



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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June 22, 2005

**OFM DIRECTIVE 05A-03**

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

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

**SUBJECT: CHAPTER 1, INTRODUCTION; CHAPTER 10, TRAVEL; CHAPTER 12, TRANSPORTATION; CHAPTER 15, PERSONAL SERVICE CONTRACTS; CHAPTER 16, CLIENT SERVICE CONTRACTS; CHAPTER 30, CAPITAL ASSETS; CHAPTER 40, E-COMMERCE; CHAPTER 50, FEDERAL COMPLIANCE; CHAPTER 55, AUDIT TRACKING; CHAPTER 70, OTHER ADMINISTRATIVE REGULATIONS; CHAPTER 75, UNIFORM CHART OF ACCOUNTS; AND CHAPTER 85, ACCOUNTING PROCEDURES**

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 July 1, 2005. These revisions include numerous policy updates. Please replace the applicable sections in your manual with these revisions.

Key changes to the policies include:

**CHAPTER 1: INTRODUCTION** (<http://www.ofm.wa.gov/policy/1.htm>)  
**(Subsection 1.10.40)**

- Clarifies that the distribution of waivers are sent to the appropriate legislative fiscal committees.

**CHAPTER 10: TRAVEL** (<http://www.ofm.wa.gov/policy/10.htm>)  
**(Subsection 10.40.20)**

- Removes the exception for lodging and meal rates for any county that is part of a metropolitan statistical area (MSA), the largest city of which is in another state.

**CHAPTER 12: TRANSPORTATION** (<http://www.ofm.wa.gov/policy/12.htm>)  
**(Subsections 12.30.20 and 12.40.20)**

- Clarifies language related to contractor drivers and use of state vehicles.

**CHAPTER 15: PERSONAL SERVICE CONTRACTS** (<http://www.ofm.wa.gov/policy/15.htm>)  
**(Subsections 15.10, 15.20, and 15.30)**

- Adds explanation regarding impact related to 2002 Personnel System Reform Act effective July 1, 2005.
- Clarifies expert witness exemption.
- Inserts a table indicating which contract training class should be taken by staff depending on their contract responsibilities.
- Provides the option of using the GA WEBS system in lieu of publishing a legal notice for solicitations of \$20,000 or more.
- Provides clarification throughout the formal competitive solicitation sections.
- Clarifies the terms “master” contracts issued by the Department of General Administration and Department of Personnel and “convenience” contracts issued by agencies for internal use.
- Requires that contract amendments adding dollars to personal service contracts state the amount of funding being added as well as the new contract maximum value. Also, require that they include new or revised deliverable dates as well as the additional scope of services being provided for the new dollars.
- Adds that contract amendments assigning the contract to a new legal entity (contract assignments) should be filed with OFM.
- Clarifies filing of sole source contracts on a cumulative basis in a fiscal year for both state agencies and institutions of higher education.
- Provides additional examples to the six management categories of contracts subject to filing with OFM and approval by OFM.
- If a personal service contract is awarded under civil service competitive contracting (RCW 41.06.142), specifies which justification elements apply for filing.

**CHAPTER 16: CLIENT SERVICE CONTRACTS** (<http://www.ofm.wa.gov/policy/16.htm>)

- Inserts a table indicating which contract training class should be taken by staff depending on their contract responsibilities.
- Clarifies definition of risk-based audit.

**CHAPTER 30: CAPITAL ASSETS** (<http://www.ofm.wa.gov/policy/30.htm>)  
**(Subsections 30.20, 30.30, and 30.40)**

- Clarifies capitalization of interest costs on self-constructed assets.
- Adds policy for impairment of capital assets and related insurance recoveries for implementation of Governmental Accounting Standards Board Statement No. 42.
- Adds language related to removal and disposal of capital assets.

**CHAPTER 40: E-COMMERCE** (<http://www.ofm.wa.gov/policy/40.htm>)  
**(Subsection 40.30.10)**

- Adds requirement for approval when proposing a large volume of AFRS EFTs.

**CHAPTER 50: FEDERAL COMPLIANCE** (<http://www.ofm.wa.gov/policy/50.htm>)  
(Sections 50.40 and 50.50)

- Clarifies languages related to the Cash Management Improvement Act.
- Threshold for programs subject to CMIA regulations remains at \$30 million or more.

**CHAPTER 55: AUDIT TRACKING** (<http://www.ofm.wa.gov/policy/55.htm>)  
(Subsection 55.10.30 and 55.10.40)

- Adds a requirement for the agency head or assigned designee to certify completion of corrective action.

**CHAPTER 70: OTHER ADMINISTRATIVE REGULATIONS**  
(<http://www.ofm.wa.gov/policy/70.htm>)  
(Subsections 70.10.20 and 70.15.10)

- Clarifies language related to coffee and light refreshments.
- Clarifies language for meals with meetings.

**CHAPTER 75: UNIFORM CHART OF ACCOUNTS** (<http://www.ofm.wa.gov/policy/75.htm>)  
(Sections 75.20, 75.30, 75.50, 75.70 and 75.80)

- Adds new agencies: 0130, 0570, 3550, and 3560.
- Deletes agencies: 0150 and 3850.
- Adds new rollup fund: CB Transportation General Obligation Bond Fund.
- Adds new accounts: 06L, 07T, 07V, 07W, 08A, 08B, 08C, 08E, 08F, 08G, 08H, 08J, 08K, 08L, 08M, 08N, 08P, 08R, 08T, 08V, 08W, 09A, 09B, 09E, 09F, 09H, 09J, 09K, 09L, 09M, 09N, 09P, 09R, 09T, 09V, 10A, 10B, 10C, 10E, 10F, 10G, 10H, 364, 798, 851, 852, and FH1.
- Revises expenditure authority verbiage and codes.
- Revises subobject codes: AU, CA, CE, CG, CJ, and CZ.
- Adds new revenue source codes: 0124, 0267, and 0390.
- Deletes revenue source code: 0446.

**CHAPTER 85: ACCOUNTING PROCEDURES** (<http://www.ofm.wa.gov/policy/85.htm>)  
(Subsection 85.60.45)

- Adds policy for reporting impaired capital assets and related insurance recoveries.

Please replace the following pages as noted:

Chapter 1	Table of contents and pages 1 - 4
Chapter 10	Table of contents and pages 19 - 24
Chapter 12	Table of contents and pages 17 - 28
Chapter 15	Entire chapter
Chapter 16	Entire chapter
Chapter 30	Table of contents and pages 3 - 20
Chapter 40	Table of contents and pages 9 - 12
Chapter 50	Table of contents and pages 35 - 45
Chapter 55	Entire chapter
Chapter 70	Table of contents and pages 1 - 4
Chapter 75	Entire chapter
Chapter 85	Table of contents and pages 97 - 130

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>.

Questions regarding policy content and proper interpretation of the contracting policies in Chapters 15 and 16 should be directed to the following OFM Contract staff:

Susan Johnsen	360-725-5258	<a href="mailto:susan.johnsen@ofm.wa.gov">susan.johnsen@ofm.wa.gov</a>
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Questions regarding all other manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Attachments