

Summary of Chart of Accounts Uses and Needs

JUNE 30, 2019

Overview

In preparation for the state of Washington's implementation of an enterprise resource planning (ERP) system, the Office of Financial Management's (OFM) Statewide Accounting Division (SWA) is designing a proposed Chart of Accounts (COA) structure for the ERP.

The Chart of Accounts project is a multi-year project that consists of four phases and is a component of the One Washington ERP readiness effort.

- Phase 1 (Completed) - [Build the business case](#) and 'Strawman' COA with Accenture using information gathered from agencies and other stakeholders.
- Phase 2 (Completed) - Standardize and implement the [statewide sub-subobjects](#), published on July 1, 2017.
- Phase 3 (Currently In Process) - Document how agencies and other stakeholders use the current COA and what reporting needs they have which utilize the COA and its structure. This phase will collect crucial information to help determine key data elements to be included in the redesigned COA for the ERP.
- Phase 4 (Future) – Design COA once the ERP vendor is selected.

For more information about the chart of accounts project refer the [chart of accounts project website](#).

Approach

The approach to document the state's COA uses, needs, and design for the ERP is summarized below:

1. *Interview OFM Budget (Aug-Sep 2018)*

Two meetings were held with OFM Budget staff representing the various segments of government (i.e., transportation, higher education, general government, etc.).

2. *Interview Legislative Evaluation & Accountability Program Committee (LEAP) and Legislative Staff (Sep-Nov 2018)*

There were two meetings, one with LEAP on September 20, 2018, and a second meeting with both LEAP and Legislative staff from the House of Representatives and the Senate on November 21, 2018. Staff members that work on each of the three budgets (operating, capital, and transportation) were at the meeting.

3. *Survey Representative Agencies (Sep-Oct 2018)*

Surveys were sent to 14 agencies to document their key informational needs and desired outcomes from the COA. These surveys expanded on those that Accenture sent in 2016. The agencies selected have characteristics that represent the needs of most agencies. A summary of how the surveyed agencies use the selected fields can be found in Appendix A: Summary of Agency Survey Results.

4. *Discuss Agency Survey Responses (Jan-Mar 2019)*

Meetings were held with most of the surveyed agencies to review and obtain additional details from their responses. These interviews provided a much better understanding of how the current agency-defined chart of account fields are used.

5. *Send Summary of Chart of Accounts Usage to All State Agencies for Feedback (May-Jun 2019)*

The information gathered from the surveys and interviews is summarized in the “Summary of Agency Chart of Accounts Uses” table on page 3. All state agencies were asked to review the table and provide feedback on whether this list is complete or if there are additional purposes for the COA that need to be included.

6. *Follow-up with OFM Budget, LEAP, and Legislative Staff (Jun-Aug 2019)*

We will have a more in-depth discussion on how OFM Budget, LEAP, and Legislative Staff use the COA as well as what information they would like to have in the future.

7. *Finalize Summary of Chart of Accounts Usage and Needs (summer 2019)*

We will incorporate the feedback from agencies and the additional information from OFM Budget, LEAP, and Legislative Staff into this document and finalize it.

8. *Use List to Develop the Chart of Accounts for the ERP (fourth phase of COA project)*

Once the ERP vendor is known, we plan to hire a consultant to help us develop the new COA. This Summary of Chart of Accounts Uses and Needs will help with that process. We will provide updates as we have more information.

Summary of Agency Chart of Accounts Uses

Use of Chart of Accounts	Requirement for Tracking							
	Statute	Federal Funding	Private/ Local Funding	Financial Stmtts	OFM Budget/ LEAP	Other External Stakeholder	Agency Mgmt	Other
1. Agency programs and missions The ability to track agency programs and missions established by the Legislature. Agency's budgets must be directly linked to their programs.	X				X	X	X	
2. Agency services (Activity Inventory) The ability to track activities of budgeted agencies assigned by OFM Budget. The activities represent agency services and tie to the statewide result area to which it most contributes.	X				X			
3. Agency organizational structure The hierarchical lines of authority within an agency, which may or may not line up to the agency's programs.		X					X	
4. Lines of business The ability to track revenues, expenses, and general ledger account balances over time for certain agency lines of business, products, and services.		X	X	X	X	X	X	X
5. Grant tracking (state is grantee) The ability to track the funding awarded, expenses, and any pass-through moneys awarded related to that grant for each grant period and by award budget line item restrictions. The state receives grants from the federal government and private/ local sources.		X	X	X		X	X	
6. Grant revenue The ability to track grant revenue for each grant received for each grant budget period and by award budget line item restrictions.		X	X	X		X	X	
7. Grant sub-recipients The ability to track grant sub-recipients.		X	X				X	

