



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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June 18, 2008

OFM DIRECTIVE 08A-03

TO: Agency Directors and Policy Manual Holders

FROM: /s/ Sadie Rodriguez-Hawkins, Senior Assistant Director
Accounting Division

SUBJECT: **Chapter 10 - Travel; Chapter 12 - Transportation; Chapter 20 - Internal Controls and Auditing; Chapter 25 - Payroll; Chapter 30 - Capital Assets; Chapter 45 - Purchase Cards; Chapter 50 - Federal Compliance; Chapter 55 - Audit Tracking; Chapter 70 - Other Administrative Regulations; Chapter 75 - Uniform Chart of Accounts; Chapter 80 - Accounting Policies; Chapter 85 - Accounting Procedures; Glossary; and Index**

We have revised several chapters of the *State Administrative and Accounting Manual* (SAAM), effective July 1, 2008.

Key changes to the policies include:

Chapter 10: Travel (<http://www.ofm.wa.gov/policy/10.htm>)
(Sections 10.20 and 10.60)

- Added tolls for high occupancy toll (HOT) lanes to non-reimbursable expenses.
- Added conditions under which baggage charges are allowable as miscellaneous travel expenses.

Chapter 12: Transportation (<http://www.ofm.wa.gov/policy/12.htm>)
(Sections 12.20, 12.30, and 12.60)

- Restricted use of HOT lanes by state drivers, except as authorized in law or regulation.
- Added prohibition for drivers operating moving motor vehicles from using hand held wireless communication devices.
- Revised required safety education for full size van drivers.

Chapter 20: Internal Control and Auditing (<http://www.ofm.wa.gov/policy/20.htm>)
(Sections 20.10, 20.15, 20.20, 20.25, and 20.30)

- Updated internal control policies to reflect concepts from recent Committee of Sponsoring Organizations of the Treadway Commission (COSO) reports, as well as updates to American Institute of Certified Public Accountants (AICPA) and the federal Office of Management and Budget (OMB) standards. Agency requirements did not change.

Chapter 25: Payroll (<http://www.ofm.wa.gov/policy/25.htm>)
(Sections 25.30, 25.40, 25.60 and 25.70)

- Added payday exception for national or state guard members participating in active duty.
- Revised language for year-to-date adjustments for workers' compensation time loss payments.
- Increased limit of educational loan garnishments to 15 percent.
- Revised note regarding common law marriages.

Chapter 30: Capital Assets (<http://www.ofm.wa.gov/policy/30.htm>)
(Sections 30.20 and 30.40)

- Increased capitalization threshold for buildings, building improvements and leasehold improvements to \$100,000 or greater.
- Limited capitalization of construction period interest to enterprise and trust fund type accounts.
- Clarified guidelines for the timely removal of capital assets from inventory.
- Updated the Department of General Administration's information related to disposing and removing capital assets from inventory and reporting capital assets classified as surplus.
- Updated requirements for lost or stolen property.

Chapter 45: Purchase Cards (<http://www.ofm.wa.gov/policy/45.htm>)
(Sections 45.10 and 45.20)

- Clarified unacceptable use of purchase cards between state agencies.
- Clarified that reconciling to the accounting system includes ensuring that all transactions have been recorded.
- Removed the \$50,000 aggregate limit, and stated that the limit is established by the Department of General Administration, Office of State Procurement (GA-OSP) for agencies participating in the GA-OSP contract.
- Required the use of a transaction log to record purchases made when using the purchase card.
- Clarified that disputed items must be communicated to the issuing bank within 60 days.

Chapter 50: Federal Compliance (<http://www.ofm.wa.gov/policy/50.htm>)
(Subsection 50.40.30)

- Retained the threshold for programs subject to CMIA regulations at \$35 million or more.

Chapter 55: Audit Tracking (<http://www.ofm.wa.gov/policy/55.htm>)

- Clarified chapter's applicability to accountability audits.
- Added corrective action plan form for federal findings.

Chapter 70: Other Administrative Regulations (<http://www.ofm.wa.gov/policy/70.htm>)
(**Subsection 70.15.10**)

- Required receipts for reimbursements of meals with meetings.

