Statewide Accounting is growing!

We are excited to announce that we have two new Statewide Accountants, Pam Valencia and Kendra Hanson. They both bring a wealth of knowledge on accounting, state policies, and state systems. We are so grateful to have them on our team. We have also promoted two Statewide Accountants into Supervisor roles, Marina Yee and Kelly Diaz. They will support the existing accountants as well as the three additional accountants for which we are currently recruiting.

Our division will continue expanding over the next year to manage our increasing workload and allow us to continue providing excellent service to our customers. In addition to the Statewide Accountants, we are in the process of hiring State Payroll Advisors and (Vendor/Payee) Registration Specialists.

Fiscal Year-end Reminders

As always, we want to thank each of you for your hard work last year. We rely on all of you for timely and accurate information to complete the Annual Comprehensive Financial Report (ACFR). This is a team effort, and your efforts are much appreciated!

Our ACFR publication goal for fiscal year 2024 is November 29. To meet this goal 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 to:

- Reconcile your general ledger (GL) balances and post appropriate adjusting entries.
  - Know what makes up the balance in each GL.
  - Verify the items are all valid.
  - Ensure GL balances tie to subsidiary records such as internal agency systems.
  - Have a plan for actions needed to correct balances and follow through on it.
- Check that last year's interfund and interagency balances have been liquidated.
- Review year-end training as needed. In-person workshops were held in June, but there are eLearning classes that can be taken when it's convenient for each person.
- Familiarize yourself with other resources such as the FY24 mid-biennium reference guide that contains common transaction codes and other handy resources.
- Set internal due dates and assign tasks to staff who are trained for those activities.

New FDM/COA Governance Process Starts January 2025

Beginning January 1, 2025, agencies will no longer have the ability to make changes to the following tables in AFRS:

- All agency-maintained descriptor "D" tables except CAS tables
- Appropriation Index
- Organization Index
- Program Index
- Project Control

This change is necessary to keep the new Workday Foundation Data Model (FDM) and AFRS Chart of Accounts (COA) in alignment. Making this change in January 2025 will help prepare us all for the new centralized governance model in Workday and give us time before go-live to work out any kinks.

In the May 24, 2024, One Washington AST communication "Updated FDM Crosswalk Coming Soon!" One Washington shared the FDM timeline to go-live. The last update to the FDM submitted by agencies will be December 31, 2024. All changes after this date will go through the new FDM governance process.

OFM Statewide Accounting and One Washington have been working together to develop a new process that agencies will follow to add new FDM/COA values. We will share more information about this process in the next few months once the plan has been finalized.

We understand that this will be another big change for agencies. Centralizing the changes to the COA will require additional time and effort by all parties involved. We will do our best to make changes timely; however, we highly recommend agencies make as many changes as possible to the FDM and COA prior to December 31.

For any questions, please contact Sara.Rupe@ofm.wa.gov.

Auto Complete for Transactions Interfaced into Workday

Currently, some agencies start transactions within an agency system and route them for approval within that system. Once all approvals are applied in the agency system, the transactions are uploaded into AFRS in a 'Released' status.

Similarly, some agencies will be submitting transactions to Workday via an integration from an agency system. After the integration file is uploaded in Workday, the document must go through the typical approval process for that transaction type. For example, an accounting journal will need to be reviewed and approved by the Accounting Manager and potentially other roles, such as the Grant Manager, depending on the worktags included.

With approval from OFM Statewide Accounting (SWA), agencies can bypass the Workday approval process and have their integrations uploaded in auto-complete status. The auto complete flag will allow transactions to process in Workday without user approval.

Agencies may request to use the Auto Complete functionality by completing the Request for Auto Complete for Transactions Interfaced into Workday (wa.gov) form and submitting it to OFMAccounting@ofm.wa.gov for review and approval. The approval form requires agencies to document the internal controls that provide reasonable assurance that transactions are accurate and represent a valid business purpose. SWA staff will work with agencies to verify that controls are in place and operating as expected before approving the request.

Once approved, SWA will notify the OFM integrations team who will add the auto-complete flag for the approved transactions. Agencies will be notified, via email, when the process is complete and ready for use.

We have added a Workday Resources page to our Accounting website where we will continue to add useful content for users; however, this page is a work in progress!