Use of Chart of Accounts	Requirement for Tracking							
	Statute	Federal Funding	Private/ Local Funding	Financial Stmtns	OFM Budget/ LEAP	Other External Stakeholder	Agency Mgmt	Other
8. Grant tracking (state is grantor) The ability to track the grants awarded and any repayments related to the grants for each grant period. The state awards grants to state agencies and private/ local organizations.	X					X	X	
9. Cost allocation The ability to identify, aggregate, and assign costs to cost objects or cost center. The complexity of the cost allocation needs vary greatly among agencies.		X	X	X			X	
10. Classify expenditures as direct and indirect The ability to classify expenditures as direct or indirect so they can be cost allocated and billed to grants.		X	X			X	X	
11. Funding source The ability to track the source of funds (federal, private/local, capital, etc.) received by a specific program and how it has been spent.	X	X	X				X	
12. Agency projects The ability to track projects involving multiple programs, which may span multiple biennia. For example, new software, agency initiatives, and large office moves.						X	X	
13. Capital projects The ability to track costs of state construction projects by phase. These projects typically receive specific funding in the capital budget.					X	X	X	

Use of Chart of Accounts	Requirement for Tracking							
	Statute	Federal Funding	Private/ Local Funding	Financial Stmtts	OFM Budget/ LEAP	Other External Stakeholder	Agency Mgmt	Other
14. Contracts and agreements The ability to track contracts such as interagency agreements, leases, receivable agreements for loan programs, and agreements with local governments to insure the contract is not overspent, to manage billing, and/or to distribute costs to multiple programs.		X	X		X	X	X	
15. Litigation, settlements, and disaster recovery The ability to track litigation and settlements and designate which costs are recoverable. For example, Ecology tracks the costs for toxic clean-up sites including the portion that is recoverable from liable parties.	X	X				X	X	
16. Statutorily-mandated activity The ability to track revenues and expenditures for a specific, statutorily-mandated activity. For example, UTC must track the regulated classes and industries in order to set fees for regulating each class and industry and DNR must track revenues and expenses for land trusts and beneficiaries.	X						X	
17. IT costs The ability to track the costs of information technology projects for budget requests, maintenance and new acquisitions costs, and additional detail for the OCIO in the APPTIO system (IT tower codes).	X				X	X	X	
18. Location operation costs The ability to track the total costs of operating a location, such as region, building, or institution.						X	X	

Use of Chart of Accounts	Requirement for Tracking							
	Statute	Federal Funding	Private/ Local Funding	Financial Stmtns	OFM Budget/ LEAP	Other External Stakeholder	Agency Mgmt	Other
19. Location of service provided The ability to track the location of services provided in a variety of ways including, region, county, city, and/or congressional district. For example, to remit sales tax and to distribute or reimburse revenue collected based on location.	X					X	X	X
20. Revenue collection method The ability to track the method revenue is collected. For example, lockbox, in-person, online, credit card, cash, check, EFT, with license tabs.	X				X	X	X	
21. Time periods The ability to track revenues and expenditures over a specific time period (other than fiscal year) such as school year and federal fiscal year.		X	X		X	X	X	

Notes:

- This list focuses on how agencies use the chart of accounts fields that are agency-defined, including Organization, Program, Project, Revenue Subsources, Agency Flag, Work Class, Allocation Code, and Budget Unit.
- Agencies are currently using various chart of account fields to help track and manage capital assets, such as recording asset tag numbers and identifying small and attractive assets to aid in reconciliation to the subsidiary capital asset system. These uses have not been included in the table above as we are assuming that the new ERP system will include a capital asset management module, and these items will not need to be tracked in the chart of accounts.

Additional Chart of Accounts Requests

The table below summarizes the financial information OFM Budget, LEAP, and Legislative Staff would like to have from the chart of accounts that is not currently available or that has not already been captured in the agency uses above is summarized below.

