports out of the Enterprise Reporting (ER) system to obtain a new Daily Beginning Balance.

This change only updates beginning balance records at the end of each biennium. It will not impact mid-biennium balances.

To learn more about this change, please call the AFRS help desk at 360.664.7725, send an email to [afrshelpdesk@ofm.wa.gov](mailto:afrshelpdesk@ofm.wa.gov), or contact your agency's OFM accounting consultant.

# ROADMAP HAPPENINGS

## Roadmap Implementation Plan Now Complete

Completion of the Roadmap Program Implementation Plan represents the culmination of 4+ years of work that includes participation from nearly every state agency and several higher education institutions, and provides a framework for achieving the goal of modernizing the core financial system.

The Implementation Plan is a high-level view of what the Roadmap Program could accomplish once funding becomes available, and it addresses challenges that state government faces in moving towards modernizing its core financial systems.

View the complete plan [here](#).

*Although the Roadmap Program executive sponsors decided against submitting a decision package for the 2009-11 biennial budget due to the current economic climate, important work continues to be accomplished through the Program in a number of ways. Read on for further details...*

## IT Expenditure Coding Requirements

The IT Expenditure Coding Requirements project started with the Legislature's request to improve the administration and coordination of state information technology.

As a result of this request:

- Section 962 of the 2007-09 Operating budget created the IT Pool and the IT Work Group
- The IT Work Group issued their report to the Legislature in November 2007
- Both the IT Work Group Report (2007) and the Enterprise Data Definitions Report (2008) conclude that better enterprise accounting of IT expenditures is required by the Legislature and other users of state financial data
- The IT Subgroup was formed to look at IT Coding Requirements and propose a solution using our current enterprise systems

The Roadmap Team has been leading the coding requirements effort since mid-2008 in conjunction with other subgroup members that include the following:

- DIS – Tracy Guerin and Mike Ricchio
- House/Senate – Owen Rowe and Erik Sund
- LEAP – Michael Mann
- OFM Budget – Pam Davidson; OFM Accounting – Lee Hall and Bruce Gorsky

To date, the subgroup has conducted five meetings on this topic in which the group identified specific needs of the Legislature, and then explored ways to standardize IT expenditures in AFRS before proposing, and agreeing upon, a solution that can use our existing enterprise systems.

The group also concurred that in order to support and improve government transparency and accountability, accounting changes that are enterprise in nature, such as this one, should be implemented at the start of a biennium. *As a result, the new IT Expenditure Coding requirements will be effective July 1, 2009.*

### AGENCY COMMUNICATION

Once the solution to use AFRS Project coding was identified and agreed upon by the IT subgroup, agency communication included the following:

- The Roadmap Team reviewed the new requirements with agency staff at Washington State Patrol, Evergreen State College, the Small Agency Client Services (SACS), Departments of Revenue, Health, Licensing, Transportation, Ecology, Labor & Industries, Social and Health Services, and several Higher Education institutions, individually and collectively. Agency fiscal staff, and in many cases IT staff, attended these meetings.

### **AGENCY COMMUNICATION (cont.)**

- The February 17, 2009 FMAC meeting, attended by 21 agencies, provided details on implementing the solution <http://www.ofm.wa.gov/accounting/fmac.asp>.
- Email correspondence on this change was sent to agency Fiscal Officers on 2/20/09 and 3/27/09.
- The Roadmap Team held a meeting on 3/26/09 with agency IT and Fiscal Officers to discuss definitions.
- There have been ongoing internal meetings with the OFM Information Services Division on how best to assist agencies in implementing this change.

### **PROGRESS TO DATE**

Additional work has been undertaken to bring this effort to fruition. For example:

- OFM Information Services Division staff have created, tested and put the necessary IT coding changes into AFRS.
- Eight OFM Training classes are scheduled to provide additional assistance and information to agencies on this topic. Of the 200 available slots, approximately 150 employees have already registered for the classes. The first class was held on Wednesday, April 8.

*For more information or to register for "Tracking IT Expenditures at the Enterprise Level," visit the OFM website at <http://www.ofm.wa.gov/training/default.asp>.*

### **NEXT STEPS**

The ultimate goal of this project is to map expenditure sub-object codes in AFRS to the reporting of IT costs to DIS. Automating this would greatly simplify the level of effort currently required to compile and report IT costs.

Work to achieve this goal includes aligning definitions for IT categories on the Portfolio report to the definitions in the SAAM policy manual.

The Roadmap Program Office will be inviting a group composed of Washington State Deputy Directors, CIO's and Fiscal Officers to participate in developing these definitions. Once their work is complete, it will be vetted to a larger audience for approval prior to implementation.

If you have questions, please contact Bruce Gorsky at 360.664.7690 or [Bruce.Gorsky@ofm.wa.gov](mailto:Bruce.Gorsky@ofm.wa.gov), Lee Hall at 360.664.7735 or [Lee.Hall@ofm.wa.gov](mailto:Lee.Hall@ofm.wa.gov), or Sadie Rodriguez-Hawkins at 360.664.7650 or [Sadie.Hawkins@ofm.wa.gov](mailto:Sadie.Hawkins@ofm.wa.gov).

