



# The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

## A message from the State Treasurer's Office ...

Thank you all so much for your hard work to produce a top-quality 2014 Comprehensive Annual Financial Report (as usual) and to do so in 120 days! The great work you did made ours the fastest state government CAFR in the country.

This important achievement puts a big exclamation point on our state's hard-won reputation for strong financial management. Now, when bond investors and credit rating agencies look at our CAFR they not only know that they will get excellent information they can count on, but will get to look into our financial condition in record time.

With \$20 billion in bonds in the market already, and plans to sell another \$2 billion each year for the foreseeable future, maintaining and improving our state's great reputation pays off for tax payers. By producing our high quality CAFR in record time you will help attract more investors to the state - and with more of them competing to buy our bonds the added competition will create lower borrowing costs.

We know that it took a lot of work, attention to detail, and a high degree of commitment from all of you to produce the 2014 CAFR in 120 days. Washington state couldn't have done it without you. Thanks again for finding yet another way to save money for tax payers!



## Are you ready?

As we have previously shared, in response to the financial community's interest in more timely financial information, we initiated our "faster CAFR" initiative a couple of years ago. Thanks to all of you, we have been able to issue our CAFR earlier each year. Last year, we met our goal and completed the CAFR on October 31, our earliest ever.

To meet the October 31 date again this year (actually, this year it is October 30 as the 31st is a Saturday), everyone must do their part in a timely fashion. While year-end close is a busy time, there are things you can do to manage the stress level. Don't wait until June 30. If you haven't already, start **now** by –

- Reconciling your GLs and posting appropriate adjusting entries.
- Reviewing your closing activities for opportunities to Lean processes.
- Reviewing areas that caused you problems last year and developing solutions.
- Taking year-end training as appropriate.
- Setting internal due dates and assigning tasks.
- Communicating deadlines both internally (those who supply needed information) and externally (vendors, contractors).
- Preparing to issue your interagency billing by the July 23 due date. Timeliness is critical.
- Tackling those interagency balances early on as interagency receivables and payables must be in balance by August 21.
- Verifying that needed CFDA numbers are available in AFRS for federal reporting.
- Performing administering agency duties.

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## Are you ready?

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For fiscal year 2015 reporting, we are clarifying our definition of nonspendable fund balance to more closely align to that in GASB Statement 54. Per Statement 54, nonspendable fund balance should include amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Until now in governmental fund type accounts, we have required you to set aside as nonspendable fund balance an amount equal to petty cash. However, since petty cash is in a spendable form, it technically does not fit under the Statement 54 definition. Accordingly, we plan to eliminate GL Code 9122 Nonspendable Petty Cash. So, another thing you can do to prepare for year-end is to check if you have a balance in GL Code 9122, and if you do, move it to the appropriate fund balance GL code. Check SAAM Subsection 75.30.50 for the list of accounts with the associated closing GL code.

We appreciate your past efforts to meet the CAFR deadlines and look forward to another successful close. For additional information, please contact your assigned OFM accounting consultant.

## 2014 Single Audit

The 2014 Single Audit Report is now available online at <http://www.ofm.wa.gov/singleaudit/2014/default.asp>. The Single Audit must be filed with the federal clearinghouse within nine months of the fiscal year end. The process to compile the document went much smoother this year, and we were able to meet the filing deadline without the last minute scramble. We thank all agencies who contributed to making this possible.

A few facts about this year's Single Audit:

	2014	2013	2012
Federal Assistance Expenditures	\$15.7 Billion	\$14.9 Billion	\$15.8 Billion
Questioned Costs	\$3.7 Million	\$4.3 Million	\$4.0 Million
Total number of findings	55	45	63
FFATA reporting findings	12	6	8
Subrecipient Monitoring findings	3	4	13

Several of this year's FFATA findings related to not properly identifying subrecipients. Please remember subrecipients do not include other state agencies. However when a state agency (B) passes through to a non-state entity all or a portion of the federal dollars received from state agency (A), state agency (A) is required to consider the non-state entity a subrecipient for FFATA reporting purposes. This rule also applies to reporting federal expenditures and pass through amounts on the Schedule of Expenditures of Federal Awards (SEFA).