Category	OFM Budget	LEAP and Legislative Staff
Expenditure Authority	<ul style="list-style-type: none"> Funding source for non-appropriated accounts. Specifically, for accounts with expenditure authority type 6, how much was received from the state, federal government, vs. private/local sources? 	<ul style="list-style-type: none"> More detail on the funding for non-appropriated accounts. Ability to tie the appropriation to which budget it came from (e.g., want to know when the capital appropriations were in the operating budget).
Organization	<ul style="list-style-type: none"> More detail on the university campuses and the community colleges. 	<ul style="list-style-type: none"> More standardized use of the organization field so that it could be more useful in decision-making. OSPI data by school district.
Program	<ul style="list-style-type: none"> To track budgeted and actual expenditures by activity designations that could be used for activity-based costing. Activities that span multiple agencies rolled up at the statewide level (e.g., Mental Health, KidSpace). 	<ul style="list-style-type: none"> Agency activities that could also be rolled up at the statewide level. Activities are what the agencies are doing, their book of business.
Project	<ul style="list-style-type: none"> A single code for projects that span multiple agencies (e.g., Puget Sound recovery, Oso mudslide). Project numbers tying to the capital and transportation budgets. Amount of federal funding received for each project. 	<ul style="list-style-type: none"> More uniformity in the project codes. Capital project codes tied to the project numbers in the budget. More detail on federal spending (e.g., how much of funding is from block grants vs IV-E grants?).
Revenue Source	<ul style="list-style-type: none"> Additional detail on what the revenue was for (specific program, federal fiscal year, etc.). 	<ul style="list-style-type: none"> Additional detail on what the revenue was for and where it came from. Examples: (1) How much of licensing revenue is for deer vs fishing? (2) How much of discover pass revenue is purchased on Parks' website, from DOL, or at the park? Detail on which fund interfund transfers went to/were from.
Expenditure Object	<ul style="list-style-type: none"> Review Subobjects and sub-subobjects in Objects E and N to standardize and possibly break-out more, especially ER, EZ, and NZ. Better information on interagency expenditures. 	<ul style="list-style-type: none"> More standardization and/or break out of Object ER, EZ Standardize Object N across agencies
Location	<ul style="list-style-type: none"> Activities, projects, and full-time equivalent employees by county. 	<ul style="list-style-type: none"> Ability to designate the physical location of projects.

Overall requests for the future COA: Standardize how agencies use the fields and provide clear definitions so that the fields are used consistently.

Appendix A: Summary of Agency Survey Results

Chart of Account Fields that are currently agency-defined

The tables below summarize the responses to the survey questions. The questions asked were:

- How agencies are using the following agency-defined fields
- What information they are getting from the fields, and why the information is important.

The fields represented are: program, organization, project, county, city, agency flag, work class, allocation code, and budget unit.

The tables below summarize the responses. *Note: None of the surveyed agencies used the agency flag and the responses to the city and county fields are included in the next question regarding location reporting needs.*

	Program	Organization (Org)	Project
CTS	<ul style="list-style-type: none"> • Tracks assets, liabilities, revenues, and expenses of programs and divisions. • Sub-program tracks lines of business for federal reporting. 	<ul style="list-style-type: none"> • Further tracks lines of businesses. • Used for financial statements, billing, and internal agency management. 	<ul style="list-style-type: none"> • Tracks revenue and/or expenditures for specific purpose or project. • Tracks activities that span multiple programs.
DCYF	<ul style="list-style-type: none"> • Identifies organizational structure. 	<ul style="list-style-type: none"> • Collects costs across the agency. • Used differently throughout the agency. 	<ul style="list-style-type: none"> • Tracks leases, IT costs, contracts, and research and data analysis projects.
DES	<ul style="list-style-type: none"> • Identifies organizational structure (divisions, programs, and sub groups). • Tracks project tasks (building has a project, assign PI to track cost to fix the roof). • Can't use program to track lines of business since cost of goods sold and depreciation must be tracked in Program 850. 	Not used.	<ul style="list-style-type: none"> • Used for lines of business for financial statements. Must maintain historical information for lines of business (project balances roll forward each biennium). • Tracks costs for owned facilities (Ex: building custodial services: custodial project shows the revenue and building's project shows the expense). • Tracks capital projects.