## **Time, Leave and Labor Distribution (TLLD)**

A recent statewide survey on time and leave collection and labor distribution business processes revealed opportunities for significant improvement in several areas that could be solved by developing a Time, Leave and Labor Distribution (TLLD) solution. The TLLD project is under the Roadmap positioning activity: Human Resource Management System (HRMS).

A TLLD solution would provide stakeholders with an automated and consistent source of information that would help with the administration and implementation of the:

- State's Civil Service System, including the Civil Service Rules,
- Labor contracts, and
- Classification and pay applications

It will help those who need labor distribution functionality to plan, budget, account and report on agency goals, programs and projects in accordance with state and federal regulations. It will also help reduce individual agencies' risk with respect to federal and state audits.

Currently, the Departments of Transportation (WSDOT), Natural Resources (DNR), Personnel (DOP) and the Office of Financial Management (OFM) are partnering to determine the feasibility of developing a TLLD system that would initially meet WSDOT and DNR unique needs, and later provide the state with a foundation that could be expanded to support an enterprise solution for those business processes. The feasibility study is scheduled for completion in June 2009.

View the TLLD Feasibility Study Project Charter.

For more information on the TLLD project, contact Tim Vessey at 360.664.7882 or [Tim.Vessey@ofm.wa.gov](mailto:Tim.Vessey@ofm.wa.gov).

## More Revenue Source Definitions Coming Soon to the State Administrative and Accounting Manual (SAAM)

Statewide Accounting is in the final stages of writing definitions for the last group of revenue source codes, "State Charges and Miscellaneous Revenue," in Chapter 75 of SAAM. In 2007, OFM committed to developing revenue source definitions, using a tiered approach, for completing one of the recommendations of the 2004/05 Chart of Accounts Study. The results of defining these state revenue source codes will be to:

- reduce several seldom used or agency specific revenue source codes
- assist agencies in determining the correct revenue source code to use, and
- increase consistency on the use of revenue source codes.

The definitions will be finalized in April 2009, with the policy update effective July 1, 2009. This early notification is intended to give agencies time to update internal processes and systems. If you have any questions, please contact your agency's OFM accounting consultant.

## State To Implement GASB Statement No. 51

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 51 Accounting and Financial Reporting for Intangible Assets*.

To implement the new GASB statement, OFM will assign a new intangible asset threshold, and add and revise general ledger account codes, sub-object codes, capital asset class codes and glossary definitions. The changes will be effective July 1, 2009, and will be included in the June SAAM update.

An intangible asset is defined as possessing all of the following characteristics:

- 1) Lack of physical substance
- 2) Nonfinancial in nature, and
- 3) Initial useful life extending beyond a year.

Examples of intangible assets are easements, water rights, timber rights, mineral rights, patents, trademarks, copyrights, and internally generated assets such as internally developed computer software.

If you have any questions, please contact your agency's OFM accounting consultant.

Copies of GASB Statement No. 51 are available from GASB and can be purchased at <http://gasbps.stores.yahoo.net/publications-statements-of-standards.html>.

## Another Biennium is Coming to a Close

Now is the time to prepare for closing Fiscal Year 2009. In addition to the normal year-end closing activity, the state will be implementing two new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- *Statement 49 Accounting and Financial Reporting for Pollution Remediation Obligations.* We have been working on this statement since 2007. We are currently finalizing our approach and a process for gathering information annually.
- *Statement 52 Land and Other Real Estate Held as Investments by Endowments.* This statement will impact a limited number of agencies, primarily higher education institutions.

Following are some important fiscal year-end dates to keep in mind:

<b>DUE DATE</b>	<b>REPORTING ITEMS</b>
June 30	Last day of the fiscal year; Cash cutoff *
July 16	Interagency billings must be mailed **
July 31	Phase 1 closes - Agency Accruals
August 3	Disclosure Form application opens
September 11	Phase 2 closes - Agency Adjustments
September 18	State and Federal Disclosure Forms due (early completion encouraged) and State Financial Certification due
December 8	Federal Assistance Certification due
	* Refer to OST's closing schedule memo. **Community and Technical College billings due July 23.
SAAM	The State Administrative and Accounting Manual Chapters 90, State Reporting, and 95, Federal Assistance Reporting, are updated every year to reflect updates in reporting changes. These updates will be available around May 15 and effective June 1.
Training	Classes are available on both state and federal year-end closing procedures. Classes will be held in June. Register at our training website at <a href="http://www.ofm.wa.gov/training/default.asp">http://www.ofm.wa.gov/training/default.asp</a>
FMAC	The Financial Management Advisory Council (FMAC) meeting on May 19 will provide state and federal fiscal year-end closing updates as well as cut-off information from the Office of the State Treasurer and an update from the State Auditor's Office. FMAC meetings and technical sessions are listed at <a href="http://www.ofm.wa.gov/accounting/fmac.asp">http://www.ofm.wa.gov/accounting/fmac.asp</a>

For additional information, please contact your agency's OFM accounting consultant.