



Winter 2024

The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Changes in Statewide Accounting

We are excited to announce new roles for two Statewide Accounting superstars. In November, OFM created a new Deputy Director role for Statewide Accounting. Sara Rupe was appointed to this new role. Many of you already know Sara, who took over as the Statewide Accounting Manager when Mike Schaub moved to the One Washington project. Sara has led our ACFR and Single Audit reporting for the past couple years and managed the OFM's new training initiative to create basic accounting classes to assist agencies with the transition to Workday.

With Sara moving to her new role, this left a vacancy to fill. In December, Anna Quichocho was named the new Statewide Accounting Manager. Anna was responsible for implementing the new GASB standard for Leases, creating related policies, and providing business requirements that updated the FPMT software to enable lease reporting. She was also responsible for implementing the new SBITA and Public-Private Partnerships GASB standards this last year. Anna will continue to support her assigned agencies until we are able to fill her position.

Please congratulate both on their new roles!



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Another Successful ACFR Season!

We are pleased to present the 2023 Annual Comprehensive Financial Report (ACFR). We invite you to view the ACFR online at: [2023 Annual Comprehensive Financial Report | Office of Financial Management \(wa.gov\)](#).

Each year provides its own challenges in the ACFR preparation, and fiscal year 2023 was another year highlighted by questions surrounding federal spending due to COVID relief funding. While the majority of agencies were able to meet the year-end deadlines, a number of agencies struggled again this year. This puts a strain on our timeline but, even more disconcerting, is that we received a management letter from SAO about the increased number of unresolved exceptions.

As a result, we plan to reach out to certain agencies more frequently this year to work on these issues. We also encourage agencies to reach out to their assigned OFM accounting consultant for assistance and to discuss unusual or challenging issues, and the sooner the better.

We received our audit opinion on December 7, 2023. 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 ACFR. We realize it takes considerable effort and we can all be proud of the work accomplished this year. Thanks to each of you for your part!

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

DebtBook

Hopefully you are already aware that starting in fiscal year 2024, we will begin utilizing a new software platform, DebtBook, for Lease (GASB 87) and SBITA (GASB 96) accounting and tracking. We are excited about this change and hope you are too!

High Level Timeline:

- NOW through March 31, 2024
 - OFM Statewide Accounting is:
 - Creating an implementation plan.
 - Completing the initial data load from the Facilities Portfolio Management Tool (FPMT) to DebtBook.
 - OFM Statewide Accounting will work with agencies to:
 - Review the data for accuracy.
 - Answer additional lease questions (i.e., options to extend), as needed.
- April through June
 - OFM Statewide Accounting will:
 - Make beginning balance adjustments in AFRS as needed.
 - Provide training and materials to agencies on the new process.
 - Agencies will begin making payments manually through AFRS utilizing old sub-subobject coding, for example ED/D010 (no principal/interest split) and will continue making these manual payments going forward.
- June through August
 - Agencies will post annual transactions generated out of DebtBook. These include:
 - Record NEW leases/SBITAs.
 - Reclassify monthly payments between Principal/Interest.
 - Post amortization for the lease/SBITA asset.
 - Reclassify the short-term liability due within the new fiscal year.
 - Remove the lease/SBITA asset at the end of the agreement.
 - Agencies will reconcile GL balances between AFRS and DebtBook.
 - Agencies will continue to fill out Disclosure Forms utilizing information from DebtBook.
- Ongoing
 - Lease and SBITA data will need to be maintained in DebtBook for leases/SBITAs exceeding the capitalization threshold, at a minimum.

Things to think about:

- DebtBook will not send transactions directly to AFRS, nor will it generate payments. Agencies who have utilized FPMT to make Lease/SBITA payments will need to revert back to making these payments outside of the system. This functionality will be turned off in FPMT April 1, 2024, but agencies are welcome and encouraged to make the change earlier. Just make sure you go into FPMT and change “Manually Record Accounting Transactions” to “YES” for each lease.
- Agencies will continue to track all state-owned and leased facilities in FPMT as required by OFM Facilities. Changes to simplify processes for facilities staff maintaining data in FPMT are forthcoming and OFM Facilities will provide more details when available.