	Program	Organization (Org)	Project
DNR	<ul style="list-style-type: none"> • Represents the agency’s functional areas (agency programs and services). • Identifies divisions and regions. 	<ul style="list-style-type: none"> • Tracks expenditures for agency functions, services, and region. 	<ul style="list-style-type: none"> • Tracks expenditures for agency specific projects (fire suppression). • Tracks grants. • Used to track revenues and expenditures for the internal service fund (411). • Used for other agency projects that span multiple programs.
DOH	<ul style="list-style-type: none"> • Identifies division, office, programs, and activities. 	<ul style="list-style-type: none"> • Used for DOH cost allocation system (defines whether cost is direct, indirect, or neither). 	<ul style="list-style-type: none"> • Used for grants management (track by grant year and track which programs are using each grant). • Used for interagency and local billing. • Tracks foundational public health capabilities as required by the Legislature.
DOL	<ul style="list-style-type: none"> • Identifies hierarchical structure of the agency (division, office, and unit). • Tracks funding source (proviso, non-proviso, multi-funded, federal, etc.). • Tracks office locations. • Grant tracking (use project for the grant phases). • Agency projects (may change process in future to use project instead). 	<ul style="list-style-type: none"> • Tracks expenditures by OFM activity codes for Activity Inventory. 	<ul style="list-style-type: none"> • Tracks expenditures for federal grants phases. • Tracks IT costs. • Tracks private/local costs to insure revenue and expenditure match.

	Program	Organization (Org)	Project
DOT	<ul style="list-style-type: none"> • Tracks department missions and programs. • Each program has slightly different structure because they have unique reporting needs (federal reporting, grant tracking, legislative reports, etc.). 	<ul style="list-style-type: none"> • Only used in TRAINS. Reflects the organizational structure of the agency (used across multiple programs). 	<ul style="list-style-type: none"> • Only track IT costs in AFRS. • Use TRAINS to track project details: <ul style="list-style-type: none"> ○ ‘Work order’ is a cost center to gather costs related to a certain project, agency unit, or agreement ○ Location information (route, milepost, county, Leg. District, Congressional District, etc.) ○ Project Type (sub- category and improvement type). ○ Project funding source ○ Type of work being done (payment to contractor, engineering, materials) ○ Detail on the scope of work [damage type, Program Item Number (PIN)], ○ Overhead costs [Work Identification Number (WIN)].
DSHS	<ul style="list-style-type: none"> • Identifies programs, services, and activities. • Structure as currently defined is required for federal reporting needs. 	<ul style="list-style-type: none"> • Identifies division, regional location, section, and programs. 	<ul style="list-style-type: none"> • Identifies leases. • Tracks some contracts to make sure not overspending (tribes, counties, and certain vendors). • Agency or program projects. • Tracks funds used as match. • Tracks activities if there is no better or available field.

	Program	Organization (Org)	Project
ECY	<ul style="list-style-type: none"> • Identifies programs and activities. • Each program uses the lower levels of program slightly differently • Identifies funding source (operating, capital) within the biennium. • Tracks federal grants including the state and federal portion. • Used for cost allocation (direct, indirect) • Tracks interagency agreements. • Tracks litigation and settlements and the amount that is billable vs. non-billable. • Tracks capital projects (not space in the project field). • Tracks agency or program initiatives • Ties to OFM activity. 	<ul style="list-style-type: none"> • Identifies sections and regions • Identifies operating and capital funding. • Tracks pass-through funding. • Use for cost allocation. 	<ul style="list-style-type: none"> • Tracks expenditures and revenue for: <ul style="list-style-type: none"> ○ Grants – track indirect vs direct cost, grant year, activities/tasks ○ Receivable agreements for loan programs ○ Cost recovery cleanup sites that could go on for many years ○ Interagency agreements for billing purposes, ○ Private/local spending that occurs over a long period of time • Identifies multi-program projects and their indirect costs. • Project numbers are smart coded to define the type of project.
HCA	<ul style="list-style-type: none"> • Tracks costs within agency program areas (Admin, IT, PEBB, SEBB, Mental Health, etc.). • Current structure is required to meet federal reporting requirements (Used in the mapping for the CMS64 report along with the allocation code and the sub-subobjects). 	<ul style="list-style-type: none"> • Identifies organizational units within the agency, normally aligned with specific divisions. • One program uses to identify counties. 	<ul style="list-style-type: none"> • Tracks agency projects crossing multiple funds and programs. • Record contract number on payments because Agreement ID does not cost allocate (including transactions processed through P1). • Tracks payments of appropriation authority to Health Benefits Exchange. • Identifies plan year for DCAP and FSA contributions and disbursements. • Track expenditures for Medicare Admin Contractor (MAC) contracts. • Track staff associated with projects funded by the Mental Health Block Grant (MHBG) for Behavioral Health.