The trend in subrecipient monitoring findings is positive – good effort on that front. Keep it up!

If you have any questions or comments, please contact Sara Rupe at (360) 725-0189 or [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

# Time, Leave and Attendance (TLA) Moving Full-Steer Ahead

For the past couple months the TLA project has been making good progress on a number of fronts. At the Department of Ecology (ECY), there is a concentrated effort to successfully implement the system; at the Department of Transportation (DOT) the work is building the foundation for TLA; and at the Department of Enterprise Services (DES), the focus is on making sure the infrastructure is ready and the support team is gaining the expertise they will need to operate/maintain the application. Though the tasks are very different, all are necessary to move the TLA project forward for the state.

The state has received the configuration for Ecology from WorkForce Software and testing is well underway. Testers are finding some issues, but that is both expected and normal. We are scheduled to test through the end of May. At that time, work will shift to preparing for the cutover to production in preparation for the pilot implementation on July 1. The first group will be just a couple hundred users. This small implementation will help reduce the implementation risk for both Ecology and the enterprise. The remaining Ecology employees are scheduled to go on the system September 1. The work at Ecology will provide some of the core functionality for the state including configuration of the Federation Collective Bargaining Agreement, labor distribution and mobile employees. Ecology payroll has reported that their favorite features include:

- Leave balances are real time,
- Full-time employee leave is accrued after 80 hours,
- Staff can't request leave they don't have,
- Overtime recognition for all employees,
- Shared leave processing for requests, donations and returns, and
- Both the employee and payroll receive notice for overpayments.

Ecology is doing a heavy lift building the foundation for the state. Their efforts and dedication are appreciated! Once Ecology goes live, WorkForce Software will transition to the software provider and hosting role. We will receive regular product updates from WorkForce and we will rely on them to adjust the technical environment as additional agencies implement the system.

DOT is working on two different foundational activities that will pave the way for their TLA implementation. DOT continues to work hard on defining their TLA system requirements. It is complex work because there are 12 more collective bargaining agreements to be configured and full scope 7x24 operations. Additionally, DOT is working on shifting their labor distribution system from weighted labor to actual labor. This work will position DOT well for working with a new implementation partner (a competitive procurement is underway). Once DOT is on the system, over half of the collective bargaining agreements will be configured, more core functions will be configured, and the scheduling module will be implemented for the first time.

Many thanks to staff from the Departments of Ecology, Transportation, and Enterprise Services, as well as the Office of Financial Management and WorkForce Software! Everyone is working hard toward the same goal, successful TLA implementation. TLA will provide the state with the timekeeping records necessary to comply with the federal Fair Labor Standards Act; plus it will be the system of record for leave and time. The project team is very energized as the initial pilot implementation draws near!

# Thinking about asking for a waiver or approval? Let's talk...

Sometimes there is confusion regarding the timing, content, process or even need for requesting a waiver from a *State Administrative and Accounting Manual (SAAM)* policy or whether it is a waiver or approval that would be appropriate. Here are a few basics -

Waivers from complying with the requirements of SAAM policies are allowed by RCW 43.88.160(1) and expire at the end of the biennium for which they are granted. The Office of Financial Management is required to forward copies of waivers granted to the appropriate legislative fiscal committees.

Approvals are allowed both in statute and in SAAM. Approvals are generally good until no longer needed or superceded. Examples of approvals include:

- Belated claims (Section 85.40)
- Alternative useful lives for capital assets (Subsection 30.20.70.c)
- Temporary cash deficiencies in treasury and treasury trust accounts (RCW 43.88.260)\*
- Use of local accounts (RCW 43.88.195)
- Petty Cash (RCW 43.26.050, Subsection 85.50.60)
- Disclosure form deadlines (Subsection 90.40.10)

\*In the case of temporary cash deficiencies, by statute the approval expires at the end of the biennium in which the approval is granted.

When requesting either a waiver or an approval, it is very important that all required elements be included in the request. You are strongly encouraged to send a draft of your request letter to your assigned accounting consultant before the letter is officially submitted. Your accounting consultant will work with others, such as OFM Budget and State HR, as needed, to facilitate the situation and proposed solution. This will ensure that your request is complete so its approval can be expedited.