We realize utilizing this new software will require some work up front but, in the end, we believe this solution will be simpler for everyone involved.

Questions? Please reach out to Kelly Diaz (Kelly.Diaz@ofm.wa.gov) and Anna Quichocho (Anna.Quichocho@ofm.wa.gov) if you have any specific questions or would like to set up a meeting to discuss these changes.

General Ledger Reconciliations

General ledger reconciliations continue to be a top priority for our team and, as our partners in financial reporting, we hope they are a top priority for your agency too. OFM received a management letter in our 2023 Annual Comprehensive Financial Report audit that noted an increase in the number of unresolved exceptions at the end of fiscal year 2023. Reconciling general ledger balances is essential in clearing these exceptions.

We understand that many agencies are short-staffed or lack expertise, but our office is here to help! We encourage agencies to work with their assigned [OFM accounting consultant](#) and utilize the [Administrative & accounting resources](#) available on our website.

[Virtual office hours](#) continue to be available to agencies as needed. These allow individuals or small groups to sign up for one-on-one time with a Statewide Accounting consultant for assistance on non-payroll reconciliations. Prior to the meeting, we will contact you to find out what topic(s) or issue(s) you would like to discuss. We are also considering the possibility of adding targeted office hour topics (i.e., Payroll, GL 5111, In Process). If this is something you think would be beneficial, please let us know.

We continue to update the [General Ledger Reconciliation](#) resource site so be sure to take a look. If you have templates, procedures, or ideas about items we could include on this page, please share!

There are many reports available in the [Enterprise Reporting](#) portal that can help identify areas that need attention. These reports can be scheduled to automatically run before and/or after the AFRS fiscal month cutoff. The reports can be found under Financial Reports | Accounting | Exceptions.

As always, we would love to hear your comments or suggestions. Please email them to Kelly Diaz (Kelly.Diaz@ofm.wa.gov). Keep up the great work on reconciling!

Privately Owned Vehicle Mileage Rate Increase

We have updated the *State Administrative and Accounting Manual* to reflect the increase to the reimbursement rate for privately owned vehicle (POV) mileage from \$0.655 to \$0.67 effective **January 1, 2024**, per [IRS Notice 2024-08](#). The state Per Diem Rate maps were also updated to reflect the mileage rate revision. The revised maps are available on OFM's Travel Resources website at: <http://www.ofm.wa.gov/resources/travel.asp>.

IT Coding Updates

In partnership with the Office of the Chief Information Officer (OCIO), we are dedicated to educating agencies on how to properly code information technology (IT) expenses so that the state has better data available on total IT spending.

In the prior issue of [The Connection](#), we shared some information on the importance of properly coding your Cloud Service Provider expenses using the appropriate sub-subjects based on the services consumed. Please review that article if you haven't already.

In the most recent SAAM update, subsection 75.65.20 modified the link to resources on our website related to sub-subobject details and workflow. That link can be found [here](#). There were two specific updates we want you to be aware of:

1. The [statewide sub-subobject table-BI25 spreadsheet](#) was updated to include a column that lets you know if project X or Y is required when using that sub-subobject on a payment. The hope is that having this information all in one place will be beneficial to agencies.
2. The [list of subobjects and sub-subobjects that require X and Y document](#) has also been updated to include six additional sub-subobjects requiring project X or Y.

2023 Audit Resolution Report

The Office of Financial Management (OFM) published and distributed the annual *Audit Resolution Report* to the Legislature in December 2023.

The report included findings issued by the Office of the State Auditor (SAO) from November 1, 2022, to October 31, 2023. Below are the summary statistics from the 2019 to 2023 Audit Resolution Reports:

Findings Reported:	2023	2022	2021	2020	2019
Federal	69	61	65	70	61
Non-federal	18	4	5	9	17
Fraud	5	2	5	6	3
Total	92	67	75	85	81
Number of agencies included	25	13	16	16	24

The [2023 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, fraud audits, and for programs included in the statewide single audit. State agencies may receive different types of findings at different times, and below is a reminder about the general timeframe when OFM will request a corrective action plan (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](#). It should be noted that RCW 43.09.312 states that agencies have the legal obligation to comply with the 30-day timeframe to submit CAPs for audit findings of noncompliance with state laws. State accountability audits fall into this category. OFM is responsible for ensuring compliance with the statutory requirement of distributing agency CAPs to external stakeholders within 60 days of the finding release date.

