



Summer 2015

# The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING



## New Mail Stop

Over the years the Accounting Division has physically moved to a number of different locations while maintaining the same mail stop. Just to keep things interesting (and transition to mail distribution through DES Consolidated Mail Services), this time we are staying in the same location at Capitol Court but we are transitioning to a new mail stop number.

Effective July 1, 2015, the mail stop for the Accounting Division is 43127. If you have any questions, please contact Anwar Wilson at (360) 725-0198 or [anwar.wilson@ofm.wa.gov](mailto:anwar.wilson@ofm.wa.gov).

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## Is TEMS ready for an update?

Since the Travel and Expense Management System (TEMS) implementation in 2009, its functionality has remained essentially the same. In addition to the remaining phases of the TEMS project that were part of the initial plan but never undertaken, a number of suggestions for changes to TEMS have been submitted over the years. In August we would like to convene an agency work group to review these items and provide feedback as to what items impact the most agencies and how they should be prioritized. This feedback will be used in the planning for updates to TEMS as resources become available. If you are interested in serving on this advisory committee or have suggestions for changes to TEMS, please contact Bret Brodersen at (360) 725-0229 or [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov).

## Go Team, Go!

We rely on you for a successful, timely fiscal year close. As we look ahead to the next few months, your adherence to the following year-end deadlines is critical.

Due Date	Reporting Items
July 15	Disclosure Form application opens
July 23	Interagency billings must be mailed
July 31	Phase 1 closes – Agency Accruals
August 21	Phase 1B <ul style="list-style-type: none"> <li>• Certain state disclosure forms are due</li> <li>• <b>Interagency receivable/payable balancing due</b></li> <li>• Pollution remediation site status report due</li> </ul>
September 4	Phase 2 closes <ul style="list-style-type: none"> <li>• Agency adjustments in AFRS must be completed</li> <li>• Remaining State and all 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 is unable to meet one the due dates listed above contact your assigned OFM Accounting Consultant as soon as possible.

A couple of important reminders to help the fiscal year close a little easier:

- Reconcile, reconcile, reconcile - including:
  - In-process (GL 71XX) and clearing (GL 9920) balances
  - General ledger balances to subsidiary records, for example capital asset GL codes 2XXX to CAMS (or your approved internal capital asset system)
  - General ledger balances in Account 01P Suspense and Account 035 State Payroll Revolving Account, clearing as necessary
  - Accruals (receivables and payables)

**Don't forget that the reconciliation isn't complete until any needed journal entries are posted in AFRS and someone follows up to make sure that the cleanup journal entries posted correctly.**

- Send out interagency billings promptly. Prioritize interagency receivable/payable reconciliations.
- Review general ledger balances unchanged from last year.
- Review balances in Unearned Revenue GL codes 5190/5290 and Unavailable Revenue GL codes 5192/5292 for appropriateness.
- Complete your disclosure forms early if possible, and ensure that any related AFRS entries are posted.

The Disclosure Form application for state and federal disclosure forms opens on July 15. Check your access security early.

If you have any questions, please call your assigned OFM Accounting Consultant. If we have questions, we'll call you!

## Year-End Closing Resources

To assist you in the fiscal year-end closing process, the following resources are available on OFM’s website at:

[www.ofm.wa.gov/resources/yearend.asp](http://www.ofm.wa.gov/resources/yearend.asp).

Resource	Description
AFRS/CAFR closing schedule	A monthly calendar with key dates for the closing process.
FY15 Closing calendar	A calendar with Phase 1 and 2 due dates.
Interagency receivable/ payable contact list	A list of agency contacts for interagency receivable and payable billings.
Most common AFRS transaction codes for fiscal year-end	A handy “cheat sheet” that lists the transaction codes to be used for common fiscal year-end AFRS entries.
OST year-end cash memo	A link to OST’s closing schedule with cutoff dates for treasury activity.
SAAM directives for Chapter 90 & 95 updates	A link to the June 1, 2015 SAAM updates
State fiscal year-end update class PowerPoint presentation	The class PowerPoint presentation.
Federal fiscal year-end update class PowerPoint presentation	The class PowerPoint presentation.
State disclosure form class PowerPoint presentation	The class PowerPoint presentation, posted after July 30.
Pollution Remediation information	Site status report instructions and template.

