



Summer 2020

# The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

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## COVID-19 Resources Webpage

We added a special webpage where all [COVID-19 related accounting resources](#) can be found. This includes OFM Directives, statewide waivers, SAAM updates, and a variety of other guidance. Other COVID-19 resources and information can be accessed from the main [ofm.wa.gov](http://ofm.wa.gov) website.

## What a Year It Has Been!

It's that time of year again: the sun is out; the flowers are blooming; people are taking summer vacations; and, best of all, it's time for fiscal year close!

That's how I usually begin my yearly reminder that fiscal year end is upon us, but this year is like no other year we have ever seen. I want to thank each of you for your efforts during these difficult times in keeping state government running. Your adaptability to teleworking and other changes in procedures and communications, with little advance notice, is truly impressive! That said, we anticipate challenges in closing the books for many agencies, so we have extended our year-end closing dates to provide additional time to accomplish all the tasks that need to get done this year. Refer to the article on page 2 for the updated due dates.

Our publication goal this year is November 20th and, as usual, everyone must do their part in a timely manner. While fiscal year close is a busy time, there are things you can do to help reduce the stress level. Specifically, if you haven't already, start **now** –

- Reconciling your general ledger balances and posting appropriate adjusting entries.
- Reviewing your closing activities for opportunities to Lean processes.
- Reviewing areas that caused you problems last year and developing solutions.
- Taking year-end training as appropriate. Setting internal due dates and assigning tasks.
- Communicating deadlines both internally (those who supply needed information) and externally (vendors, contractors).
- Preparing to issue your interagency billing by the July 31 due date. Timeliness is critical.
- Tackling those interagency balances early on as interagency receivables and payables must be in balance by August 31.
- Verifying that needed CFDA numbers are available in AFRS for federal reporting.
- Performing administering agency duties such as monitoring cash and fund balances.

We appreciate your efforts to meet the CAFR deadlines and look forward to closing this fiscal year and putting it behind us. Remember, all the work you have done this past year and will do this summer will culminate with the 2020 CAFR. Please stay safe and healthy.

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

# Update to Fiscal Year-end Close Dates!

Due to the challenges caused by COVID-19, OFM is making changes to the fiscal year 2020 year-end due dates. For a calendar to print out, go to

<https://ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing>.

<b>NEW Due Date</b>	<b>Due Date</b>	<b>Reporting Item</b>
June 30 - same	June 30	Last day of the fiscal year; cash cutoff (refer to OST's closing schedule memo)
July 13 - same	July 13	Disclosure Form application opens
<b>July 31</b>	July 17	Mail out interagency billings (whether based on actuals or estimates)
<b>August 17</b>	July 31	<b>Phase 1 Close</b> Agency accruals recorded. Prioritize interagency receivable/payable reconciliations as many agencies have an early internal close date.
<b>August 31</b>	August 17	<b>Phase 1B Close</b> <ul style="list-style-type: none"> <li>• Certain state disclosure forms are due</li> <li>• Interagency receivable/payable balancing is due</li> <li>• Pollution remediation site status report is due</li> </ul>
<b>September 11</b>	August 31	<b>Phase 2 Close</b> <ul style="list-style-type: none"> <li>• Agency adjustments completed</li> <li>• Remaining State and Federal Disclosure Forms are due (not including certifications)</li> <li>• Disclosure Form application closes</li> </ul> <p>All agency adjusting entries made after Phase 2 require OFM approval.</p>
<b>September 18</b>	September 11	State Financial Disclosure Certification form, including attachments, is due
Feb 26, 2021 - same	February 26, 2021	Federal Assistance Certification form is due

If your agency cannot complete some or all of the Phase 1B disclosure forms and tasks by August 31, you will need to request an extension by sending a memo to your assigned OFM Accounting Consultant. The memo should list the items for which an extension is needed and the date by which your agency can complete the forms and tasks. The requested date can be no later than the end of Phase 2 close, September 11, 2020. Remember, to complete the disclosure forms, all AFRS entries related to those forms must be entered first.

We understand that this will be a challenging fiscal year close for everyone, but we have confidence that we can all work together – remotely, of course – and get this done.

# GASB Statements Postponed

The Governmental Accounting Standards Board (GASB) issued [Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance](#) on May 8, 2020. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

We have postponed our implementation for many of the pronouncements included in Statement No. 95. The statements listed below impact the state and will be effective in the next two fiscal years:

## **Effective for FY 2021**

- Statement 84, Fiduciary Activities (previously effective FY 2020)
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

See the [Spring 2020 Connection](#) for a description of these GASB Statements and the implementation plan.

