



Summer 2018

The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Another Year of Excellence in Financial Reporting!

The state of Washington was awarded the Certificate of Achievement for Excellence in Financial Reporting for its fiscal year 2017 *Comprehensive Annual Financial Report* (CAFR). This is an amazing achievement that everyone should be proud of. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. It represents a significant accomplishment by the state.

This fiscal year the CAFR was published on November 2, which is the third fastest in the United States, and maintained the excellence required for the award. This accomplishment is the direct result of all the time and effort that the fiscal staff at each state agency devoted to closing the fiscal year earlier and providing quality financial data for the CAFR. Without all of you, the award would not be possible.

Thank you one and all!

To view the 2017 CAFR online, please visit our website at:
<https://ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report/2017-comprehensive-annual-financial-report>



in this issue

Fiscal Year-End Closing – 1
CAFR Award – 1
SAAM Payroll Changes – 2
Secret to CAFR Success – 2
Amazon Gift Card – 3
New Federal Workgroup – 3
GASB 75 – 4
Federal Update – 4
One Washington – 4
Internal Control Resources – 5
OFM Summer Training – 6
Unbalanced In-Process – 7
Pension Funding Stabilization – 7

Fiscal Year End Closing Reminders

We rely on you for a successful fiscal year close. Your adherence to the [year-end closing deadlines](#) is critical to us preparing the CAFR accurately and on time. If your agency is unable to meet one of the due dates, contact your OFM Accounting Consultant as soon as possible.

Below are some important reminders to help make 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. Remember interagency and interfund receivables and payables are not allowed in these accounts at fiscal year-end.
 - Accruals (receivables and payables).

The reconciliation is not complete until any needed journal entries are posted in AFRS, and someone makes sure that the clean-up journal entries posted correctly.

- Send out interagency billings promptly. Prioritize interagency receivable/payable reconciliations because many agencies have early internal close dates.
- 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.

Continued on page 2

If you have questions or comments on any information contained in The Connection, please contact Anwar Wilson at anwar.wilson@ofm.wa.gov.

SAAM Policy Changes: Shared Leave and Amounts Due to Deceased Employees

The *State Administrative and Accounting Manual* (SAAM) has been updated based on law changes in the 2018 session. Refer to OFM directives [18A-02](#) and [18A-03](#):

- Effective June 7, 2018, there is no longer a dollar limit for relatives that submit a *Claim for Indebtedness of State of Washington to Deceased Employee* form. SAAM Subsection 25.70.30.c was removed from the policy. Refer to SAAM Subsections [25.70.30](#) and [SB 6197](#).
- Effective July 1, 2018, the following are included as reasons that shared leave can be approved:
 - The employee needs time for parental leave.
 - The employee is sick or temporarily disabled because of disability.

Refer to SAAM Subsections [25.40.10.a](#) and [25.40.10.c\(4\)](#) and [HB 1434](#).

If you have any questions, please contact Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.

The Secret to our CAFR Success

Our usual fiscal year-end message, in a nutshell, goes something like this: “Thanks for meeting our CAFR deadlines last year! ... Now let’s do it again.” This year, we want to share an outcome of your efforts and give you something to brag about at your next summer barbecue.

At its 2018 annual conference, the National Association of State Comptrollers (NASC) had a session called “Producing Faster CAFRs.” NASC asked the state of Washington to be on the panel and our assistant director, Brian Tinney, agreed to participate. Our CAFR has been one of the top five fastest state CAFRs for the last several years, so NASC wanted Brian to share our secrets and best practices as to how we get our CAFR completed so timely.

Brian shared some of the internal and external tools we use including the disclosure form application, detailed checklists, and comprehensive desk procedures for each CAFR assignment. All of these tools, along with a good working relationship with the state auditors, contribute to a timely and accurate CAFR. But, the real secret to our success is each of YOU! Without your hard work and sometimes heroic efforts, we could not complete the CAFR as timely as we do.

So, we do want to extend a big THANK YOU for your work throughout the year and at year-end. We hope you will impress your family and friends by explaining your part in Washington gaining national status for our CAFR speed.

Oh, and let’s do it again this year!

Fiscal Year End Closing Reminders - *continued from page 1*

We are always happy to review journal entries, especially any that your agency has questions about or that are not recorded often.

There are additional year-end resources available on our website: <https://www.ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing>

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

Taxing the \$25.00 Amazon Gift Card from SmartHealth

Eligible employees enrolled in the Public Employees Benefits Board (PEBB) Program who participate in SmartHealth can qualify for a \$25 Amazon.com gift card by completing the SmartHealth Well-being Assessment by December 31, 2018.

In [Publication 15-B](#) (Employer's Tax Guide to Fringe Benefits), the IRS says that "cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card or credit card), no matter how little, are never excludable as a de minimis benefit." This means that the cash value of gift cards are taxable to employees.