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. For actions that are still being implemented, OFM will provide an opportunity for agencies to submit updates as needed.

Federal Audits

For single audit findings, 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. 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 and provide OFM the status of all prior unresolved audit findings at the conclusion of the audit cycle.

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Federal Update

OMB proposed updates to the Uniform Guidance

On October 5, 2023, the U.S. Office of Management and Budget (OMB) officially published the [federal register](#) listing the details of proposed updates to the OMB Guidance for Grants and Agreements, which includes [2 CFR Part 200 - Uniform Guidance](#).

The request for comments on the project closed on December 4, 2023, but agencies should be aware of the existence of the proposed updates and the potential impact on both the auditee and auditor. The proposed updates include:

- Replacing the term “Grants and Agreement” with “Federal Financial Assistance.”
- The use of “recipient” or “subrecipient” in lieu of non-federal entity.
- An increase to the exclusion threshold of subawards from \$25,000 to \$50,000 under modified total direct costs.
- Updating information about the transition of the Federal Clearinghouse to the General Services Administration for submission of Single Audit reports.

Under the proposed rule, the basic legal framework and organization of the Uniform Guidance remain the same. The most significant proposed changes that may be impactful include:

- An increase to the Single Audit threshold from \$750,000 to \$1,000,000 (§ 200.501).
- An increase to the de minimus indirect cost rate percentage from 10% to 15% (§ 200.414).
- An increase to the threshold used to define a capital expenditure (e.g., real property or equipment) from \$5,000 to \$10,000 (§ 200.313).
- Modifications to the definition of questioned costs on findings to provide additional explanatory information (§200.516).
- Removal of 10 items from the prior written approval requirements to reduce burden for federal agencies and recipients (§200.407).
- Additional language to emphasize that federal agencies do not have a direct legal relationship with subrecipients and contractors of pass-through entities (§200.331).
- Revisions to clarify guidance pertaining to grant termination and closeout requirements (§200.340 through §200.344).

As a reminder, these are proposed updates to the guidance and there is no definitive effective or transition date. Statewide Accounting will continue monitoring the progress of the proposals and the potential impact on audit and reporting requirements. We will communicate with agencies when we learn more.

For more information, please contact Marina Yee (Marina.Yee@ofm.wa.gov).

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One Washington - Workday Security Roles

We want to thank agencies for completing the first round of the Security Role Mapping (SRM) Survey in December. We have reviewed the results and want to recognize this work as a good first step in assigning roles based on the definitions and educational outreach provided prior to the survey being sent out. Moving forward, we want to work with agencies to provide additional education on the use of these roles, improve the role definitions, and show agencies how these roles will be used in Workday.

Prior to sending out this first survey, the OneWA team was evaluating the different analyst roles in Workday for each of the functional modules and whether it made sense to assign each analyst role or simply use the Finance Analyst role for viewing budget and financial data. The outcome of this evaluation was to have agencies assign the Finance Analyst role to staff. This role allows staff to view budget and financial data in Workday similar to how we view data in Enterprise Reporting today.

Agencies should look for additional outreach regarding the use of security roles and updating the initial survey information soon. Thanks to all of you, we have a great foundation from the survey responses we received in December and look forward to building on the results prior to End-to-End testing.

One Washington - Workday Knowledge Exchange Sessions

As we move into the new year and start our work on building the new tenant, the OneWA functional team is planning additional knowledge sharing sessions for agencies around business processes in Workday. These sessions will be an hour-long each Wednesday starting January 10. The sessions will concentrate on smaller topics and will walk through those processes in Workday over each hour. The first three sessions will focus on the last three FDM workbooks agencies need to provide OneWA, which includes Locations, Projects and Technology Business Management (TBM) for IT reporting, and Grants.

We have a list of topics that take us to the end of April. An invitation for these sessions was sent to the AST network so please contact your agency AST Lead for the meeting request.