## **Effective for FY 2022**

- Statement 87, Leases (previously effective FY 2021)
- Statement No. 92, Omnibus 2020 (previously effective FY 2021)

# Leases Timeline Reset

GASB Statement No. 87, Leases, will now be effective fiscal year 2022, one year later than originally required. Therefore, we have adjusted our implementation timeline as follows:

- March 2021: We will provide training, and the new lease modules of the Facilities Portfolio Management Tool (FPMT) will go live (rather than September 2020).
- June 30, 2021: Agencies will need to record all leases within the scope of GASB 87 that exceed the capitalization threshold (\$500,000 in total lease payments over the lease term) in FPMT by this date.

For more information about the project and GASB 87, visit the [Leases Accounting Resource site](#).

# More Employees Will Receive Their Remittance Advice via Email

In some circumstances, employee reimbursements are paid via Electronic Funds Transfer (EFT), but a paper Remittance Advice (RA) is still sent through the mail. To gain efficiencies and reduce postage costs, we want to make sure that employees who are paid electronically receive an electronic RA whenever possible, while having measures in place to handle undeliverable emails.

In order for AFRS to send electronic RAs, it requires a valid employee email address in MyPortal and the agency must have a **default** email address in the "PAYEE RA FROM EMAIL" field on the AFRS AD.7 - Agency Address by Batch Type screen. The agency email on the AD.7 screen (which agencies can view via option 9 on the VE menu) will show as the "FROM" address on the RA email the employee receives. If the employee email is undeliverable, the RA email will be sent back to the agency "FROM" email address, and it is the agency's responsibility to resolve issues with the undeliverable email.

To assist agencies in getting the "PAYEE RA FROM EMAIL" field populated on every address by batch type record, on **July 4, 2020**, OFM will populate all blank "PAYEE RA FROM EMAIL" fields with the email address in the "EFT NOR TO EMAIL" field. Existing email addresses in the "PAYEE RA FROM EMAIL" field will not be changed.

```
==== AFRS =(AD.7)===== AGENCY ADDRESS BY BATCH TYPE ===== C105P340 ====
TR: _____ CREATE DATE: 100801 LAST UPDATE: 191121 AGENCY: 0000

FUNCTION: N (V=VIEW, N=NXT, B=BCK)

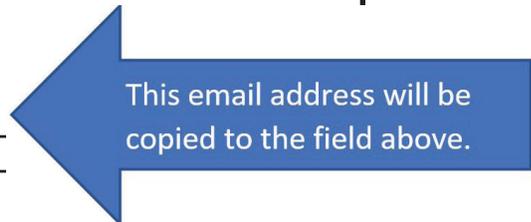
AGENCY: 1050
BATCH TYPE: __

AGENCY NAME: OFFICE_OF_FINANCIAL_MANAGEMENT__
CONTACT OFFICE: _____
CONTACT OFFICE PHONE: 360 902 3056
MAILING ADDRESS 1: INSURANCE_BUILDING,_SUITE_140__
MAILING ADDRESS 2: PO_BOX_43113_____
CITY/STATE/ZIP: OLYMPIA_____ WA 98504 3113

PAYEE RA FROM EMAIL: _____
EFT NOR TO EMAIL: OFMACCOUNTSPAYABLE@OFM.WA.GOV_

AGENCY SYSTEM: _____
REQUESTED BY: _____
REQUESTED BY PHONE: _____

F3=RETURN, F12=MESSAGE, PAUSE/BREAK=EXIT
```



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## More Employees Will Receive Their Remittance Advice via Email - continued from page 4

### What do agencies need to do?

First, this is a good time to review all return email addresses currently on your agency's VE.9 screen in AFRS. Make sure they are valid for both the Payee RA and the EFT Notice of Returns (NOR) emails.

The Agency Address by Batch Type screen is maintained by OFM. If your agency needs a "PAYEE RA FROM EMAIL" address changed or additional batch types added, you must fill out a form and submit it to OFM, per the instructions on the form. OFM will enter the information. The form can be found in the [Payments Options](#) documentation in Appendix A.

Second, take this opportunity to communicate with employees:

- Remind them to verify their email address in MyPortal.
- Let them know that if their payroll is paid by EFT, their non-payroll reimbursements will now be paid by EFT and their non-payroll payment notifications will be sent out via email.
- Provide them information on how to opt out if they do not want to receive their reimbursement payments by EFT and RAs via email. Refer to the [Payments Options](#) documentation starting on page 14.

If you have any questions or concerns, please contact [HereToHelp@ofm.wa.gov](mailto:HereToHelp@ofm.wa.gov).