Beginning with the payroll on June 11, 2018, general government agency employees who qualified for and claimed their Amazon.com gift card were taxed for the value of the card. Employees who claim their gift cards during the remainder of 2018 will be taxed in an upcoming paycheck.

Higher education employers will have either an automated process to upload the value of claimed gift cards into their systems or use a manual input process.

For further information on SmartHealth and the Amazon.com gift card incentive, go to the [SmartHealth Wellness](#) site.

If you have any questions, please contact Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.

New Federal Workgroup

OFM, in collaboration with a small group of state agencies receiving federal grants, has formed a pilot workgroup. This group is similar to [Personnel/Payroll Association](#) and [Financial Management Advisory Council \(FMAC\)](#), but is specifically for federal grants. The kickoff meeting was held in February.

The goal for the group is to:

1. Open communication channels between state agency federal program and accounting staff to brainstorm, share knowledge, and work through federal issues or concerns.
2. Obtain suggestions and recommendations for future OFM federal training classes.
3. Develop and offer federal training to state agency federal program staff.

The group is in its early stages of formation, but be on the lookout for more information to come in the future.

GASB 75 OPEB Reporting

GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" requires employers to report their proportionate share of the plan's total Other Post Employment Benefits (OPEB) liability, deferred inflows and outflows, and OPEB expense. The implementation of this standard is being handled by the Office of Financial Management for the state as a whole, to include posting all GASB 75 entries to AFRS.

Like GASB 68, this new standard allows an agency to report using a measurement date no earlier than the end of its prior fiscal year. This means that for the 2018 fiscal year, the OPEB valuations provided by the Office of the State Actuary will have a measurement date of June 30, 2017.

The allocation of the OPEB liability to each agency is going to be based on active (health care eligible) employee counts as of June 2017. An audited report will be available in late August containing key OPEB amounts by agency for those preparing their own financial statements. As part of the implementation, OFM is comparing agency payroll data with employee counts provided by HCA. If a variance is found that cannot be easily identified, OFM may need to contact you for help in identifying the cause of the variance.

If you have questions, please contact Laura Lopez at (360)725-0177 or laura.lopez@ofm.wa.gov.

Federal Update

2018 Statewide Single Audit

Another federal audit cycle has begun! The State Auditor's Office held an entrance conference with OFM in early May and officially kicked off the FY18 Single Audit. Be prepared in case the program you work in is selected for audit this year. Please also make sure you respond to auditors' requests timely to help with the flow of the audit process. Any delay may impact the audit schedule and, ultimately, the state's ability to meet the federal reporting deadline.

Status of Prior Findings

Agencies who received federal findings in the 2017 Statewide Single Audit are required to provide updates to corrective action plans which will be included in the FY18 Single Audit Summary Schedule of Prior Audit Findings. Just a reminder, the information included in the Summary Schedule of Prior Audit Findings must be as of June 30, 2018. The State Auditor's Office will soon begin follow-up procedures on prior audit findings.

Disclosure Forms:

As we are gearing up for the year-end closing process, we want to let you know that there is no major change to the federal disclosure forms this year. The Disclosure Form Application will open on July 13, 2018. Please refer to SAAM [95.20](#), which has detailed instructions on completing each of the federal disclosure forms. The training slides of the [federal year-end update](#) class have also been posted on the OFM website where you can find a brief overview of the forms with some reminders and tips on federal assistance reporting.

For more information, please contact:

Marina Yee at (360) 725-0221 or marina.yee@ofm.wa.gov
Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

Keep Up to Date with What is Going on with One Washington

One Washington communicates periodic updates about its efforts via [GovDelivery](#)...are you subscribed? Stay current by creating or updating your subscription preferences at [GovDelivery](#), then select Office of Financial Management > One Washington.

Internal Control Resources and New Disclosure Form

Risk assessment and internal control monitoring:

SAAM Chapter 20 specifies the responsibilities of the Internal Control Officer (ICO) including coordinating and documenting the agency risk assessment and providing written assurance to the Agency Director, certifying the agency's internal controls for financial reporting and federal program compliance. Moving forward, this will require ongoing evaluation and monitoring of controls. For many agencies this is a new process for fiscal year 2018 and the task of developing a risk assessment has, no doubt, been a daunting task.

Early on in the process of re-writing SAAM Chapter 20, it was decided there would not be a general internal control checklist where an agency could check off boxes and consider the assessment complete. OFM still maintains their stance on that decision, in part because it was felt agencies needed to deliberately develop a risk assessment that addressed the basic as well as unique operations of their agency.

OFM Resource website:

We currently maintain a resource webpage that provides links to information related to internal controls, one of which is a high level risk assessment questionnaire intended to have been a starting point for agencies in the process of developing a risk assessment for the first time.