SAAM 1.10 has the procedure for requesting a waiver or approval.

<http://www.ofm.wa.gov/policy/1.10.htm>

**Key thing to remember** – work with your assigned accounting consultant before submitting a waiver or approval request.

# Revised Guidance on Professional Employee Licenses, Certifications, Memberships and Training

Recently questions had been coming up related to the guidance on our Resources website related to paying for professional employee licenses, certifications, memberships and training, so it seemed a good time to review and update the guidance. The revised guidance is now available at <http://www.ofm.wa.gov/resources/misc.asp>.

We worked with representatives from State Human Resources and the Office of the Attorney General to address the key question related to the guidelines – do agencies have authority to pay for professional licenses and certifications? And, the answer is – it depends on a couple of factors.

- If the license or certificate is required to engage in the profession and is required by the position, then it depends on whether the agency has authority to set the employee's compensation.
  - o If the agency has authority to set compensation for the employee (e.g., exempt or WMS), then the agency can pay as part of the employee's compensation.
  - o If the agency does not have authority to set compensation for the employee (e.g., classified), then the agency does not have authority to pay.
- If the license or certificate is required to engage in the profession, but is not required by the position and the agency will derive a benefit from the license or certificate, then the agency can pay as an agency expense.

A decision tree is provided to help you apply the guidance. Even if your agency has the authority to pay for the license or certificate, we include a list of other factors that you should consider before making a decision. Additionally, we recommend that your consideration process be formalized in agency policy and consistently applied.

And while we noted that depending on circumstances some payments could be considered a taxable fringe benefit to the employee, we defer to the Internal Revenue Service to address tax questions. To that end, we included a link to the IRS Fringe Benefit Guide at <http://www.irs.gov/pub/irs-pdf/p5137.pdf>.

Please contact Wendy Jarrett at [wendy.jarrett@ofm.wa.gov](mailto:wendy.jarrett@ofm.wa.gov) for questions and comments related to the guidance.

**Have you ever wanted to send remittances electronically to payees on the agency vendor file? Electronic remittance advices coming soon!**

Agencies currently do not have the option to electronically send remittance advices to agency vendor file payees. Based on requests from agencies, OFM and DES have been working to establish a way to electronically send remittance advices to agency vendor file payees just like they do for statewide vendors.

In the coming months the agency vendor file will be refreshed to have the same layout as the statewide vendor file. This will allow agencies the option to add an email address to facilitate electronic remittance advices for payees receiving EFT payments. Stay tuned for this exciting development and what steps agencies will have to follow in order to start using this feature.

If you want more information please contact Bret Brodersen at [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov) or Steve Nielson at [steve.nielson@ofm.wa.gov](mailto:steve.nielson@ofm.wa.gov).

## Cash Management

To ensure good cash management over federal grants, the Financial Management Service of the U.S. Department of the Treasury implemented the Cash Management Improvement Act (CMIA) of 1990. The CMIA governs the transfer of funds between the federal government and states. The goal is to make cash activity related to federal assistance programs interest neutral.

The state of Washington has a number of federal assistance programs that are governed by the CMIA through inclusion in our Treasury State Agreement (TSA). The TSA is renewed annually and specifies the techniques used by state agencies to draw grant funds from federal agencies (<http://www.ofm.wa.gov/tsa/default.asp>). The draw patterns are intended to be interest neutral. In other words, the state is reimbursed when payments associated with federal assistance programs leave the state treasury, not earlier allowing the state to earn interest holding federal funds, and not later causing the state to lose interest waiting for federal reimbursement.

Following the close of each fiscal year, the state must report to the federal government actual experience related to the agreed upon draw techniques. If federal funds weren't available to draw in accordance with the draw technique, then the federal government owes the state interest. If the state draws too early, then the state owes the federal government interest. In December, we submitted the annual report for fiscal year 2014 and requested a federal interest payment of \$21,982 which will be distributed to the accounts with programs that experienced late federal payments. This payment is larger than historical amounts in part due to the partial Federal shutdown in 2013.