Certification of General Ledger Balances

As the Workday go-live date of July 1, 2025, approaches, OFM will be asking agencies to certify General Ledger (GL) balances. Our goal is to convert only accurate, reconciled balances. That means the agency knows what makes up the balance and all items are valid; any adjustments, such as write-offs of uncollectible receivables, have been posted in AFRS; and internal systems have been reconciled to AFRS.

Statewide Accountants are collecting preliminary information from agencies at our year-end meetings. The plan is that by December 31, 2024, agencies will certify the balances of all Balance Sheet GLs as of fiscal year 2024 and provide a plan for any exceptions.

The certification will include specific items such as:

- Certifying that all Balance Sheet GLs for all funds have been reconciled, including that all adjusting entries have been posted.
- Assurance that agency systems that will continue to be used with Workday are reconciled to AFRS.
- Confirming there are no documents older than one month on the unbalanced in-process.

We anticipate there will be a re-certification prior to conversion of GL balances to Workday. Expect more information this fall.

Washington Administrative and Accounting Manual (WAAM)

As we move toward the Workday go-live, we are also working away on a WAAM! What is a WAAM? It's the Washington Administrative and Accounting Manual. WAAM will replace the current State Administrative and Accounting Manual (SAAM).

One Washington is currently in the testing phase of the Workday implementation; design decisions have been made and the system has been configured based on those designs. With the implementation of Workday as a software-as-a-service (SaaS) solution, policies and procedures must change to increase efficiency and modernize business procedures to make the best use of the new system.

The WAAM is now being drafted and will be ready for go-live. The format of WAAM will be different from SAAM as it will follow Workday organization and business lines. Policies, procedures, and Workday specifications will be grouped together by business lines.

Currently, the planned chapters in WAAM include:

10	Introduction		150	Disbursements and Payable
20	Fiscal Responsibilities and Accounting Policies		160	Accounts Receivable
30	Statewide Systems		170	Interagency Transactions
40	Internal Control		180	Banking and Settlement
50	Internal Auditing		190	Business Assets
60	E-Commerce Policy		200	Financial Accounting
70	Security and Workflow		210	Allocations
80	The Foundation Data Model		220	Human Resources and Payroll
90	Statewide Customers and Suppliers		230	Travel
100	Budgets		240	Boards and Commissions
110	Grants		250	Period End Procedures
120	Projects		260	Integrations
130	Procurement		270	Miscellaneous
140	Contracts			

Because of the complexity of transactions in Workday, WAAM will include links to:

- Quick Reference Guides (QRGs)
- Workday required fields
- Workday custom validations
- Glossary of terms

We plan to have the first draft of WAAM ready to share with agencies by November of this year and will keep you posted as we get closer to publication and the Workday go-live.

For questions, please contact Sara.Rupe@ofm.wa.gov.

Federal Update

Statewide Single Audit

Fiscal Year 2023 Single Audit:

The fiscal year (FY) 2023 Single Audit Report was submitted to the Federal Audit Clearinghouse on May 17, 2024. The report is available on the OFM website.

Here are a few highlights of the FY23 Single Audit results and a comparison with prior years:

	FY2023	FY2022	FY2021	FY2020	FY2019
Federal Assistance Expenditures	$29.3 billion	$30.8 billion	$36.8 billion	$26.0 billion	$18.0 billion
Known Questioned Costs (from SAO reporting package)	$1.17 billion	$1.19 billion	$724.3 million	$960.5 million	$164.9 million
Total number of findings	87	70	62	65	70
Subrecipient Monitoring	21	9	10	11	15
Reporting	20	13	8	4	4
Special Tests and Provisions	14	19	15	23	11
Activities Allowed/Unallowed and Allowable Costs/Cost Principles + Other Compliance Requirement	10	9	6	8	2
Activities Allowed/Unallowed and Allowable Costs/Cost Principles	5	9	11	9	21

Federal assistance expenditures have continued to decrease compared to the levels in the past two years, mainly due to federal stimulus funding winding down as the public health emergency ended.

The amount of known questioned costs identified by the auditors remained fairly consistent with the prior year. 98 percent of the questioned costs are related to five findings from the following three major programs:

- Coronavirus State and Local Fiscal Recovery Fund (revenue loss and subrecipient payments)
- Child Care and Development Fund Cluster (payments to childcare providers)
- Temporary Assistance for Needy Families (payments to childcare providers)

There were 15 findings related to non-compliance with Activities Allowed/Unallowed and Allowable Costs/Cost Principles. 21 findings were issued for noncompliance with subrecipient monitoring requirements, which more than doubled from the prior audit. This could be the result of more complex compliance requirements for federal stimulus funds and the stringent federal requirements for agencies who make subawards. Of the 21 findings issued for subrecipient monitoring, there were four main noncompliance areas:

- Not meeting single audit tracking requirements.
- Not complying with risk assessment requirements.
- Lack of fiscal and program monitoring.
- Missing or incomplete federal award identification elements.

