



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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

May 24, 2004

**OFM DIRECTIVE 04A-02**

**TO:** Agency Directors and Policy Manual Holders

**FROM:** Sadie Rodriguez-Hawkins, Assistant Director  
Accounting Division

**SUBJECT: CHAPTER 10, TRAVEL; CHAPTER 25, PAYROLL; CHAPTER 40, E-COMMERCE; CHAPTER 45, PURCHASE CARDS; CHAPTER 65, FINANCIAL SERVICES AGREEMENTS; CHAPTER 75, UNIFORM CHART OF ACCOUNTS; CHAPTER 80, ACCOUNTING POLICIES; CHAPTER 85, ACCOUNTING PROCEDURES; CHAPTER 90, STATE REPORTING; AND CHAPTER 95, FEDERAL ASSISTANCE REPORTING**

We are revising several chapters of the state of Washington's *State Administrative and Accounting Manual* (SAAM), issued by the Office of Financial Management (OFM). The effective date of these revisions is June 1, 2004. These revisions include numerous policy corrections and updates, most notably the state and federal reporting policies and procedures for Fiscal Year 2004. This directive also reiterates the timetables related to year-end reporting and includes the fiscal year end-closing schedule. Please replace the applicable sections in your manual with these revisions.

Key changes to the policies include:

**CHAPTER 10: TRAVEL**  
**Section 10.70 Boards, Commission, or Committees**  
<http://www.ofm.wa.gov/policy/10.70.htm>

- Adding language to indicate that travel expense reimbursement under Option 1 for members of Boards, Commissions, and Committees does not meet the requirements of an accountable plan as defined by the Internal Revenue Service and is subject to federal employment taxes.

Agency Directors and Policy Manual Holders

## **CHAPTER 25: PAYROLL**

### **Subsection 25.10.40 Employee Definitions** (<http://www.ofm.wa.gov/policy/25.10.htm>)

- Providing for the use of Program 690, Non Budgeted FTEs, for the state internship program and the state/federal work study program.

## **CHAPTER 40: E-COMMERCE** (<http://www.ofm.wa.gov/policy/40.htm>)

- Clarifying the process for obtaining approval for an e-commerce application.

## **CHAPTER 45: PURCHASE CARDS** (<http://www.ofm.wa.gov/policy/45.htm>)

- Updating the policies related to the purchase card program.

## **CHAPTER 65: FINANCIAL SERVICES AGREEMENTS**

### **Subsection 65.10.10 Authority for these policies** (<http://www.ofm.wa.gov/policy/65.10.htm>)

- Updating the reference to the authorizing statute.

## **CHAPTER 75: UNIFORM CHART OF ACCOUNTS**

### **(<http://www.ofm.wa.gov/policy/75.htm>)**

Changes effective for Fiscal Year 2004 include:

- Replacing the term Appropriation with the term Expenditure Authority where referencing both legislative and executive spending authority.
- Adding five new accounts: 485, 497, 548, 551, and 552. Additionally, three accounts are inactivated: 101, 228, and 574.
- Adding two new general ledger codes: 6591 and 9850. Three general ledger codes are removed: 9820, 9830, and 9840.
- Adding one new statewide program code: 690.
- Removing the following revenue source codes: 0345 and 0446.
- Clarifying the use of Objects S and T related to the reimbursement for noncapitalized equipment.

## **CHAPTER 80: ACCOUNTING POLICIES** (<http://www.ofm.wa.gov/policy/80.htm>)

- Adding the requirement that administering agencies contact their OFM budget analyst regarding fund balance issues.
- Adding a requirement to depreciate capital assets recorded in the General Capital Assets Subsidiary Account (Account 997).
- Clarifying that the short-term portion of long-term obligations (the amount due within one year) is to be reclassified as a short-term liability.

- Increasing to six months or more the amount of staff effort involved in “significant investments” in system development, enhancement or acquisition that require OFM approval.

**CHAPTER 85: ACCOUNTING PROCEDURES** (<http://www.ofm.wa.gov/policy/85.htm>)

- Clarifying budgetary and encumbrance accounting provisions.
- Revising procedures for cancelled and lost or destroyed warrants.
- Adding depreciation and allowance for depreciation for capital assets accounted for in the General Capital Assets Subsidiary Account (Account 997).
- Clarifying entries for equipment and real estate Certificates of Participation (COPs) and other lease/purchase agreements.