It quickly became apparent that starting with such a high level document was proving to be more difficult/cumbersome than anticipated; therefore, through the efforts of the [Internal Controls Professionals Group](#), the questionnaire is being refined and expanded to be a more useful tool for its intended users. The group was created for ICOs to share their concerns, ideas, etc. They meet monthly at DOT headquarters and have access through Skype as well. The intended end result is to have a document that addresses, at the very least, those areas that are general to most state agencies; the expectation is that an agency can pull the questionnaire from our website and adjust to fit their needs. We will post the updated risk assessment questionnaire in the near future.

We will also continue to update and collect information for our [Internal Control resource site](#) and will eventually develop training to assist agencies in applying these general policies.

New disclosure form related to internal controls:

There is also a new Internal Control Questionnaire disclosure form that each agency is required to complete starting in fiscal year 2018. Questions are related to information about the agency's designated internal control officer and the most recent internal control risk assessment covering both fiscal operations and federal programs, as well as whether the agency has an internal audit program.

If you have any questions regarding the information provided or about the ICO group mentioned above, contact Kennesy Cavanah at (360) 725-0229 or kennesy.cavanah@ofm.wa.gov.

Summer Quarter Training Offered on a Variety of Subjects

We are pleased to announce that the following training classes, taught by Statewide Accounting staff, will be offered this quarter:

Class Name	Dates	Times	Duration
GL Reconciliation: Basics	July 9	8:30 – 12:00	3.5 hours
Compliance: Travel Policies	July 19	8:30 – 4:30	8.0 hours
Accounting for Payroll	July 24	8:30 – 4:00	7.5 hours
Payroll Revolving Account Reconciliation	July 31	8:30 – 3:00	6.5 hours
Health Insurance Reconciliation	August 7	1:15 – 4:45	3.5 hours
Internal Control: Payroll	August 15	8:00 – 12:00	4.0 hours

To view class descriptions and register, go to the [Learning Management System](#) (LMS) 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 your registration in LMS to make room for someone on the wait list.

All classes this quarter are being held in the Capitol Court building. Parking is limited, so we recommend taking the mass transit or walking if possible.

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

For assistance or additional information, please contact your assigned OFM Accounting Consultant.

WaTech Service Notification-Unbalanced In-process Reconciliation

On July 2, 2018 the new ER version of the mainframe Unbalanced In-process Reconciliation report (DTR9002) and the Unbalanced Current Period Clearing Account Reconciliation report (DTR9005) was put into production.

The ER version (DLY007) is housed in the Daily Reports folder. It will provide more user flexibility as the report can be run in the default Crystal format or as an Excel spreadsheet.

Users will need to schedule recurring DLY007 reports through ER to run daily in their desired output format(s). This can be done when scheduling the report by changing the Recurrence to Daily.

If Excel is desired, the Format parameter must be set to "Microsoft Excel Workbook Data-only" and the Export to Excel parameter must be set to "Yes."

Scheduling the report to run daily is important as this report shows only unbalanced transactions as of the current date. In other words, users cannot run the report as of a previous date.

The mainframe Unbalanced In-process Reconciliation report (DTR9002) and the Unbalanced Current Period Clearing Account Reconciliation report (DTR9005) will continue to be available until some future point in time.

When we are confident the DLY007 report is operating as designed, the mainframe reports will be discontinued, and agencies will no longer have access to the paper or EOS reports.

Please start scheduling and using the new ER report and spreadsheet today.

Shift of GF-S Spending to Pension Funding Stabilization Account

In the 2017-19 biennial budget, the Legislature shifted resources from the Budget Stabilization Account into Account 489 - Pension Funding Stabilization Account (PFSA). They also put a section in the back of the budget bill with the requirement for OFM to allocate a fund shift from General Fund – State (GF-S) spending to the PFSA. In the supplemental budget enacted in 2018, OFM followed that requirement by allocating the shift of GF-S spending to PFSA spending to each agency with GF-S appropriations.

This means that in each fiscal year in this biennium, agencies must JV spending in Subobject BB (pensions) from GF-S to Account 489. If an agency's spending in Subobject BB is not sufficient to make use of the full amount, GF-S spending from another Subobject, such as BA (OASI) can also be used. The most important thing is that only GF-S Expenditures be transferred to Account 489. The reduction of GF-S is already in your agency budget as of the 2018 supplemental.

An email from Pam Davidson (OFM Budget Division) entitled "Shift of GFS spending to Pension Funding Stabilization Account" was forwarded to agency fiscal officers on April 3, 2018.

If your agency has not moved expenditures from GF-S to Account 489, please do so prior to Phase 2 close.

If you have any questions, please contact Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.