Chapter 75: Uniform Chart of Accounts (<http://www.ofm.wa.gov/policy/75.htm>)
(**Sections 75.20, 75.30, 75.40, 75.70, and 75.80**)

- Changed name of agency 2200 to Board for Volunteer Firefighters and Reserve Officers (BVFFRO) (previously Board for Volunteer Firefighters (FIR)).
- Added new accounts: 14L, 14M, 14N, 14P, 14R, 14T, 14V, 15A, 15B, 15C, 15E, 15F, 15G, 15H, 15J, 15K, 359, 445, 495, and FH2.
- Changed the name of account 06H.
- Deleted account 248.
- Changed fund type and rollup fund of account 04B.
- Changed budget type of accounts 004 and 777.
- Changed cash type of account 004.
- Added new general ledger codes: 1657, 5257, 5282, 5287, 6594, and 6595.
- Added new subobject codes: BR – Other Post Employment Benefits, WE – Pollution Remediation (Long-term Obligations Subsidiary Account only), and WR – Other Post Employment Benefits (Long-term Obligations Subsidiary Account only).
- Revised the description for subobject codes: BD Health, Life and Disability Insurance, and EK Facilities and Services.
- Changed the name of revenue source codes: 0858, 0863, and 0902.
- Added new revenue source codes: 0102 Tax Credit- Sales Tax, 0645 Budget Stabilization Transfer, 0653 Columbia River Water Delivery Transfer, 0689 Operating Transfer – Toll Charges, 0856 Original Issue Discount – Refunding Bonds, and 0862 Original Issue Discount.
- Deleted unused revenue source codes: 0526, 0631, 0632, 0661, 0669, 0670, 0684, 0691, 0692, 0695, 0697, 0698, 0699, 0812, 0903, 0904, and 0931.
- Added descriptions for revenue source codes: 0500 – Private/Local Charges and Miscellaneous Revenue, 0600 – Transfers, 0800 – Other Revenue & Financing Sources, and 0900 – Non-Revenue Activities.

Chapter 80: Accounting Policies (<http://www.ofm.wa.gov/policy/80.htm>)
(**Sections 80.10 and 80.30**)

- Clarified administering agency responsibilities.
- Increased capitalization threshold for buildings, building improvements and leasehold improvements to \$100,000 or greater.
- Added policy for valuing capital assets transferred between agencies.

Chapter 85: Accounting Procedures (<http://www.ofm.wa.gov/policy/85.htm>)

(Sections 85.10, 85.15, 85.20, 85.22, 85.24, 85.30, 85.32, 85.34, 85.36, 85.38, 85.42, 85.50, 85.52, 85.54, 85.58, 85.60, 85.65, 85.72, 85.74, 85.85, 85.90, and 85.95)

- Emphasized the use of the most efficient payment method.
- Added special definition for vendors and clarified that payment authorization of goods and services include those contracted for.
- Modified verbiage on the Affidavit of Lost or Destroyed Warrant.
- Clarified timing of deposits of cash receipts.
- Revised reservation of equity related to investments in governmental funds for those situations where external restrictions exist.
- Clarified write-off of uncollectible receivables when no allowance for doubtful accounts has been recorded.
- Clarified the recording of prepaid expenses in proprietary and governmental funds.
- Clarified the recording of donated capital assets in governmental funds.
- Added policy for valuing capital assets transferred between agencies.
- Limited capitalization of construction period interest to enterprise and trust fund type accounts.
- Added verbiage on the role of the State Financial Committee.
- Added procedure for identifying and recording pollution remediation obligations.
- Added procedure for recording other post employment benefit (OPEB) obligations.
- Revised central services billing/payment schedule for OFM and DOP.
- Clarified procedures for paying and receiving for intra-agency reimbursements using Object T (for all accounts other than non-budgeted proprietary fund type accounts, budgeted proprietary fund type accounts, and non-budgeted proprietary fund type accounts.)

Please replace the following pages in your policy manual:

Chapter 10	Table of contents and pages 9-14 and 31-34
Chapter 12	Entire chapter
Chapter 20	Entire chapter
Chapter 25	Entire chapter
Chapter 30	Table of contents and pages 3-12 and 15-20
Chapter 45	Entire chapter
Chapter 50	Table of contents and pages 35-40
Chapter 55	Entire chapter
Chapter 70	Table of contents and pages 3-4
Chapter 75	Entire chapter
Chapter 80	Entire chapter
Chapter 85	Entire chapter
Index	Entire section
Glossary	Entire section

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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.

We encourage you to use the online version of SAAM. All OFM directives, policies, technical corrections, and superseded policies are available at:

<http://www.ofm.wa.gov/policy/default.asp>.

Additional resources are also available on our Administrative and Accounting Resources web site at: <http://www.ofm.wa.gov/resources/default.asp>.

Unless noted otherwise, questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency. You can find your agency's OFM Accounting Consultant at:

<http://www.ofm.wa.gov/accounting/swa/swacontacts.asp>.

Attachments