



Winter 2021

The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Moving Back Go-Live of FPMT for Leases

Hopefully you are aware by now that OFM is expanding the capabilities of the [Facilities Portfolio Management Tool \(FPMT\)](#) to comply with GASB Statement No. 87, Leases. We had planned to provide training and go-live with the system in the spring of 2021. However, we received approval to modify the leased facility wizards in FPMT, which simplify the process for entering new leases and lease renewals. In addition, there will be a new wizard for adding accounting information. This will allow one person to enter the facility and lease information while another person enters the accounting codes. The wizard modifications will be complete by the end of summer 2021.

Beginning in September 2021, agencies must record all leases that meet the GASB 87 requirements in FPMT. We will provide policy and system training, including training on the FPMT wizards, at this time.

Visit the [Leases Accounting Resources website](#) for more information. We will be adding resources and an E-learning module to the site this spring. Please contact [Anna Quichocho](#) if you have any questions or if you would like to have a specific discussion about your agency's implementation.



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Another Successful CAFR Season!

We are pleased to present the 2020 Comprehensive Annual Financial Report (CAFR). We invite you to view the CAFR online at: <https://ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report/2020-comprehensive-annual-financial-report>.

Each year provides its own challenges in the CAFR preparation, and fiscal year 2020 was unprecedented in unique problems. We would like to thank all agency fiscal staff who worked so hard making last minute changes for both CARES Act and FEMA funding. It was truly a team effort this year to get to "Done."

Although we received our audit opinion on December 17th, which was later than expected, we were able to provide the State with as much funding as possible to enter the next fiscal year. With the upcoming budget shortfalls and continued demand for state services, this work improved the state's financial position.

We appreciate all the time and effort that the fiscal staff at each state agency devoted to closing the fiscal year and providing quality financial data for the CAFR. We realize it takes considerable effort and, even with the delay, we can all be proud of the work accomplished this year. Thank you for your part!

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

SWCAP Submitted Timely, Approvals Falling Behind

Over the past few years, the federal review and approval of our Statewide Cost Allocation Plan (SWCAP) has fallen behind. The fiscal year 2022 plan, submitted in December 2020, makes a total of four plans that are pending review and approval by the U.S. Department of Health and Human Services (HHS), including the plans for fiscal years 2019, 2020, 2021 and 2022. However, the 2019 plan is in the process of being actively reviewed, and we hope for an approval soon.

Due to this delay, our guidance for agencies, unless otherwise directed, is to continue to use the fixed cost amount from the last approved SWCAP agreement in their indirect plans. Currently, this is the fiscal year 2018 plan. As plans are approved, agencies should make an adjustment in the current fiscal year for the difference between the newly approved plan and the one they used.

Once HHS approves any outstanding SWCAPs, statewide accounting will notify agencies that it is available and can be viewed on the OFM website at <http://ofm.wa.gov/swcap/default.asp>.

If you have any questions, please direct them to Julie Girard at (360) 725-0191 or julie.girard@ofm.wa.gov.

Statewide Single Audit Delay

The federal Office of Management and Budget (OMB) released the long-awaited addendum to the 2020 Compliance Supplement on December 22, 2020. In light of the late issuance of audit guidance for the COVID-19 programs contained in the addendum, the addendum provides an extension for up to three (3) months beyond the normal due date for the completion and submission of the Single Audit reporting package.

The Office of Financial Management (OFM) and the State Auditor's Office (SAO) discussed the implications that necessitated the adjustment of our normal single audit timeline. SAO is to issue draft findings promptly upon completion of program audit work, and expects to provide all draft findings to state agencies and OFM no later than March 31, 2021. The original deadline was February 12. In order for SAO to meet this new date, it is important that agencies continue to provide timely access to information, documentation, and staff needed to complete the audits, and promptly communicate issues and concerns with the auditors. To ensure final findings are issued timely, agencies must also adhere to the due dates specified by SAO for technical review and responses on findings.

In addition, the Federal Assistance Certification, originally due on February 26, 2021, will now be due on April 16, 2021.

It should be noted that this adjustment in the single audit timeline did not change the existing OFM process and due date expectations for agencies to submit corrective action plans. In our continued efforts to ensure the state meets federal reporting deadlines, OFM tracks findings issued and monitors agencies' submission of corrective action plans by the specified due dates.

We appreciate your cooperation during this uniquely challenging audit cycle. Please let us know if you have questions or concerns.

For additional information, refer to the [2020 Compliance Supplement](#), issued in August 2020, and the [Addendum](#), which provides important updates to COVID-19 related federal funding and the impact to Single Audits.

