



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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May 10, 2002

OFM DIRECTIVE 02A-01

TO: Agency Directors and Policy Manual Holders

FROM: Sadie Rodriguez-Hawkins, Assistant Director
Accounting Division

SUBJECT: REVISIONS TO CHAPTER 30, CAPITAL ASSETS; CHAPTER 40, E-COMMERCE; CHAPTER 55 AUDIT TRACKING; CHAPTER 65, FINANCIAL SERVICES AGREEMENTS; CHAPTER 75, UNIFORM CHART OF ACCOUNTS; CHAPTER 80, ACCOUNTING POLICIES; CHAPTER 85, ACCOUNTING PROCEDURES; AND, CHAPTER 90, STATE REPORTING

We are revising several chapters of the state of Washington's *State Administrative and Accounting Manual* (SAAM), issued by the Office of Financial Management (OFM). The effective date of these revisions is June 1, 2002. These revisions include numerous policy corrections and updates, most notably the state reporting policies and procedures for Fiscal Year 2002. This directive also reiterates the timetables related to year-end reporting and includes the fiscal year end-closing schedule. Please replace the applicable sections in your manual with these revisions.

Key changes to the policies include:

Chapter 40: E-Commerce (Sections 40.20 and 40.30) (<http://www.ofm.wa.gov/policy/40.htm>)

- Expansions of applications to accept credit/debit cards and EFTs may require OFM approval. An Economic Feasibility Study (EFS) may also be needed. When an EFS is required, it needs to be signed by an Assistant Director, or equivalent agency official.

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Chapter 55: Audit Tracking (Sections 55.10) (<http://www.ofm.wa.gov/policy/55.htm>)

- Agencies are no longer required to submit audit resolution data during year-end reporting. Instead, agencies are required to submit a corrective action plan within 30 days of the state audit and update that plan when requested in conjunction with the preparation of annual state and federal reports.

Chapter 65: Financial Services Agreements (Sections 65.10)
(<http://www.ofm.wa.gov/policy/65.htm>)

- Agencies must contact the Office of the State Treasurer (OST) and OST will provide required language to be included in RFPs and agreements/contracts involving electronic funds settlements or vendors who hold funds for a period of time prior to remitting them to the state.

Chapter 75: Uniform Chart of Accounts (Sections 75.20, 75.30, 75.40, 75.70, and 75.80)
(<http://www.ofm.wa.gov/policy/75.htm>)

- Two new agencies have been added: 3020 and 3040.
- New accounts have been added: 350, 355, 434, 507, 509, 517 and 795.
- New general ledger codes have been added: 1381, 1382, 1383, 5148, 5149, and 5297.
- Two new sub-object codes have been added: AM and NH. Additionally, the descriptions of certain codes have been updated.
- Two new revenue source codes have been added: 0666 and 0667.

Chapter 80: Accounting Policies (Section 80.30) (<http://www.ofm.wa.gov/policy/80.30.htm>)

- Added policy language identifying enterprise-wide or multiple agency systems as the solutions of choice to meet the financial accounting and reporting needs of state agencies. Additionally, clarified that OFM approval should be received prior to initiating the acquisition or design/development process for all new financial accounting and reporting systems and any changes to existing systems that materially impact the accounting methods or practices of an agency.

Chapter 85: Accounting Procedures (Section 85.32)

<http://www.ofm.wa.gov/policy/85.32.htm>

- The section on Rapid Invoice Processing (RIP) has been expanded to more fully describe RIP and identify the nature of information that must be submitted to obtain approval to use RIP.

Chapter 90: State Reporting (<http://www.ofm.wa.gov/policy/90.htm>)

- Disclosure Forms B, D, G, and I, have changed substantially. Since audit resolution information is no longer required at year-end, Form I will now be used to collect information on a variety of items.

Agencies are required to complete and submit their state disclosure forms in an electronic format. For further information on electronic forms, please contact James Scheibe at (360) 664-7681 or james.scheibe@ofm.wa.gov.

Agencies are reminded to promptly notify their assigned OFM Accounting Consultant in the event a material prior period adjustment is deemed necessary. For further information on prior period adjustments, refer to Section 90.20.15.

Timetables Related to Year-End Reporting

Displayed below is the timeline for reporting data to the Agency Financial Reporting System (AFRS) for closing the fiscal year:

Fiscal Year Closing Schedule

			AFRS <u>Reports</u>
Phase 1 (Agency Accruals)	Tuesday	July 31	Yes
Phase 2 (Final Adjustments)	Friday	Sept. 13	Yes
Phase 3 (SAO Adjustments)	Thursday	Oct. 10	No

Agency accrual activity is to be completed by **July 31, 2002**, and further agency adjustment activity is to be completed by **September 13, 2002**. Given the new reporting requirements effective for Fiscal Year 2002, agencies are to complete adjustment activities during Phase 2. Subsequent to the close of Phase 2, OFM approval will be required to process adjusting entries.

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Component units that do not submit data directly through AFRS are to submit audited financial statements to the OFM Accounting Division by **October 11, 2002**.

Interagency billings, whether based on actuals or estimates, should be sent out to agencies by **July 15, 2002**.

Supplemental state reporting electronic disclosure forms (Forms A through K) are to be received by OFM by **September 25, 2002**. E-mail the completed electronic forms, except Form K, to james.scheibe@ofm.wa.gov. Mail the signed original and one copy of Form K to the Accounting Division, PO Box 43113, Olympia, WA 98504-3113.

Federal reporting policies, Chapter 95, are being distributed separately.

The policies and procedures prescribed in SAAM are the minimum requirements that state agencies must meet. An agency may adopt more restrictive or detailed policies as long as the agency meets the required minimum standards.

All OFM directives and policies are available on our web site at <http://www.ofm.wa.gov/policies.htm>. We encourage you to use the on-line version of SAAM, as it includes all technical corrections made between formal policy updates, which are published under directives. The superseded policies and additional resources are also available on our Administrative and Accounting Resources web site at <http://www.ofm.wa.gov/policy/resource.htm>.

Questions regarding manual content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

Attachments