Federal Update *- continued from page 5*

It is important that agencies be aware of any additional requirements in their grant awards and design appropriate monitoring activities to ensure federal compliance.

There was also a significant increase in findings for Reporting, partly due to new reporting requirements associated with the federal stimulus funds. Eight of these findings were related to noncompliance with the Federal Funding Accountability and Transparency Act reporting requirement, which was added back to the Compliance Supplement in 2021.

There were 14 findings for non-compliance with Special Tests and Provisions. With the increasing focus on greater accountability and transparency for federal financial assistance, agencies need to be vigilant about complying with the specific terms and conditions included in each grant award.

Fiscal Year 2024 Single Audit:

The federal government did not grant an extension to the filing deadline of the FY24 single audit report. The State Auditor's Office (SAO) is not expecting the FY24 audit package to be completed until April 2025. Due to the shortened timeframe between audit cycles, SAO has already started planning work on the FY24 audit.

With the decrease in federal expenditures and as some of the federal stimulus programs ended in FY23, we can anticipate a lower threshold for programs to qualify as major programs. Based on this, there is a potential more federal programs will require an audit this year. SAO has already identified a preliminary list of major programs and agencies for audit. Final program selection will be completed once the FY24 Schedule of Expenditures of Federal Awards (SEFA) from OFM is submitted.

Compliance Supplement
The Office of Management and Budget released the 2024 Compliance Supplement (Supplement) in May 2024, and it is effective for the fiscal year 2024 audit. The Supplement is a publication which assists auditors in completing the compliance testing requirements of the state's Single Audit. It contains the audit objectives for most federal programs, and Part 3 of the Supplement lists the actual compliance requirements of the grants that are subject to the Single Audit.

Part 2 of the Supplement provides the specific requirements chosen by each federal agency for their grant programs. It is helpful for state agencies to know which of the compliance requirements the auditors will be testing. Federal agencies are required to choose six compliance areas out of the possible twelve, but the six areas selected could change from year to year. With this in mind, it is important that agencies review which six areas are applicable to their grant program(s) each year.

Federal Update *- continued from page 6*

The following is an updated list of programs that were designated as "higher risk" in the 2024 Compliance Supplement:

Federal Agency	Assistance Listing Number (ALN)	Title
HHS	93.778, 93.777, 93.775	Medicaid Cluster
Treasury	21.023	Emergency Rental Assistance
Treasury	21.027	Coronavirus State and Local Fiscal Recovery Funds
Interior	15.252	Abandoned Mine Land Reclamation (AMLR)

Please contact us if you have questions about the Supplement.

Fiscal Year 2024 Federal Disclosure Forms

OFM Statewide Accounting has been working with SAO to return the filing of the Single Audit Report back to the due date mandated in the Uniform Guidance. One of the critical milestones is to submit the SEFA to SAO to enable completion of major program selection and other audit planning work. For the FY24 audit, OFM needs to submit the SEFA to SAO by September 30, 2024. To assist with meeting this deadline, we are requesting agencies complete their federal disclosure forms as early as possible, ideally by phase 1B close (August 16, 2024), but no later than phase 2 close (September 6). This timeline will allow OFM to perform adequate analytical reviews, research issues, and work with agencies to make corrections as needed to ensure the SEFA is complete and accurate.

The disclosure form application opens on July 8. OFM strongly encourages agencies to start working on your federal disclosure forms as soon as feasible. Please do not hesitate to reach out with any questions regarding completion of the forms.

For questions about federal compliance and reporting, please contact Stacie Boyd at Stacie.Boyd@ofm.wa.gov or Marina Yee at Marina.Yee@ofm.wa.gov.

Fiscal Year-end Reminders *- continued from page 1*

- Communicate deadlines both internally (those who supply needed information) and externally (vendors, contractors).
- Prepare to issue your interagency billings by the July 24 due date.
- Tackle interagency balances early on as interagency receivables and payables must be in balance by August 16, the Phase 1B cutoff. Prioritize agencies that close early.
- Schedule ER exception reports to run at the frequency you choose throughout fiscal year close. These can be set up to come directly to your email.
- Verify that needed Assistance Listing Numbers (ALN) are available in AFRS for federal reporting.
  - Contact your OFM Statewide Accountant for additions, providing the cover sheet from the award document that clearly displays the ALN.
- Perform administering agency duties, such as monitoring fund balance and cash balance.