Changes coming to the AFRS Table Roll Process

The AFRS table roll is the process by which current biennium (2021) AFRS program index, appropriation index, organization index, and descriptor tables are duplicated for the new biennium (2023), eliminating the need for agencies to rekey hundreds or thousands of records. The table roll is completed in phases with the first phase planned for April 2021 and the final phase, expenditure authority related tables, occurring after the Governor signs the 2021-2023 budgets.

Fiscal officers should expect an email in February asking them to verify or update the agency-assigned contact. Once that is done, Statewide Accounting will send a communication to the agency contacts in March providing the details, instructions, and planned schedule for the table roll. Information will also be posted, as it becomes available, on our Administrative and Accounting Resources webpage under [AFRS Table Roll](#).

There are some important changes we are planning for this biennium's table roll. Specifically, we plan to **not** roll PI and OI index codes that have not been used in this biennium, unless they were recently added. We will be meeting with OFM IT soon to discuss these and other potential changes. Complete information about the changes will be provided in the communication to agency contacts.

There are a couple tasks agencies should be working on now, in advance of the table roll. One is to decide if any changes will be made for the agency's new biennium chart of accounts. Changes take planning and coordination with other parts of your agency, so the sooner you make these decisions, the better. Depending on the change, the agency may not want all of their tables rolled.

The second task is to work on cleaning up the existing tables. One Washington has been working with agencies to make a plan for correcting index codes with many-to-one relationships. These plans, which were due December 31, 2020, will need to be implemented after the appropriate phase of the table roll. Get prepared now so all indices, titles, and underlying descriptor table codes are finalized and ready to upload.

For information about the table roll or the One Washington index cleanup project, please contact Cheryl Hainje at cheryl.hainje@ofm.wa.gov or Ben Guyer at ben.guyer@ofm.wa.gov.

Resolve to Reconcile IRS Forms

Reconciliations are a key element of good internal control and critical to accurate and timely reporting. Payroll offices should begin reconciling and balancing activities with the first payroll of each year. Now that all of the payrolls have been processed for calendar year 2020, it's time to ensure that all of the forms that are required by the IRS are in balance.

The IRS and Social Security Administration will check that amounts reported on IRS Forms 941 (Employer's Quarterly Federal Tax Return) and W-2 (Wage and Tax Statement) are in balance. An out-of-balance condition may result in penalties from the IRS. To avoid problems, agencies should perform reconciliations of amounts on Forms 941 and W-2. The reconciliations should also include amounts sent on correcting Forms 941-X and W-2c for 2020.

Year-end balancing activities were covered at the [Personnel/Payroll Association](#) (PPA) meeting on November 12, 2020. Several resources are available:

- [Payroll reconciliations, including:](#)
 - Year-end information – ending 2020 and beginning 2021
 - 941 to W-2 reconciliation template (Excel)
 - Tax deposit reconciliation template (Excel)
- [HRMS year-end page](#)
- [Collecting Prior Year Overpayments](#)
- [November 12, 2020 PPA meeting minutes](#)

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

Federal Grants Community of Practice

The Federal Grants Community of Practice continues to hold quarterly meetings to discuss federal issues and share best practices.

The next federal workgroup meeting will be held via Teams on February 4, 2021. The tentative agenda for this meeting includes:

- Training updates
- Discussion on recent changes to the Uniform Guidance
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Discussion on questions/issues submitted by group members

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

2020 Audit Resolution Report

The Office of Financial Management (OFM) published and distributed the annual *Audit Resolution Report* to the Legislature in December 2020.

The report included findings issued by the State Auditor’s Office (SAO) from November 1, 2019, to October 31, 2020. Below are the summary statistics from the 2016 to 2020 *Audit Resolution Reports*:

Findings Reported:	2020	2019	2018	2017	2016
Federal	70	61	52	50	56
Fraud	6	3	5	2	4
Non-federal	9	17	20	9	20
Total	85	81	77	61	80
Number of agencies included	16	24	16	15	18

We thank agencies for their assistance in the compilation of this report. The [2020 Audit Resolution Report](#) can be viewed on the OFM website. If you are interested in reading details of the findings, please refer to the audit reports published on the SAO [website](#).

OFM Corrective Action Plan Requests

SAO issues findings for accountability audits, financial audits, frauds, and for programs included in the statewide single audit. Since state agencies can receive different types of findings, it is helpful to understand the general timeframe when OFM will request a corrective action plan (CAP) or update to previously submitted CAP.

Accountability/Financial/Fraud Audits

SAO performs these audits throughout the year. When a finding is issued, OFM requests agencies to provide corrective action information within 30 days of the finding issue date in accordance with [SAAM 55.10](#). The *Audit Resolution Report* published at the end of each calendar year summarizes the status of corrective actions taken by state agencies to resolve exceptions reported in audit findings issued by SAO during the year.