Currently the Office of Financial Management (OFM) is working with agencies to gather information for the state fiscal year 2016 TSA. This year we completely revamped the forms that agencies use to update their section of the TSA and presented training on the new forms in March. The revised forms were sent to impacted agencies and are due back to OFM by April 3, 2015.

Agencies with federal grants that are not on the TSA should also review current methods used to draw federal funds and ensure that they incorporate good cash management practices.

If you have questions concerning cash management related to federal assistance programs, please contact Bret Brodersen at (360) 725-0229 or [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov).

## Reconciliation Reminder

You may recall that reconciling General Ledger (GL) balances was a hot topic last year. Many agencies already had effective processes and others started putting them into place. We hope the momentum carried over into the current fiscal year and that you are keeping your reconciliations up to date. Reconciling on a regular basis, rather than only at fiscal year-end, helps ensure your AFRS balances are correct, allows time to make necessary corrections in the same fiscal period, and spreads the workload more evenly over the entire year.

Here are some observations about reconciliations we have made while working with agencies this past year:

- Both the reconciliation preparer and the reviewer need to have some basic knowledge about the activity being reconciled. They need to understand the rules and policies that govern the activity, why they are reconciling, what they are reconciling to, and what should be used to support the balance.
- Knowing what makes up a balance is only a small part of the reconciliation process. The real work is figuring out why the balances are there, how they will be cleared, who is responsible, and when it will be done. Then, you must monitor to ensure the cleanup happens!
- Having a standard process and using standard templates seemed to work well for many agencies. Our Resources website (<http://ofm.wa.gov/resources/GLreconciliations.asp>) features general information, a summary of SAAM required reconciliations, and useful information we collected from agencies such as sample assignment lists, policies and procedures, and reconciliation templates.

Remember that every year your agency's Director and Chief Financial Officer must attest on the state disclosure certification form that, among other things, your AFRS data is accurate and complete, balances are reconciled, and your agency has a system of internal control in place. In addition, we are relying on the accuracy of your data to produce an accurate CAFR.

As we begin the last quarter of this fiscal year, it's a good time to assess where your agency is in the reconciliation process. Be prepared to share your agency's status with your OFM accounting consultant at your year-end meeting, because we will ask about it!

## Agency Fund Balance Classification Responsibilities

In SAAM Subsection 90.20.62 Fund Balance, we state:

Agencies are responsible for reviewing the fund balance General Ledger (GL) codes for the governmental fund type accounts to which they post activity and reclassifying as appropriate. Each account is designated a closing GL code within the categories of: nonspendable, restricted, committed, assigned or unassigned. A portion of the residual activity balance may be more appropriately reported in a fund balance GL code in a category other than that of the designated closing code.

So what does this mean for you? At year-end, agencies should review fund balance amounts for each account to which they post activity (refer to Subsection 75.30.50 to determine the closing GL code for each account and Subsection 75.40.20 for a description of these GL codes) and, if needed, record a JV entry to appropriately classify the fund balance.

For example, assume that the closing GL code for one of the accounts that you use is within the committed category but you know that during the year a legal settlement was deposited to the account that the court restricted for a specific purpose. In order to properly reflect this restriction, you need to reclassify the fund balance in the account related to the settlement from a committed GL code to a restricted GL code. The June 1 SAAM update will provide an illustrative entry to record a reclassification of a fund balance GL code in Subsection 90.30.90 Fund Balance Reclassification.

If you have questions regarding fund balance classification, contact your assigned OFM accounting consultant.

## Time to report pension liabilities drawing near

Washington state will be reporting pension liabilities in accordance with the new requirements of GASB Statement 68 “Accounting and Financial Reporting for Pensions” in the fiscal year 2015 CAFR. Statement 68 applies only to external financial reporting and does not impact decision making authority related to funding. The new standard requires all governmental employers to report for the first time their proportionate share percentage of pension data, including the pension liability. In addition, there may be certain situations where the government has to report additional pension data because it assumed funding responsibility due to supplemental payments made beyond the basic employer payroll rate. Pension liabilities, expense, and related deferred inflows and outflows of resources are required to be reported in government-wide and proprietary fund statements, along with new Notes and Required Supplemental Information.