We welcome suggestions for additions to this website. If you have any questions or suggestions, please contact Suzanne Coit at (360) 725-0187 or [suzanne.coit@ofm.wa.gov](mailto:suzanne.coit@ofm.wa.gov).

## TLA Update

The 2015-2017 Operating Budget has been enacted into law and funding was not included for the TLA implementation. When the House budget was released on June 1 and it did not include funding for TLA, project managers began planning for the orderly shutdown of the project. Our goals are preserving value and providing flexibility for the state in the future.

While we don’t have the opportunity to complete the implementation of Ecology or WSDOT, the door is not completely closed for agencies in the future. In section 130(2) of the budget bill, the following language is included. “The time, leave, and attendance project shall be discontinued, but the office and other state agencies may utilize acquired project assets for other purposes to the extent practicable.” One of the key efforts on the horizon is renegotiating with WorkForce so we can provide agencies the opportunity to contract with them in the future.

Additionally, while we did not achieve our objective to implement an enterprise TLA solution, the project did produce on-going benefits for the state. For example, DES implemented new technology which allows for real time data exchange between AFRS and HRMS. This technology provides timely information and improved business processing for our legacy applications. Also of benefit are the State HR policy decisions related to critical time and attendance issues such as leave accruals, rounding, and soft terminations.

It is hard to bring the project to a close especially when we were so, so close to implementation. Thank you to all TLA project participants for your commitment and hard work on the project.

## Approved FY 2016 SWCAP Agreement

The Fiscal Year 2016 Statewide Cost Allocation Plan (SWCAP) has been approved by U.S. Department of Health and Human Services and is available on the OFM website at <http://ofm.wa.gov/swcap/default.asp>. The agreement lists each agency's share of the allowable statewide central service costs not recovered through direct central service fee or allocation to state agencies and institutions. These costs may be recoverable from each agency's federal grants via indirect cost recovery.

Questions about the SWCAP should be directed to Mike Schaub at (360) 725-0225 or [mike.schaub@ofm.wa.gov](mailto:mike.schaub@ofm.wa.gov).

## Federal Update

Status of Prior Findings:

Agencies receiving federal findings in the 2014 Statewide Single Audit recently received an email request to update corrective action plans. Just a reminder, the information in the corrective action plans must be as of June 30, 2015 and returned to OFM by July 15. The auditors would like to begin follow-up procedures on prior audit findings as soon as possible.

New Disclosure Form:

We have one new federal disclosure form this year, the Federal Analytical Review form. In the past, once agencies submitted their federal disclosure forms, OFM would perform an analytical review of the federal direct form comparing the information entered on the current direct form to the information entered on the prior year direct form. OFM would then request additional information from agencies on any material fluctuations from the prior year. For fiscal year 2015, the new disclosure form will automate the question/answer process.

Agencies will need to complete this form after the current year federal direct form has been completed, but before phase 2 closes. We hope this form will be a helpful tool for agencies to identify significant fluctuations, as well as identify possible keying errors when preparing the disclosure forms. The new form may take additional time so start your disclosure forms early! For more information, please contact Sara Rupe at (360) 725-0189 or [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

## Training Classes Offered

Looking to learn something new or enhance an existing skill? For class offerings at a glance, we've added a list of accounting related classes offered by OFM and DES to our training webpage <http://ofm.wa.gov/accounting/training/default.asp>. A variety of classes are available to introduce you to general subject areas, focus on specific areas, or advance your skill in a particular area. Remember, always read the class description in LMS to determine if the class is a good fit for you. We recommend the Accounting - General series for fiscal staff new to the state.

You will note that some OFM classes are offered only when demand is sufficient. We've added a link on our training page [OFMAccounting@ofm.wa.gov](mailto:OFMAccounting@ofm.wa.gov) if you'd like to be added to a wait list for one of these classes.

If you have any questions, your assigned OFM Accounting Consultant would be happy to talk with you.

## And the SAAM updates keep on rolling

The *State Administrative and Accounting Manual* (SAAM) was recently updated to incorporate state year-end reporting changes, federal assistance reporting disclosure form changes, and various other changes. Revisions include:

Effective June 1, 2015, **OFM Directive 15A-02** updated Chapter 90 for state reporting policies and the year-end reporting and closing timetable for the fiscal year 2015 close. Also, changes were made to Chapter 75 Uniform Chart of Accounts to implement Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions*, and to remove GL Code 9122 Nonspendable Petty Cash.