	Program	Organization (Org)	Project
LNI	<ul style="list-style-type: none"> • Represents agency programs and activities, and typically ties into divisions. • Tracks leases. • Fraud program's activities must be reported to the Legislature each year. • Self-Insurance costs are tracked to properly bill the self-insured employers. 	<ul style="list-style-type: none"> • Identifies agency divisions, (agency's organizational structure). • Tracks agency initiatives. • Tracks agency-wide costs that are manually distributed to appropriate programs (interagency payments, SHIP grant). 	<ul style="list-style-type: none"> • Tracks grants, using separate projects for each year. • Tracks agency projects.
LOT	<ul style="list-style-type: none"> • Identifies agency divisions (hierarchical organization of agency). • Tracks regional activity. • Used for reporting performance targets to OFM Budget. 	Not used.	<ul style="list-style-type: none"> • Track revenue and expenditures of lottery games. Used to analyze profit and loss of each game. • Track scratch game price point using project type. • Track agency projects.
TRE	<ul style="list-style-type: none"> • Identifies agency divisions. 	Not used.	<ul style="list-style-type: none"> • Only used for IT projects (X and Y)
UTC	<ul style="list-style-type: none"> • Identifies divisions and sections within the agency. • Tracks expenditures by OFM activity codes. 	<ul style="list-style-type: none"> • Tracks class and industry information as required per RCW 80, 81. These costs cross programs. 	<ul style="list-style-type: none"> • Identifies projects and fiscal year of projects. • Tracks grants.

Other Miscellaneous Fields:

	Work Class	Allocation Code	Budget Unit
DCYF	Not used.	<ul style="list-style-type: none"> • Used to track funding sources for all Child Welfare and Early Learning grant programs. • Needed for Cost Allocation system. 	<ul style="list-style-type: none"> • The level at which funds are allotted.
DNR	<ul style="list-style-type: none"> • Used to track expenditures and revenue for trust land and beneficiaries. • Required by RCW (79.10.010, 79.64.100, and 79.64.030) to prepare annual report on the trust land. 	Not used.	Not used.

	Work Class	Allocation Code	Budget Unit
DOL	Not used.	Not used.	<ul style="list-style-type: none"> • Used to track allotments and expenditures for fund usage type (direct, indirect, federal, and local).
DOT	Not used.	Not used.	<ul style="list-style-type: none"> • Part of the org code structure.
DSHS	Not used.	<ul style="list-style-type: none"> • Used to determine the allocation methodology and funding source used to pay expenditures. • This combined with program index determines how an item is to be cost allocated. 	<ul style="list-style-type: none"> • Tracks cost at a lower level (agency services and institutions) that ties back to agency's spending authority. • Required by OFM Budget, LEAP, Leg • Defined by program index and organization index.
ECY	<ul style="list-style-type: none"> • Identifies toxic cleanup program invoices for internal system. • Identifies location of payment received at non-headquarter ECY locations. 	<ul style="list-style-type: none"> • Used to track cost allocation categories and to identify cost that are fund equitized (previously done by sub-subobject). 	Not used.
HCA	Not used.	<ul style="list-style-type: none"> • This code is used to drive the agency's cost allocation of expenditures between benefitting funding sources. The allocation code linked to a Program Index, referred to as a Schedule Link or Edit 6) routes expenditure information to a cost allocation schedule where we define the allocation target for the expenditure. 	<ul style="list-style-type: none"> • This is a derived element used to categorize expenditures into logical units for budget purposes. It is based on an association of program and organization indices.