The implementation effort is challenging because the state participates in 14 pension plans administered by the Department of Retirement Systems (DRS). On the positive side, GASB 68 allows an employer to report using a measurement date no earlier than the end of its prior fiscal year which, for Washington, means that calculations for the state’s CAFR can be based as of the prior year measurement date. For fiscal year 2015 reporting, this allows us to base our employer proportionate share calculations on plan level information that is available in the fiscal year 2014 DRS CAFR.

The employer liability is required to be calculated on a plan by plan basis, and the allocation approach we will be using is generally based on employer contributions. For general government employees, data in HRMS is the starting point – that’s where we can capture employer contributions at the plan level along with related account coding information. Assistance provided by State HR is proving to be invaluable in extracting and summarizing the necessary data. Work with higher education agencies is underway to determine the best approach to collect their necessary data.

So far, we are making good progress on our single employer plans. Once employer proportionate share percentage information is available from DRS, we will be able to turn our attention to our cost sharing plans.

The quantity and complexity of the information required by Statement 68 cannot be understated. There is additional workload not only for OFM financial reporting, but also DRS, the State Actuary, and many other agencies. And not only is it new to us to produce, it will be new to the State Auditor’s Office (SAO) to audit. Our goal is to complete as much of the work as possible by early summer so that SAO can get a head start auditing it.

If you would like to read more on this topic, please refer to the GASB Implementation Toolkit at <http://www.gasb.org/cs/ContentServer?c=Page&pagename=GASB%2FPage%2FGASBSectionPage&cid=1176163527940>. You can also contact Sara Rupe at [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov) or Lee Hall at [lee.hall@ofm.wa.gov](mailto:lee.hall@ofm.wa.gov).

## Another fiscal year is coming to a close

Hard as it is to believe, fiscal year 2015 year-end close is just around the corner. Below are the important fiscal year-end dates to keep in mind. Note the new earlier date for interagency receivable/payable balancing. For a small calendar to printout go to [http://www.ofm.wa.gov/resources/yearend/YE15\\_calendar.pdf](http://www.ofm.wa.gov/resources/yearend/YE15_calendar.pdf).

Due Date	Reporting Item
June 30	Last day of the fiscal year; cash cutoff (refer to OST's closing schedule memo)
July 15	Disclosure Form application opens
July 23	Interagency billings must be mailed
July 31	Phase 1 closes - Agency Accruals
August 21	<b>Phase 1B closes</b> <ul style="list-style-type: none"> <li>• Certain state disclosure forms are due</li> <li>• Interagency receivable/payable balancing due <b>New</b></li> <li>• Pollution remediation site status report due <b>New</b></li> </ul>
September 4	<b>Phase 2 closes</b> <ul style="list-style-type: none"> <li>• Agency Adjustments completed</li> <li>• Remaining State and Federal Disclosure Forms are due, disclosure form application closes</li> </ul>
September 16	State Financial Disclosure Certification form is due
December 4	Federal Assistance Certification form is due

If your agency cannot complete some or all of the Phase 1B disclosure forms by August 21, you will need to request an extension by sending a memo to your assigned OFM accounting consultant. The memo should list the items for which an extension is needed and the date by which your agency can complete the forms. The requested date can be no later than the end of Phase 2, September 4, 2015. Remember that completion of the disclosure forms requires all AFRS entries related to those forms to also be complete.

Chapters 90, State Reporting, and 95, Federal Assistance Reporting, in the *State Administrative and Accounting Manual* are updated every year to reflect changes in reporting requirements. The Chapter 90 update will be issued in May and Chapter 95 will be updated following the issuance of the Office of Management and Budget's Circular A-133 Compliance Supplement. For additional information, please contact your assigned OFM accounting consultant.

## Fiscal Year-End Training classes offered

Classes on both state and federal year-end closing procedures will be held May - July. For those people with year-end closing experience, we offer two short update classes that focus on current year changes and key items that we want to emphasize.