## The IRS is Reviving the 1099-NEC Form

Adapting to change is not a new concept, especially in 2020. How we report non-employee compensation will be no exception. For the IRS reporting year 2020, all non-employee compensation payments, previously reported in Box 7 of the 1099-Miscellaneous Income (1099-MISC) form, must now be reported on the 1099-Non-employee Compensation (1099-NEC) form. While some may think this is a new form, the 1099-NEC form was actually in use up until 1982.

More recently, the PATH Act of 2015 required earlier submission of the 1099-MISC form only when reporting non-employee compensation in Box 7. This was done to help eliminate fraudulent reporting. Unfortunately, having two filing deadlines attributed to the same form caused confusion on the part of filers and resulted in erroneous late fees by the IRS. The 1099-NEC form was revived in order to mitigate both issues.

OFM is revising current 1099 processes to incorporate the changes made by the IRS. The calendar year 2020 1099-NEC forms will be electronically filed with the IRS by January 26, 2021. Classes offered by OFM will also be updated to include the 1099-NEC form. If you have any questions or concerns regarding the upcoming changes, please contact us at [HereToHelp@ofm.wa.gov](mailto:HereToHelp@ofm.wa.gov) or [laura.lopez@ofm.wa.gov](mailto:laura.lopez@ofm.wa.gov).

# IRS Form 941 Revisions Mean Less Taxes Due in 2020

The IRS has published a new version of [Form 941](#) to be used for the rest of calendar year 2020. The form is effective for second quarter (April – June) filing. The new form is revised for changes based on the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Families First Coronavirus Response Act (FFCRA).

Although government agencies are not eligible for tax credits, there is a provision that affects all employers, including government employers: Qualified sick and family leave wages are not subject to the employer cost for Social Security.

On pages 9 and 10 of the [Form 941 instructions](#), the tip states the following:

*Government employers aren't eligible for the credit for qualified sick and family leave wages; however, as with any employer, government employers aren't liable for the employer share of the social security tax on the qualified sick leave wages paid to employees.*

There are three wage types in the Human Resource Management System (HRMS) that are affected:

- 1379 Emergency Paid FMLEA
- 1380 Emergency Paid SLA
- 1381 Emergency Paid SLA Care

At this time, these wage types are charging the employer cost of social security taxes and including the amounts in the deposits sent to the IRS each payday. The HRMS team and Statewide Accounting are aware of this and are working the issue.

What does my agency need to do?

When your agency files Form 941 for the second quarter, Line 15 should show that your agency is owed a refund (called an overpayment in IRS terms) as it relates to these wage types. To compute the refund amount:

- Run a payroll posting report (zhr\_rptpy126) in HRMS, limiting the wage types to 1379, 1380, and 1381.
- Sum the amount column
- Multiply the result by 0.062

HRMS will be updated to use the new Form 941 soon. Please do not file for second quarter until the latest version of the form is available.

Further communications on the form, the wage types, and accounting for the refund will be forthcoming.

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

# Federal Stimulus Funding

In response to the COVID-19 pandemic, the federal government has enacted several legislations to provide relief to the many sectors of the country that have been hit hard by the crisis. These legislations provide funding that impacts all levels of government: state agencies, tribal governments, local jurisdictions, and special purpose districts. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which contains provisions for an estimated \$2 trillion stimulus package, is the major legislation that provides various funding streams to state agencies.

The CARES Act established the Coronavirus Relief Fund (CFDA 21.019) and provided payments to the state to assist in navigating the impact of the COVID-19 outbreak. State agencies are also receiving new grant awards or supplemental awards directly from federal grantors. Additionally, the Washington State Emergency Management Division has activated FEMA's Public Assistance (PA) Program after a national emergency for the COVID-19 pandemic was declared in March 2020. The PA Program provides supplemental federal disaster grant assistance for emergency protective measure activities that eliminate or lessen immediate threats to lives, public health, or safety.

With the quick inflow of federal stimulus money coming through to the state, OFM has responded by updating [SAAM Ch. 75.50](#) Expenditure Authority Codes to assist agencies in properly recording and reporting the funding received, or that will be received, related to the COVID-19 crisis. The OFM Help Desk distributed a [message](#) on April 29, 2020, providing instructions for setting up appropriation codes for the federal stimulus awards, requiring specific expenditure authority (EA) types and EA codes to be used. Please refer to SAAM Ch. 75.50 when establishing appropriation index codes for the new stimulus funding in AFRS.