Location Reporting Needs

The table below summarizes the agency responses to the question, do you report on activity by different locations? If yes, how do you capture this information and how is used? *Note: only agencies that provided a response to this question are included.*

CTS	<ul style="list-style-type: none"> Track facilities and remote data center node site locations using org index.
DCYF	<ul style="list-style-type: none"> Track locations using org index and branches.
DES	<ul style="list-style-type: none"> Track facilities using projects. Need to differentiate between on-campus and off-campus.
DNR	<ul style="list-style-type: none"> Org is used to track allotment and expenditure data by regional office and agency division. Use county field to track some revenue.
DOH	<ul style="list-style-type: none"> Drinking water program tracks regional offices to divide the grant funding. Often asked about expenditures by county. Tracked contracts by congressional district for ARRA grant. Coding can vary - Program and project are used. Information is manually compiled about a region or location.
DOL	<ul style="list-style-type: none"> Master index is used to track costs for different locations, agency assigned office codes and program codes are used to track revenue.
DOT	<ul style="list-style-type: none"> Sales Tax Location codes –to remit sales or use tax to DOR. Location of construction contracts to calculate the required sales tax. Regional offices is tracked using agency specific organization codes and equipment numbers. Many programs manage funds at the HQ and our six Regions. Defined through unique work orders for each location and by their organization codes. County capital asset is located (captured in capital asset system). Location of inventory (Inventory Control Point accounts for hazardous materials and is used for inventory management). Ferry routes and location of vessels and terminals (tracked by work orders).
DSHS	<ul style="list-style-type: none"> Track location information through org, projects, sub-subobject, program, and allocation code.
ECY	<ul style="list-style-type: none"> Tracks county for well permit revenue (a portion is distributed to come counties). Some programs track locations and regions using organization code at branch or section level.
HCA	<ul style="list-style-type: none"> Track medical services by region using sub-subobjects.
LNI	<ul style="list-style-type: none"> Track regional offices using organization.
LOT	<ul style="list-style-type: none"> Regional office activity is recorded with program.
TRE	<ul style="list-style-type: none"> Records cash coming in from counties and cities.

Financial Statements

The table below summarizes the agency financial statements prepared in accordance with generally accepted accounting principles (GAAP). There are other agencies that prepare reports using financial information, which are not shown in below, but these needs have been captured in the survey results and interview notes.

CTS	<ul style="list-style-type: none"> • Prepare financial statements using PI and OI for federal reporting (SWCAP) and for agency management to monitor lines of businesses and set appropriate rates.
DES	<ul style="list-style-type: none"> • Prepare financial statements for federal reporting (SWCAP) and for agency management to monitor lines of businesses and set appropriate rates.
DOH	<ul style="list-style-type: none"> • Prepare financial statements for the drinking water program per grant requirement. • Currently difficult to prepare the financial statements because the program is in a governmental fund. There are certain transactions that are not in AFRS because it is a governmental fund that are needed for the financial statements.
DOT	<ul style="list-style-type: none"> • Prepare financial statements for Tolling. • Annual statement is required by bond covenants and quarterly statements are required by RCW. • Use a combination of TRAINS and AFRS to prepare the financial statements because not all of the required information is in either system (treasurer transfers are in AFRS, agency coding is in TRAINS). It's a very manual process.
ECY	<ul style="list-style-type: none"> • Prepare financial statements for the Clean Water State Revolving Loan Fund Program per grant requirement. • Currently difficult to prepare the financial statements because the program is in a governmental fund. There are certain transactions that are not in AFRS because it is a governmental fund that are needed for the financial statements.
LNI	<ul style="list-style-type: none"> • Prepare an annual CAFR as required by RCW. • Prepare annual and quarterly financial statements based on statutory (insurance) accounting principles as required by RCW. • Statements are prepared using the CAFR database. Modify the data to sort the GLs properly for the statutory statements. • Do a manual cost allocation to put expenses in the correct categories for statutory accounting.
LOT	<ul style="list-style-type: none"> • Required by WAC to present quarterly financial reports showing variable expenses related to lottery games. • Prepare annual financial statements as required by RCW. • Extract AFRS data to assign sort codes to group the data for their financial statements.
TRE	<ul style="list-style-type: none"> • Prepare annual report for the Local Government Investment Pool (LGIP) • Mostly use Treasury Management System (TM\$) to get the detail needed to develop the report.