Class Name	Dates	Times	Duration
OFM - Fiscal Year-end Closing (State) – Update	May 26 June 12 June 18	10:30am-noon 10:30am-noon 3:00-4:30pm	1.5 hours
OFM - Fiscal Year-end Closing (Federal) – Update	May 26 June 12 June 18	8:30-10:00am 8:30-10:00am 1:00-2:30pm	1.5 hours

A shortened version of the state and federal fiscal year-end closing update classes will be presented at the Financial Management Advisory Council (FMAC) meeting on May 28. For a schedule of FMAC meetings, visit OFM's website at <http://www.ofm.wa.gov/accounting/fmac.asp>.

For people new to year-end closing, we also offer two half-day (4 hour) workshops. One workshop focuses on expenditures and payables; the other workshop focuses on revenues, reconciliations, and Phase 2 adjustments. These workshops are hands-on with exercises, and are intended for people who are new to the fiscal year-end process.

Class Name	Dates	Times	Duration
OFM - Fiscal Year-end Expenditures and Payables Workshop	June 2 June 9 June 16	1:00-5:00pm 1:00-5:00pm 1:00-5:00pm	4 hours
OFM - Fiscal Year-end Revenues, Reconciliations, & Phase 2 Adjustments Workshop	June 2 June 9 June 16	8:00am-noon 8:00am-noon 8:00am-noon	4 hours

We're also offering a class on understanding and completing the state disclosure forms. It is recommended that staff who will actually be completing the state disclosure forms attend this class. This class does not cover federal disclosure forms; federal forms are discussed in the Fiscal Year-end Closing (Federal) – Update class.

Class Name	Dates	Times	Duration
OFM - State Disclosure Forms	July 21 July 28	8:00-11:00am 8:00-11:00am	3 hours

To view class descriptions and register, go to the [Learning Management System](#) website.

Space is limited in all workshops and classes, so we ask that you read the detailed class descriptions and coordinate within your office so that you and your staff attend the right workshops or classes. If you register but cannot attend, please cancel to make room for someone on the wait list.

Check LMS for the class location. Some classes will be held at the DES building at 1500 Jefferson St. SE and some classes will be held at the DSHS Lookout conference room (4th floor). Parking is limited so we recommend taking the DASH bus or walking if possible.

For assistance or additional information, please contact your assigned OFM accounting consultant.

# SOC Reporting and Trust Principles

In prior articles, we have discussed Service Organization Control (SOC) reports, including what they are and when they should be considered. This article focuses on where SOC reports that include the trust principles can be used in the internal control cycle. Good internal controls can help give you reasonable assurance that what you plan to achieve – your objectives – will actually be achieved. This remains true even when a process includes an outside 3rd party that processes transactions for your agency.

As a reminder, these are the steps to put in place effective internal controls. SAAM Chapter 20 discusses internal controls in more detail.

1. For a specific process, identify the objectives.
2. Identify and assess the risks that could keep you from achieving the objectives.
3. Develop and implement controls to mitigate the risks.
4. Receive relevant information and communication about the controls.
5. Monitor the controls.

Using the above steps, let's look at an example that includes a SOC report as a control activity to address certain risks. In the example, if a SOC report is not used as a control activity, the agency would need to perform other steps to mitigate risks 2 through 4. Please note this is just an example for illustrative purposes and is not exhaustive.

<p><b>Process</b> – Make client payments. The agency collects client data and contracts with a 3rd party to calculate and make client payments and send a payment transaction file to AFRS.</p> <p><b>Objectives</b> – Make payments accurately and timely; update AFRS accurately; keep data secure.</p> <p><b>Risks</b> – Assume all risks listed have a high likelihood and impact and therefore need to be mitigated.</p> <ol style="list-style-type: none"><li>1. Inaccurate data will be entered for or by the client.</li><li>2. Payments will not be made on the contractually required due dates.</li><li>3. Formulas to calculate the payment will be changed by the service organization in error.</li><li>4. Confidential data will not be handled appropriately by the vendor.</li></ol> <p><b>Control Activities</b></p> <ol style="list-style-type: none"><li>1. New clients go through a verification of required paperwork by the agency.</li><li>2. Payment processing schedules are maintained and monitored.</li><li>3. There is review of the payment transaction data calculated by the 3rd party before it is released to AFRS.</li><li>4. <b>Annually, a SOC 2 type II report covering the five trust principles is received from the service organization and reviewed by the agency.**</b> The agency works with the service organization to correct any deficiencies.</li></ol> <p><b>Information and Communication</b> – This is one of many pieces of information received.</p> <ol style="list-style-type: none"><li>1. A report is received on the number of errors found in new clients.</li></ol> <p><b>Monitoring</b> – This is one of many steps.</p> <ol style="list-style-type: none"><li>1. A supervisor does a substantive review of the documentation that shows SOC reports were received, reviewed, and followed up timely.</li></ol> <p>** See more about trust principles on next page.</p>
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*Continued on page 12*