In November, OFM compiles the list of completed CAPs to be included in the Audit Resolution Report. If there are action items that have passed their estimated completion dates, agencies will receive requests from OFM to provide status updates. For actions that are still being implemented, OFM will also provide an opportunity for agencies to submit any updates as needed.

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One Washington Update

The One Washington program has been hard at work readying for the onboarding of our system integrator and planning for kicking off the implementation phase of Workday. We have an update to state fiscal staff on the status of the program, recent program milestones, and a basis for what the new Workday Enterprise Resource Planning (ERP) solution will mean for you and how it will impact important agency activities.

What you need to know about Workday

In 2020, the state selected [Workday](#) as our new statewide ERP solution. Workday is a cloud-based software application used by over 50 public sector organizations (including six state governments and several city and county governments with populations of more than 500,000 people) to run complex and mission critical business functions. Workday is a Software-as-a-Service (SaaS) product, which means the state will pay for a subscription to deliver services similar to a smart phone provider.

Like your smart phone, updates will be automatically pushed when available and after rigorous testing. This will help prevent some of the pitfalls we experienced with AFRS, which was not as easily updated, due to its outdated technology and inability to be flexible to meet the needs of the state. Our decision to select Workday will help us continuously provide finance staff with new features and tools so that you can perform at your best. Our goal is to deliver a product that you will be excited and proud to use for the next several decades.

One of the key benefits of Workday is that it is user friendly. As we get further into implementation, the One Washington team will begin providing Workday demonstrations and training opportunities. What you will see is that Workday is similar to a lot of modern personal banking software applications that provide visibility into the current status of accounts and spending through graphical interfaces and robust reporting functionality.

What to expect as we move into implementation

If you are a current AFRS user, you will not experience any immediate change when the first phase of implementation begins in January 2021. In fact, most of the work will be focused on designing and configuring the solution. Representatives from different agencies will be participating in design/architecture working sessions to determine how Workday should be configured to best meet the needs of the enterprise.

For the majority of readers, the first big change you will experience will be in July 2022 when Phase 1 “Go-Live” is scheduled to occur. “Go-Live” refers to the time when the new Workday solution will be launched and the state discontinues use of AFRS. Finance activities included in Phase 1 of the Workday implementation are transitioning to a new Chart of Accounts (COA) and laying the foundation to allow WSDOT to begin retiring TRAINS.

Change ahead

One word that may have caught your attention in the previous section is “configured.” It is important to note that Workday is a commercial off-the-shelf product, which means that it is not customized for each of its customers – including the State of Washington. To implement Workday, we will need to flex our business processes to meet the capabilities of the software instead of the other way around. To achieve this goal, we seek collaboration and support from across the agencies and a willingness to compromise on some system design decisions that will be advantageous to the collective whole of all One Washington users.

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Compromise will not be easy - there are more than 100 agencies, boards and commissions in Washington, each of which have different missions and operations. WSDOT, for example, operates one of the largest ferry systems in the world, and has different needs than smaller agencies with a different business focus. The One Washington program will work closely with agencies like WSDOT that have unique business needs, and is committed to making sure the design decisions we make in Workday do not compromise “must-have” requirements.

Another change to highlight is how you will begin to hear the program talking about system functionality. Workday, like other ERP systems, is predicated on the concept of end-to-end processes. This means that individual process activities, such as accounts payable, do not happen in a vacuum but rather as part of a larger business process focused on purchasing a good or a service.

Procure to pay is a good example of functionality that will provide greater upstream and downstream visibility into how work is performed. An accounts payable clerk, who today may rely on an email from a colleague reporting the arrival of an order, will have the ability to see the status of receipt and approval within the Workday system.

This serves as an example of how some staff may be required to think more broadly about the work they do within the context of a broader set of agency operations. It also presents opportunities for career growth and advancement as staff build deeper knowledge about how agencies run their businesses.

Our commitment to sharing information with you

Understandably, there is a lot of interest in what is happening with One Washington and how different groups of stakeholders will be impacted. Within the finance community, there is a heightened desire to know more about Workday and what changes to expect. Please know that our program team is committed to sharing information with you and providing details when they are available.

To help address these needs, the One Washington team has established the Agency Support Team (AST) Network (the evolution of the Agency POC Network) with the goal of building additional sponsorship for the changes ahead and building increased Organizational Change Management (OCM) capability and capacity within agencies. We will work closely with your AST leads to share information and resources about upcoming change impacts, system demonstrations, and training opportunities.

We are also producing a variety of One Washington communication products such as newsletters, videos, one-pagers, fact sheets, and other content to help you stay connected to the program and learn about milestones and upcoming readiness activities. If your finance team is looking for more information on One Washington, please visit the [agency resource](#) page that includes the aforementioned products. Questions and feedback for One Washington are encouraged at onewa@ofm.wa.gov.