Effective June 1, 2015, **OFM Directive 15A-03** updated Chapter 95 for federal assistance disclosure form changes. Changes include a new Analytical Review Direct disclosure form for a year-to-year comparison of direct federal assistance; a new column for passed through amounts on both the Federal Nonfinancial Assistance Form and the Federal Assistance Received from Nonfederal Sources (Pass-Through) disclosure form; and, a reconciliation of the Federal Loan Balances disclosure form to the Federal Financial Assistance Direct disclosure form.

Effective July 1, 2015, **OFM Directive 15A-04** updated several policies to reflect the implementation of the GASB Statement No. 72 *Fair Value Measurement and Application*. The following policies were also updated:

- Chapter 25 Payroll – Updated the fringe benefit rate for the shared leave calculation and adjusted the limit for payments to relatives of deceased employees.
- Chapter 50 Federal Compliance – Increased the threshold for programs subject to CMIA regulations to \$30 million or more.
- Chapter 75 Uniform Chart of Accounts – updated seven agency titles, deleted one subobject, and added subscription-based computing services to the description of Subobject EY.

The update to Chapter 95 Federal Assistance Reporting for fiscal year 2015 reporting will be issued when the OMB Compliance Supplement is available.

For a complete list of key changes in the most recent SAAM updates, refer to the OFM Directives web page <http://ofm.wa.gov/policy/directives.asp>. All SAAM policies, directives, technical corrections, and superseded policies are available online at: <http://www.ofm.wa.gov/policy/default.asp>.

If you have questions regarding SAAM policy content and interpretation, please contact the OFM Accounting Consultant assigned to your agency.

## Corrective Action Plans

The Office of Financial Management is responsible for causing corrective action and reporting on corrective action taken. In order for OFM to fulfill its responsibility, state agencies must submit to OFM a corrective action plan (CAP) for each finding or questioned costs contained in state audit reports within 30 days of issuance of the reports. As findings are received, please be proactive in preparing CAPs and make sure that:

- Each recommendation listed in the finding has been addressed.
- Questioned costs are addressed, if applicable.
- All acronyms are spelled out.
- The completion date or estimated completion date is included as a month and year.

Please consider sharing a draft with your assigned OFM Accounting Consultant. Your Consultant will help ensure that your CAP is complete. Additional information on preparing CAPs can be found in the February 26, 2015 Financial Management Advisory Council "[Audit Corrective Action Plans](#)" presentation.

For more information about corrective action plans requirements, refer to SAAM Section [55.10](#). If you have any questions, please contact Sara Rupe at (360) 725-0189 or [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

## GASB 68 Pension Reporting

The Department of Retirement Systems (DRS) recently sent two email notifications regarding reports available to employers to assist with the implementation of GASB Statement 68 *Accounting and Financial Reporting for Pensions*.

- Notification [15-006](#) sent on March 31, 2015, regarding a new report called the Monthly Transmittal Summary available in eServices.
- Notification [15-008](#) sent on June 2, 2015, regarding published schedules available to assist employers with implementation of GASB Statement 68.

The implementation of GASB Statement 68 will be handled by the Office of Financial Management for the state as a whole. As a part of the implementation, OFM is required to recalculate and determine that the percentage allocation DRS assigned each agency for its share of pension plan data is accurate. OFM is performing this testing by tracing employer pension contributions (from HRMS or other payroll system) to the DRS eServices data, which is the basis for the agency percentage allocation. If a variance is found in reconciling the payroll data to the data on the eServices report, OFM may need to contact you to resolve the variance.

Although OFM is posting all GASB Statement 68 related entries to AFRS, the Monthly Transmittal Reports in eServices can be used by agencies to verify the transmittal information provided to DRS. We encourage you to perform your own agency testing using the [instructional guide](#) on the DRS website.

For more information on OFM's GASB Statement 68 implementation efforts, refer to the Spring 2015 Connection article (page 8) <http://ofm.wa.gov/reports/connect/issues/spring15.pdf>. If you have questions, please contact Sara Rupe at (360)725-0189 or [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

## SAAM Chapter 20 Changes - A preview of coming attractions

Statewide Accounting plans to publish a revision to the internal control policies in SAAM Chapter 20 later this year. The last major update to the state's internal control policies occurred in the 1990's and with recent activity in the internal control arena by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the U.S. Government Accountability Office (GAO), the timing is right for this update to SAAM.