# Accounting for Capital Assets Training classes offered

We have revised our Accounting for Capital Assets class. For individuals responsible for tracking or reporting your agency's capital assets, we encourage you to attend and receive the updated information.

This class reviews the accounting treatment for capital assets (such as land, infrastructure, buildings, equipment, furniture, intangibles, and collections) for both governmental and proprietary type funds. Proper accounting during the year makes completing the year end Capital Asset disclosure form very straight forward. The class also covers accounting for leases, COP purchased capital assets, internal controls, and fiscal year-end activities including reconciliation to CAMS data.

In addition, for those agencies that utilize CAMS to record Capital Assets, we will spend some time covering ER reports that were recently developed, as well as the new CAMS Universe in Webi.

For dates and times refer to page 13.

## SOC Reporting and Trust Principles *- continued from page 11*

### Trust Principles

The following trust principles and related criteria have been developed by the American Institute of Certified Public Accountants (AICPA) and the Canadian Institute of Chartered Accountants (CICA) for use in the performance of trust services engagements, including SOC engagements. A SOC report does not have to include all five principles; this depends on the nature of the 3rd party's duties and is a matter of professional judgment by the agency and may be influenced by the service organization. Ideally, in our example, the agency would want to have all five principles included.

- 1. Security** – The system is protected against unauthorized access (both physical and logical).
- 2. Availability** – The system is available for operation and use as committed or agreed.
- 3. Processing integrity** – System processing is complete, accurate, timely, and authorized.
- 4. Confidentiality** – Information designated as confidential is protected as committed or agreed.
- 5. Privacy** – Personal information is collected, used, retained, disclosed, and destroyed in conformity with the commitments in the entity's [service organization's] privacy notice and with criteria set forth in generally accepted privacy principles (GAPP) issued by the AICPA and CICA. GAPP is available at [http://www.aicpa.org/InterestAreas/InformationTechnology/Resources/Privacy/GenerallyAcceptedPrivacyPrinciples/DownloadableDocuments/GAPP\\_PRAC\\_%200909.pdf](http://www.aicpa.org/InterestAreas/InformationTechnology/Resources/Privacy/GenerallyAcceptedPrivacyPrinciples/DownloadableDocuments/GAPP_PRAC_%200909.pdf).

If you have questions on this article, please contact your agency's fiscal officer, internal control officer, accounting consultant, or Kim Thompson at 725-0224 or [kim.thompson@ofm.wa.gov](mailto:kim.thompson@ofm.wa.gov).

## Spring Quarter Training Offered on a Variety of Subjects

We are pleased to announce that the following training classes will be offered this quarter. All classes will be taught by Statewide Accounting staff. For fiscal year-end training, refer to page 10.

Class Name	Dates	Times	Duration
Internal Control: Basics	April 6	8:00–noon	4.0 hours
Payroll Revolving Account Reconciliation	April 8	8:30–4:00pm	7.5 hours
In-Process Report Training	April 14 June 16	1:30–5:00pm	3.5 hours
General Ledger Reconciliation: Basics	April 22	8:30–noon	3.5 hours
Compliance: Travel Policies	April 24 May 22	8:30–4:00pm	7.5 hours
Accounting for Payroll	May 1	8:30–4:00pm	7.5 hours
Introduction to GAAP in Washington State	May 4	8:00–3:30pm	7.5 hours
General Ledger Review	May 12	8:00–11:30am	3.5 hours
Accounting for Capital Assets	May 21 June 11	1:30–5:00pm	3.5 hours
In-Process Report Training	May 26	8:30–noon	3.5 hours
Health Insurance Reconciliation	May 28	1:15–4:45pm	3.5 hours
Internal Control: Payroll	June 1	8:30–4:00pm	7.5 hours

To view class descriptions and register, go to the [Learning Management System](#) website.