We appreciate all your hard work to meet the ACFR deadlines and look forward to another successful close. If your agency is unable to meet fiscal close due dates or you have questions, please contact your assigned OFM Statewide Accountant. We are here to help. **Go team!**

Elective Pay Tax Credits (Direct Pay)

Direct pay, also referred to as elective pay, was passed in the Inflation Reduction Act (IRA) in 2022 and, for the first time, gives tax-exempt and governmental entities (including state/local/tribal governments) that do not owe federal income taxes the ability to receive a payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments.

As we mentioned in the Spring issue of The Connection, OFM's initial analysis had identified potential tax credits for the state from agencies' various energy projects, electric vehicles, and charging stations. Agencies with projects completed and placed in service can now register and submit their tax return to receive tax-free cash payments from the Internal Service Revenue (IRS) for clean energy tax credits on behalf of the State.

OFM Budget and Statewide Accounting are taking the lead in assisting agencies through this process and have been reaching out to agencies to finalize the list of eligible projects to be included in the first filing. Agencies that have eligible projects in place during the tax year are required to complete the pre-filing registration by July 31, 2024, in order to meet the first filing submission deadline.

We have set up a Direct Pay resource site on the OFM website, where you can find the step-by-step pre-filing instructions to register your agency and other resources about the tax credits. Also, IRS is offering office hours to help with the pre-filing registration process. See below for available dates to register:

| Date	Time	Register
July 2, 2024	12:30-2 p.m. EDT	Register
July 17, 2024	1-2:30 p.m. EDT	Register
July 31, 2024	1-2:30 p.m. EDT	Register
August 14, 2024	1-2:30 p.m. EDT	Register
September 4, 2024	1-2:30 p.m. EDT	Register
September 18, 2024	1-2:30 p.m. EDT	Register
October 2, 2024	1-2:30 p.m. EDT	Register

If you have any questions concerning elective pay tax credits or the registration process, please contact Denise Nguyen at OFM Budget Denise.Nguyen@ofm.wa.gov.

Payee Registration Unit News

The registration unit has been experiencing a significant amount of "send backs," which occur when a vendor does not submit the correct vendor registration form, or the information on the form is incorrect and the form cannot be used. Currently, 20 percent of all forms received are being sent back to the vendor for correction, resulting in a great deal of waste in terms of extra processing, waiting, and rework. The volume of send backs is literally in the hundreds on a weekly basis, which means just as many vendors are waiting to get paid, pending receipt of an approved form.

We recently participated in a lean six sigma green belt class and evaluated the registration process with an eye to remedying waste. The chart below illustrates the main causes of send-back related delays with the first four reasons representing 60 percent of all send backs.