CARES Act funding streams have specific terms and conditions governing the use of funds. It is important for agencies to separately identify and track expenditures for the different types of funding received, and those expenditures potentially eligible for reimbursements. OFM is continuing to clarify federal requirements and develop consistent standards for accounting and reporting of the federal stimulus funds. To meet federal requirements for SEFA reporting, OFM has updated the fiscal year 2020 federal disclosure forms to collect identifying information for expenditures related to stimulus funding. OFM will also provide additional guidance on year-end reporting which will be communicated to agencies as it becomes available.

Please contact your assigned OFM Accounting Consultant if you have any questions or concerns.

# Federal Grants Community of Practice

The Federal Grants Community of Practice continues to hold quarterly meetings to discuss federal issues and share best practices. Here is what we have been working on:

## Washington State Auditor's Office Training

We held the Federal Grant Requirements training on April 21, 2020. This class was supposed to be an in-person training, but instead we provided the class via Skype. The class had approximately 100 attendees. The attendees were very engaged in the class, asking many very good questions despite the virtual format. We received positive feedback from the attendees and we will likely continue offering a virtual option for this class in the future. We would like to thank the State Auditor's Office for providing this valuable training to state agencies. The next class is scheduled for September 15, 2020, and it is tentatively schedule to be an in-person class.

If you are interested in attending this class, please register in [LMS](#).

## Federal eLearnings

We are excited to announce we have two new federal eLearning courses available on our [website](#).

1. Federal Disclosure Forms – This course is intended to provide the resources necessary to complete the federal disclosure forms for fiscal year-end reporting. Course objectives:
  - a. Explain what federal disclosure forms are.
  - b. Explain why federal disclosure forms are needed.
  - c. Know where to go to access the federal disclosure forms.
  - d. Explain how to successfully complete the federal disclosure forms.
2. Federal Single Audit – This course provides a general overview of the Single Audit and related requirements, and a framework for agencies to implement policies and procedures in federal grant management.  
Course objectives:
  - a. Explain federal requirements that come with federal assistance.
  - b. Provide basic knowledge of federal grants.
  - c. Explain what a Single Audit is.
  - d. Explain the general process for completing a single audit and who are involved.
  - e. Explain the Single Audit Reporting process for Washington state.

## New Federal Expenditure by CFDA number Report

The [2 CFR §200.510](#) requires the state to report the total federal awards expended by Catalog of Federal Domestic Assistance (CFDA) number on the Schedule of Expenditures of Federal Awards (SEFA). Currently, the CFDA number is not a required field in AFRS, but many agencies use this field to identify the federal revenues and expenditures for their projects. Since not all agencies use the CFDA field in AFRS, OFM has created federal disclosure forms which are used to collect this information.

To assist with federal reporting, OFM has created a new enterprise report Federal Expenditures by CFDA number. This report is intended to assist with reporting the federal expenditures on the Federal Financial Assistance - Direct disclosure form. If your agency does not currently use the CFDA field in AFRS we have developed [instructions](#) to assist with adding this information to new or existing projects.

If you have questions or would like assistance with adding CFDA number to your AFRS projects please contact your OFM Accounting Consultant.

To stay up to date on the group's current events and projects, please visit the [Federal Grants Community of Practice Project](#) website.

# Summer Quarter Training Offered on a Variety of Subjects

## Fiscal Year-end Training

All fiscal year-end training classes will be via eLearning. These classes can be accessed from our [training](#) page under Online Training. Agency staff are not required to sign up through LMS for the eLearning classes. Simply click on the course link and go through the training at your own pace.

## Other Summer Training

We are pleased to announce that the training classes listed below will be offered this quarter. Statewide Accounting staff will teach all classes in live virtual sessions. We also continue to add eLearning classes which can be found on our [training](#) page. Check out the “Federal Grants Community of Practice” article on page 8 for more information on the new federal eLearning classes.

Class Name	Dates	Times	Duration
In-Process Report Training	July 7	1:00 – 4:30	3.5 hours
Payroll Revolving Account Reconciliation	July 29	8:30 – 3:00	6.5 hours
Accounting for Payroll	Aug. 6	8:30 – 4:00	7.5 hours
Health Insurance Reconciliation	Aug. 13	1:15 – 4:45	3.5 hours
GL Reconciliation: Basics	Aug. 18	8:30 – 12:00	3.5 hours
Federal Grant Requirements	Sept. 15	8:00 – 12:00	4.0 hours

To view class descriptions and register for the live virtual training sessions, go to the [Learning Management System](#) (LMS) website.

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.

## We Want to Hear From You

Tell us what you think about our website. We have added a form to the bottom of each of our webpages so that you can provide us feedback on whether the information provided was helpful and how it can be improved.