We originally planned to use the COSO publication as the foundation for the SAAM internal control policies and received copyright permission from COSO to do so. COSO's work is viewed as the gold standard for internal control. However, as we were making changes, we found the GAO's [Green Book](#) to be more applicable to our state environment.

The [Green Book](#) (the formal title is Standards for Internal Control in the Federal Government) is issued by the Comptroller General in the GAO for the federal government community. The GAO used COSO as their starting point so it syncs up in all substantive matters. It is more user friendly than the COSO publication and the GAO offers it to other governments to adapt and adopt for their own use. As an added bonus, it is available electronically in its entirety at no charge.

Statewide Accounting started the update process by preparing a draft of Chapter 20 and then asked a stakeholder group to review it. The stakeholder group has five members, each chosen for his or her varied internal control perspectives. There is a large agency management person, a person with the dual duties of risk manager and internal control officer, a small agency fiscal officer, an assistant director and a representative from the State Auditor's Office. The group review is still in progress and has added significant value to the draft policies.

While the policy revisions are still under development, the underlying internal control requirement is basically the same. The SAAM internal control policy, like both the Green Book and COSO, continues to include the five internal control framework components: control environment, risk assessment, control activities, information and communication, and monitoring. However, in the SAAM update, like both the Green Book and COSO, each framework component will have two or more principles, for a total of 17, which further elaborate on the respective component. And, each principle has further points of focus that explain the principle in greater detail. The added layers are presented to further develop the framework components to aid in the design and implementation of your system of internal controls.

Just as we are putting a lot of work into this revision, it will take a lot of thought and work to implement it. There is no internal control check list (and never will be one) that you can run through once a year and call it good. Keeping your internal controls up to date is an on-going process that has to be tailored to your size and changes in the nature of your business. The updated framework should be considered a major refresh, and as you go forward with your internal control process, use it to enhance your internal policies and approach. You should strive to incorporate the principles and points of focus in all aspects of your agency's internal controls.

In addition to the policy update, we plan to expand our resource website to include various help. If you have anything you'd like to share, contact Kim Thompson at (360) 725-0224 or [kim.thompson@ofm.wa.gov](mailto:kim.thompson@ofm.wa.gov). Real life examples are the best.

If you have questions, you can contact Kim or your assigned OFM Accounting Consultant or enroll in the Internal Control: Basics class.

## Summer 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.

Class Name	Dates	Times	Duration
Introduction to GAAP in WA State	July 7 August 3 September 23	8:30 – 4:00	7.5 hours
Accounting for Payroll	July 13	8:30 – 4:00	7.5 hours
In-Process Report Training	July 14	8:30 – noon	3.5 hours
General Ledger Reconciliation: Basics	July 15	1:15 – 4:45	3.5 hours
State Disclosure Forms	July 21 July 29	8:00 – 11:30	3.5 hours
General Ledger 5111 Reconciliation	July 28	8:00 – 11:30	3.5 hours
Payroll Revolving Account Reconciliation	July 30	8:30 – 4:00	7.5 hours
In-Process Report Training	August 4 September 15	1:30 – 5:00	3.5 hours
Health Insurance Reconciliation	August 14	8:30 – noon	3.5 hours
Compliance: Travel Policies	August 19	8:30 – 4:30	8.0 hours
Internal Control: Payroll	August 21	8:30 – 4:00	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.

## Preview of upcoming SAAM changes

On June 30, 2015, the Governor signed into law E2SSB 5315 which realigns state IT and also modifies certain OFM responsibilities. Section 303 modifies agency internal audit requirements and Section 325 recodifies certain transportation related statutes from OFM's 43.41 RCW to the Department of Enterprise Services' 43.19 RCW. These changes will require changes to SAAM Section 20.40 and Chapter 12, respectively. We anticipate work will begin on Chapter 12 this month and on Section 20.40 later this year after we complete the work underway on the internal control policies.

We will keep you informed as work commences on these changes. If you have questions, please contact Wendy Jarrett at (360) 725-0185 or [wendy.jarrett@ofm.wa.gov](mailto:wendy.jarrett@ofm.wa.gov).