Twenty-three percent of send backs occur when a vendor has an active record, but incorrectly submits a registration form instead of a change form. When working with your vendors, please assist them to determine which form should be submitted. The vendor look-up tool is available and can be used to determine if the vendor has an active vendor record.
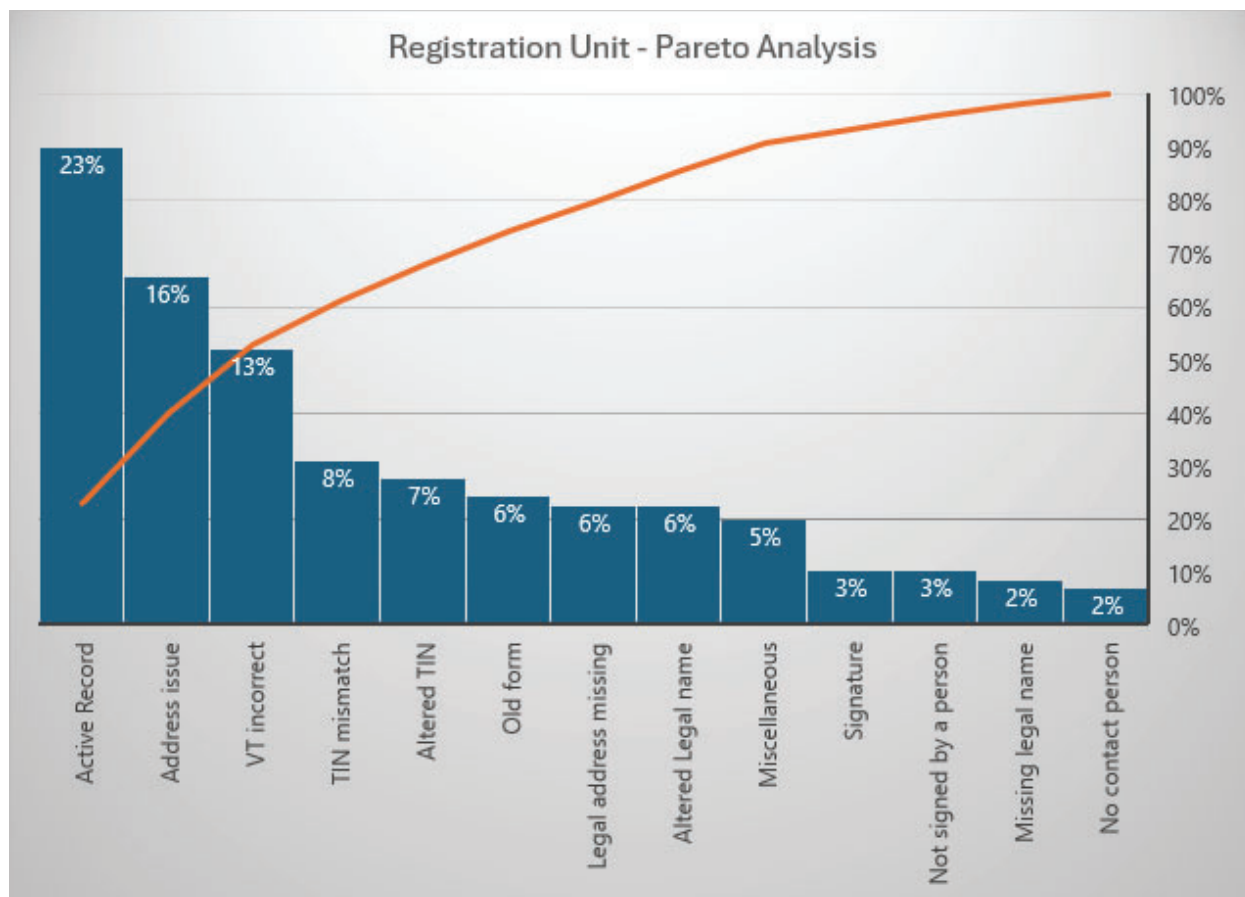
We aim to engage contract managers and accounts payable staff to train agency personnel on the registration process. By working together, we hope to decrease the number of returned submissions and reduce the associated wait times.

There are training videos available on our website that provide additional information about how to fill out the registration forms.

For questions, please contact Ava.Mccluskey@ofm.wa.gov or Ada.Prince@ofm.wa.gov, or you can reach us at 360-407-8180 ext. 5. We look forward to working with you!

Training Update, Third Quarter 2024

Accounting Training
Accounting 101 – Basic Accounting
These classes fill up quickly so sign up soon! The next available session is:

- August 20 (virtual) - 9:00 a.m. to noon

Accounting 101 covers the basics of general accounting, such as: the accounting equation, debits and credits, GL accounts, how to read financial statements, and journal entries. After completing Accounting 101, head over to The Learning Center to take the Accounting 101 Assessment. This short quiz will help determine your readiness to move on to the next course in the 100 level accounting series.

Accounting 102 – Intermediate Accounting
This class is offered both in-person and virtually. All classes are from 9:00 a.m. to noon. The next available sessions are:

- July 16 (virtual)
- July 18 (in-person)
- August 13 (virtual)

This training covers many of the same topics as the Accounting 101 class but in more detail along with normal balances, real and nominal GLs, and practice preparing transactions.

Accounting Standards and Resources
We are pleased to announce that this resource has been posted to our Training Page and is available online. This resource provides an overview of the accounting standard-setting bodies, as well as a guide to available resources for following the standards. It is a supplemental resource to support other accounting trainings and includes digital resources and reference materials that the learner can access as needed.

Accounting Training in Development
Accounting 103: Governmental Accounting. Building off the foundational accounting trainings, this course covers topics that are specific to governmental accounting. Through this training, you will understand the ways in which governmental accounting is consistent with private sector accounting and the ways that it is different.