Thank you for your continued collaboration and support!

Don't Let the ERP Sneak Up on You!

There is a clever saying, "If it wasn't for the last minute, I wouldn't get anything done!" Some of us operate under this motto, and sometimes it works really well. We get that burst of adrenaline knowing we're on a deadline, and we just dive in. And, oh, what a great feeling when we meet that deadline with a completed, polished product!

On the other hand, this strategy can sometimes backfire. Be honest. Have you ever missed a deadline because of procrastination? Have you ever made the deadline but known that the final product was not your best work and could have been so much better had you started earlier? If only ...

This is the scenario we want agencies to avoid as we approach the date of converting AFRS balances to the new Enterprise Resource Planning (ERP) system, Workday. Hopefully, we can all agree that we want the converted balances to be accurate. (This is where you nod your head.) Yes, the conversion is scheduled to be 18 months from now, and that seems like plenty of time to ensure all your General Ledger (GL) balances are reconciled and correct. If your agency is on top of this, reconciling balances monthly or quarterly, you're right. "Keep calm and carry on," as the saying goes. However, if your agency is lagging in this area, consider these questions:

- How many accounts/funds does your agency use?
- How many GLs in each account/fund need to be reconciled?
- How many months behind are the reconciliations?
- How long does each reconciliation take?
- How many staff are available to work on this?

Then, do the math. Let's say you have 20 accounts with an average of 10 GLs and you're 6 months behind. That's 1200 monthly reconciliations or 400 quarterly reconciliations, or more if you reconcile at a lower level! And time doesn't stop, so don't forget to add in the 18 months between now and conversion.

If this makes you feel an inkling (or more) of panic, then this article has done its job. But don't just wallow in that sinking feeling; take action! You can check out our [webpage](#) for reconciliation resources, training opportunities, or to find your assigned OFM Accounting Consultant. But most importantly, make a plan and get started!

Here are a couple quotes to give you a little motivation:

"A year from now you may wish you had started today." (Karen Lamb)

"Putting off an easy thing makes it hard, and putting off a hard one makes it impossible." (George H. Lorimer)

2020 Audit Resolution Report - continued from page 5

Federal Audits

For single audit findings, specific federal requirements exist for reporting of audit remediation and resolution efforts. As the auditee of the state's single audit, OFM is responsible for coordinating and facilitating the process to ensure compliance and to meet reporting deadlines. OFM requests CAPs or updates of previously submitted CAPs from agencies several times during a single audit cycle.

Prior findings

The Summary Schedule of Prior Audit Findings is a required component of the *Single Audit Report* in which the auditee reports the status of all outstanding audit issues reported in prior audit periods that the auditors determined as still unresolved. In July, based on the list of unresolved audit findings provided by SAO, OFM sends CAP update requests to agencies for the audit period that has just concluded in June.

OFM submits the *Summary Schedule of Prior Audit Findings* to SAO in August. The auditors normally perform finding follow-up work concurrently with the current year audit. Fieldwork can be ongoing until January of the following year, after which SAO will provide OFM the status of all prior unresolved audit findings.

Current findings

If the auditors determine that audit issues are still unresolved during finding follow-up, repeat findings may be issued. New findings will also be issued for exceptions that have not previously been reported. In all cases, OFM will request agencies to submit a corrective action plan upon issuance of a federal finding. Typically, these CAP requests are sent to agencies from September to February of the following year.

Updates for Audit Resolution Report

Since the filing date of the Single Audit Report is considered the official issue date of federal findings, these findings will be included in the *Audit Resolution Report* for the calendar year. In November, if there are action items that have passed their estimated completion dates since the last update, OFM will request agencies to provide the status for inclusion in the *Audit Resolution Report*.

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.

Training Offered on a Variety of Subjects

OFM continues to offer **eLearning** training classes. These classes can be accessed from our [training](#) page under Online Training. Agency staff are not required to sign up through The Learning Center for the eLearning classes. Simply click on the course link and go through the training at your own pace.

The following online training, as well as training from fiscal year-end, is currently available

Class Name	Approximate Duration
1099 Misc. and NEC Form Data Analysis	**NEW**
Accounting for Capital Assets	60 minutes
Capital Assets Policy Review	60 minutes
Single Audit Overview	60 minutes
GASB 87 Overview and Scope	5 minutes
GASB 87 Implementation Timeline	5 minutes

We will continue to add more classes to our training webpage as they are developed.

Other live training sessions scheduled remotely will be announced as they are made available. Additionally, the Association of Government Accountants (AGA) and Financial Management Advisory Council (FMAC) are sponsoring a number of audio conferences, and the Personnel/Payroll Association (PPA) meets periodically throughout the year. The schedules are posted on the [Olympia AGA](#), [FMAC](#), and [PPA](#) websites.

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