**CHAPTER 90: STATE REPORTING** (<http://www.ofm.wa.gov/policy/90.htm>)

- Providing further guidance related to immaterial prior period adjustments. Debit adjustments to GL Code 3215 “Immaterial Adjustments to Prior Periods” and debits to Revenue Source Code 0486 "Recoveries of Prior Appropriation Expenditures" require the prior approval of the agency's assigned OFM Accounting Consultant.
- Emphasizing that transactions increasing and decreasing liability and capital assets accounts are to be recorded separately, not netted.
- Emphasizing that the amount due within one year for all long-term obligations is to be reclassified to a short-term liability.
- Emphasizing that new COPs and capital leases reported in the General Long-Term Obligations Subsidiary Account (Account 999) should agree with GL Code 3221 Other Financial Sources, Revenue Source Codes 0807 and 0809 in a governmental account.
- While there were no additional disclosure forms this year, there were many corrections and clarifications that will hopefully make the completion of the forms easier and more understandable. The three Accounts Receivable disclosure forms are not required this year; however, agencies are still required to maintain controls over Accounts Receivable Aging and Write-offs.
- Requiring all disclosure forms be reported in **dollars** (not rounded to the nearest thousand as previously required).
- Adding a certification regarding programs and controls designed to prevent and detect fraud.

**CHAPTER 95: FEDERAL ASSISTANCE REPORTING**  
(<http://www.ofm.wa.gov/policy/95.htm>)

- Modifying revenue source codes for federal financial assistance to accommodate new federal agency codes. Revenue source codes 0301-0354 and 0356-0399 are now the valid codes for federal financial assistance. Revenue previously coded to 0305 (Non-Assistance) and 0307 (Vendor Service) are now coded to 0355.

Agency Directors and Policy Manual Holders

- Requiring agencies and institutions to report both their DUNS and appropriate EIN numbers on the Lead Sheet electronic form.
- Requiring agencies, in the absence of a CFDA number, to continue to use the XX.000 and XX.999 numbering conventions depending on the presence of an award number (Refer to Subsection 95.10.40.d).
- Requiring the conversion of CFDA numbers provided in the Catalog of Federal Domestic Assistance that do not agree with numbers accepted by the Federal Audit Clearinghouse. Codes must be converted for reporting purposes as outlined in Subsection 90.20.20.d.(5).
- No changes were made in number of audit clusters for FY 2004. Three CFDA programs were added to existing clusters: 14.249 was added to Cluster 9 – Section 8 Project Based; 93.053 was added to Cluster 19 – Aging; and 93.927 was added to Cluster 27 – Consolidated Health Centers. Refer to Subsection 95.20.20.c for details.
- Requiring amounts for all disclosure forms to be reported in **dollars**.

### **Timetables Related to Year-End Reporting**

Displayed below is the timeline for reporting data to the Agency Financial Reporting System (AFRS) for closing the fiscal year:

Phase I, agency accrual phase, is to be completed by **July 30, 2004**, and Phase 2, agency adjustment phase, is to be completed by **September 14, 2004**. Subsequent to the close of Phase 2, OFM approval will be required to process adjusting entries. AFRS reports will be created at the end of both Phases 1 and 2.

Component units that do not submit data directly through AFRS are to submit audited financial statements to the OFM Accounting Division by **October 8, 2004**.

With the exception of the community and technical colleges, all interagency billings, whether based on actuals or estimates, are to be sent out to agencies by **July 15, 2004**. Billings from the community and technical colleges are to be sent out to agencies by July 21, 2004.

Agencies are *required* to complete and submit their state and federal disclosure forms in an electronic format. With the exception of the federal certification form, all state and federal electronic disclosure forms are to be received by OFM by **September 22, 2004**. Submission of Agency Federal Assistance Certification is delayed until early December. The format and instructions for completing the electronic state and federal forms should be available in August 2004. If you have questions regarding the state disclosure forms, please contact your assigned OFM Accounting Consultant. If you have questions regarding the federal disclosure forms, please contact Norm Johnson at (360) 664-7676 or e-mail [norm.johnson@ofm.wa.gov](mailto:norm.johnson@ofm.wa.gov). Mail the signed original Financial Disclosure Certificate and Agency Federal Assistance Certification (with one copy) to the Accounting Division, PO Box 43113, Olympia, WA 98504-3113.

Please replace the following pages as noted:

|            |   |
|------------|---|
| Chapter 10 | Table of contents and pages 33 - 38           |
| Chapter 25 | Table of contents and pages 1 – 4 and 19 - 36 |
| Chapter 40 | Entire chapter                                |
| Chapter 45 | Entire chapter                                |
| Chapter 65 | Entire chapter                                |
| Chapter 75 | Entire chapter                                |
| Chapter 80 | Entire chapter                                |
| Chapter 85 | Entire chapter                                |
| Chapter 90 | Entire chapter                                |
| Chapter 95 | Entire chapter                                |
| Glossary   | All pages                                     |

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.

All OFM directives and policies are available on our web site at <http://www.ofm.wa.gov/accounting/policies.htm>. We encourage you to use the on-line version of SAAM, as it includes all technical corrections made between formal policy updates, which are published under directives. The superseded policies and additional resources are also available on our Administrative and Accounting Resources web site at <http://www.ofm.wa.gov/policy/resource.htm>.

Unless noted otherwise in this memo, questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Attachments