Federal Grants Training
Under the provisions of the Single Audit Act, state agencies have specific responsibilities in administering or expending federal awards. The Washington State Auditor's Office (SAO) conducts an annual statewide Single Audit to ensure the State complies with all applicable federal requirements. SAO periodically provides training on federal grant requirements; the next training is scheduled for September 10, 2024. In this class, the auditors will discuss top compliance requirements to help state agencies gain an understanding of the federal government's objectives and perspectives and become more knowledgeable about what the auditor is looking for.

Watch for our email communication with information on how to register.

Cost Allocation Training
Cost Allocation Training provides an overview of Federal Cost Allocation & Indirect Cost Rates (2 CFR Part 200) for the state of Washington. The instructor will review the cost principles and requirements and review the 2 CFR Part 200 Structure in detail. This training will be scheduled at the end of September and will be conducted by the state of Washingtons statewide cost allocation plan (SWCAP) consultant.

We will be finalizing the specific training date soon and will communicate the details via email.

Training Update, Third Quarter 2024

Payroll Training
Starting the first quarter of this year, we changed our payroll training classes from one full day to two half-day sessions. We are happy to report that so far, this new format is proving successful! Keep this change in mind when registering, as you will be signing up for both half-day sessions at one time.

All classes are being offered from 9:00 a.m. to noon. The next available sessions are:

- Payroll Revolving Account Reconciliation (virtual)
  - August 27-28
- Accounting for Payroll
  - September 11-12

Payroll Revolving Account Reconciliation provides a detailed analysis of the accounting entries in the State Payroll Revolving Account (035), as well as reconciliation of the account.

Accounting for Payroll is a review of the State Administrative and Accounting Manual (SAAM) payroll policies and procedures for payroll transactions, such as payroll computations, overtime, shared leave, deceased employee payments, and much more.

Additional Training Information
Please review our Training Page for more information, including links to additional eLearning classes on various accounting topics such as year-end close, disclosure forms, and IT systems. The eLearning classes do not require registration. To register for the instructor-led classes (in-person and virtual), visit the Learning Center.

HRMS Remediation Update

User Acceptance Testing
The HRMS Remediation user acceptance testing was completed in May! We would like to extend a big congratulations and thank you for all the time and effort spent by the participating agencies. A few of the metrics are:

- 122 active HRMS test user accounts
- 427 SharePoint user accounts reviewed and provided input on HRMS remediation materials
- 6 defects were discovered and fixed

HRMS Collaborative Work Group
The HRMS Team and One Washington have developed a collaborative work group with agencies impacted by the HRMS remediation. The primary goal is to develop a plan for fully testing the accounting changes in HRMS during One Washington end-to-end (E2E) testing – including all the impacts to agencies related to financial fields changing to the Foundation Data Model (FDM).

The group held its first meeting on June 24 and is currently meeting biweekly. Summary information from this group will be shared with all agencies to keep everyone informed and ensure others can be involved if needed. To learn more, visit the HRMS Remediation SharePoint site and, if needed, follow the prompts to request access.

Retroactive Transactions in Workday After Go-Live
We anticipate Workday go-live will impact HRMS processors because agencies currently have a significant amount of retroactivity processing each pay period. Although there are many reasons why retroactive actions occur each pay period (e.g., late time entries, missed pay adjustments, or retroactive organizational assignment updates), agencies should always be looking for ways to reduce retroactivity.

After Workday go-live on July 1, 2025, for the first six payrolls, the HRMS team will establish a "soft retro wall" where agencies can continue to manually change the date in HRMS and process a retroactive transaction prior to July 1, 2025.

Starting with the October 25, 2025, payroll process, the HRMS team will establish a "hard retro wall" where agencies cannot process retroactive transactions in HRMS prior to July 1, 2025. Agencies will need to manually calculate gross pay and payroll deductions for transactions prior to July 1, 2025. Agencies will also be responsible for other manual updates to systems such as DRS's Employee Reporting Application (ERA).

To assist agencies with these calculations, OFM is working on providing an HRMS environment where agencies can simulate retroactive calculations manually until HRMS is replaced by Workday functionality.

Prior to go-live, OFM will provide training to agencies, publish best practices, and work with One Washington to identify opportunities to improve error reports and collaborate on plans to resolve errors after go-live.

During and after the transition, OFM will have a dedicated support team available to answer questions and offer guidance. OFM will also continue to research and share information and best practices as they become available. If you have any questions, please contact OFMmiHRMSRemediation@ofm.wa.gov.