Payee Registration Unit News

In an effort to make registration more efficient and user-friendly for vendors and providers, the unit has completed and uploaded instructional videos to guide vendors in their efforts to obtain a statewide vendor number. There are four individual videos available on the payee registration website:

[Introduction to Payee Registration](#)

[How to fill out the Payee Registration form](#)

[How to fill out the Payee Registration Change form](#)

[How to fill out Payee Direct Deposit form](#)

2023 Audit Resolution Report - continued from page 4

Current findings

Repeat findings may be issued for unresolved audit issues during finding follow up. 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.

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 that calendar year. In November, agencies will have an opportunity to provide the updated status of corrective actions for inclusion in the *Audit Resolution Report*.

For more information, please contact: Stacie Boyd (Stacie.Boyd@ofm.wa.gov)

Training Update, First Quarter 2024

Accounting 101

The **Accounting 101: Foundations of Accounting** course has been taught to over 500 people! This popular class is offered both in-person and virtually, and classes fill up quickly. The next available courses are:

- January 23 (virtual)
- February 13 (virtual)
- February 15 (in-person)
- February 27 (virtual)
- March 12 (virtual)
- March 21 (in-person)
- March 26 (virtual)

All classes are offered from 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

We are happy to announce that the **Accounting 102: Implementing Foundational Accounting** course is nearing completion! This training covers many of the same topics as the 101 class but in more detail along with normal balances, real and nominal GLs, and practice preparing transactions.

Once we have the dates set up in the [Learning Center](#), we will send out an announcement.

Accounting 103 and Accounting 104

The following classes are in development:

- **Accounting 103: Introduction to Accounting Standards and Available Resources.** This training provides an overview of the accounting standard-setting bodies, as well as a guide to available resources for following the standards. The training is supplemented with digital resources and reference materials that the learner can access as needed.
- **Accounting 104: Foundations of 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.

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Federal Update - continued from page 5

FY23 Single Audit Update

OMB has not granted an extension for the fiscal year 2023 Single Audit Report, which means the filing deadline for the State of Washington is March 31, 2024, per 2 CFR § 200.512. The State Auditor's Office (SAO) has informed us that the fiscal year 2023 audit report package is expected to be completed by May 23, 2024. As a result, the state will not meet the filing deadline and the normal audit timeline has been adjusted. SAO has already communicated to the Department of Education and the Department of Health and Human Services about the reasons for the audit delay and their efforts to meet the deadline in the future. Agencies are encouraged to reach out to their federal grantors and contact OFM as needed for any additional concerns that we can help address.

SAO will issue draft findings promptly upon completion of program audit work and is anticipating that all final findings will be issued by the agreed-upon date of April 5, 2024. Because of the delay, the due date of the Federal Assistance Certification has been changed from February 29, 2024, to April 30, 2024.

It is important that agencies continue to provide SAO with timely access to information, documentation, and staff needed to complete the audits, and promptly communicate issues and concerns with the auditors. It should also be noted that the adjustment in the single audit timeline does not change the existing OFM process and due date expectations for agencies to submit corrective action plans. OFM monitors submission of corrective action plans closely to ensure they meet the required timeline, per RCW 43.09.312.

For more information, please contact Stacie Boyd (Stacie.boyd@ofm.wa.gov).

Training Update, First Quarter 2024 - continued from page 7

Payroll Training

As reported in the last issue of *The Connection*, instructor-led payroll training is now being offered. Last quarter, each session took up a good portion of the workday. After reviewing feedback from participants, we have decided to go with two half-day sessions for each class. When you register, you will be registering for both half-day sessions at one time.

All classes are offered from 9:00 a.m. to noon.

The following courses will be offered:

- **Payroll Revolving Account Reconciliation (virtual)**
 - January 30-31
 - March 27-28
- **Accounting for Payroll (virtual)**
 - February 28-29

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

We offer several online (i.e., eLearning) courses that cover a variety of subjects, such as:

- General Ledger Basics
- In-Process
- Travel
- Capital Assets
- Leases
- OFM IT systems training
- And more!

Please view our [Training Page](#) for more information. The eLearning courses do not require registration. To register for the instructor-led classes (in-person and virtual), visit the [Learning Center](#).