Space is limited in all classes, so we ask that you read the detailed class descriptions and coordinate within your office so that you and your staff attend the right classes. If you register but cannot attend, please cancel to make room for someone on the wait list.

All classes will be held at the Department of Enterprise Services building at 1500 Jefferson St. SE. Parking is limited so we recommend taking the DASH bus or walking if possible.

Because increasing demand is limiting availability of training space at the 1500 Jefferson building, we are looking for training space that would accommodate 25-30 attendees. If your agency can assist us, please contact Anwar Wilson at (360) 725-0184 or [anwar.wilson@ofm.wa.gov](mailto:anwar.wilson@ofm.wa.gov).

Additionally, the Association of Government Accountants (AGA) and Financial Management Advisory Council (FMAC) are sponsoring a number of audio conferences. The schedule is posted on the [Olympia AGA](#) and [FMAC](#) websites.

For assistance or additional information, please contact your assigned OFM accounting consultant.

## Stay Informed

There are a number of listserv and distribution lists that you should consider joining in order to stay informed about developments in financial systems and activities. There are “listservs” hosted by the Department of Enterprise Services (DES) and “distribution lists” hosted by Office of Financial Management Statewide Accounting (SWA). The DES listservs will keep you informed about system maintenance and operations, including emergency situations where the system may be unavailable. The SWA distribution lists will keep you informed about current activity related to financial administration and accounting activities.

**The Statewide Financial Systems (SWFS) listservs** can be found at <http://listserv.wa.gov/archives/swfs.html> where you can enroll in one, some, or all.

- **1099** – for users of the 1099 MISC Reporting systems.
- **Afrs** – or users of the Agency Financial Reporting System (AFRS).
- **Agreements** – for users of the Contracting Systems.
- **Ar-System-Admin** – for users with administrative rights to the Solomon A/R system.
- **Ar-System-Users** – for users of the Solomon A/R system.
- **Cams** – for users of the Capital Asset Management System (CAMS)
- **Enterprise-Reporting** – for users of Enterprise Reporting Services (ER) and Webi.
- **Financial-Toolbox** – for users of Financial Toolbox, the Excel based AFRS input system.
- **Tems-Fiscal** – for fiscal unit staff using Travel and Expense Management System (TEMS).
- **Tems-General-Users** – for those using TEMS to create and approve travel claims.
- **Tems-System-Admin** – for TEMS users with administrative rights.

In addition to messages to the Listservs above, the DES Solutions Center will at times issue an “ALL” listserv. If you are on any of the listservs above you will receive the ALL messages.

**The HRMS listserv** can be found at <http://listserv.wa.gov/cgi-bin/wa?A0=HRMSCOMMUNICATIONS>. This list provides system updates to professional users of the Human Resource Management System.

**SWA Distribution Lists:** Your agency consultant can help place you on the appropriate distribution lists.

- **OFM dl SWA Federal Assistance Contacts** – for fiscal personnel involved in federal assistance activities.
- **OFM dl SWA Fiscal Officers - Higher Ed.** – for fiscal officers at Higher Education institutions.
- **OFM dl SWA Fiscal Officers - State** – for fiscal officers at general government state agencies.
- **OFM dl SWA FMAC Members** – for Financial Management Advisory Council (FMAC) members.
- **OFM dl SWA FMAC (Job Opportunities)** – for FMAC member who also want to be notified of job opportunities (if you are on this list you automatically receive all FMAC Member messages).
- **OFM dl SWA Payroll Contacts** – for fiscal personnel involved in payroll activities.
- **OFM dl SWA SWCAP** – for fiscal personnel involved with the Statewide Cost Allocation Plan.
- **OFM dl SWA Travel Contacts** – for fiscal personnel involved in travel activity.
- **OFM dl SWA Connection Newsletter** – for anyone that wants to receive this newsletter.
- **Disclosure Form Users List** – for fiscal personnel that are responsible for CAFR disclosure forms.
- **SAAM contacts list** – for fiscal personnel that want to receive SAAM policy updates.