Fiscal Year-End Update 2019
- FMAC -
Mike Schaub
Statewide Accounting

Quote
How did it get so late so soon?
- Dr. Suess

Today’s Agenda
- Closing calendar for FY 19
- State Year-end Update
- New GASB Standards
- To do’s & reminders
- GL Reconciliations
- Disclosure form changes
- Certifications
- Training & Resources
FY 2019 CAFR

- We issued our FY 2018 CAFR on November 21, 2018.
- We appreciate the time and effort of our state’s fiscal staff at all agencies and the SAO CAFR audit team for helping us meet our CAFR timeline.
- What’s the goal for FY 2019?

Key dates for FY19 closing

- June 28 – Cash cutoff
- July 15 – Disclosure forms open
- July 19 – Interagency billings mailed
- July 31 – Phase 1 cutoff – accruals
- August 16 – Phase 1B – early state disclosure forms, interagency receivables/payables, miscellaneous disclosures form, and pollution remediation site status report due
- August 30 – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- September 11 – State certification form due
- February 28, 2020 – Federal certification form due

Federal Fiscal Year-End Update
**2018 Statewide Single Audit Report**
**Summary of Results**

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Federal Assistance Expenditures</td>
<td>$17.7Bn</td>
<td>$17.5Bn</td>
<td>$17.2Bn</td>
<td>$17.7Bn</td>
<td>$17.3Bn</td>
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<tr>
<td>Questioned Costs*</td>
<td>$20.5 Million</td>
<td>$43.5 Million</td>
<td>$18.5 Million</td>
<td>$38.5 Million</td>
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<td>Likely Questioned Costs**</td>
<td>$50.5 Million</td>
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<td>$102.5 Million</td>
<td>$13.5 Million</td>
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<td>Total Number of Findings</td>
<td>61</td>
<td>52</td>
<td>70</td>
<td>76</td>
<td>55</td>
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<tr>
<td>Total Number of Repeat Findings</td>
<td>31</td>
<td>32</td>
<td>25</td>
<td>20</td>
<td>20</td>
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<tr>
<td>Total Number of New Findings</td>
<td>20</td>
<td>20</td>
<td>25</td>
<td>36</td>
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</table>

* Questioned costs - specifically identified by the auditor resulting audit exceptions.
** Likely questioned costs - best estimate of total questioned costs that may exist in the items of the population not tested by the auditor. Sampling involves projecting the error/compliance rate to the entire population.

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**Findings Category (compliance requirements):**

<table>
<thead>
<tr>
<th>FY18</th>
<th>FY17</th>
<th>FY16</th>
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</thead>
<tbody>
<tr>
<td>Activities Allowed or Unallowable Costs/Compliance Principles</td>
<td>20</td>
<td>23</td>
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<tr>
<td>Special Tests and Provisions</td>
<td>12</td>
<td>10</td>
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<tr>
<td>Subrecipient Monitoring</td>
<td>8</td>
<td>1</td>
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<tr>
<td>Eligibility</td>
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<td>5</td>
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<tr>
<td>Level of Effort/Maintenance of Effort, Matching, Earmarking</td>
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<tr>
<td>Suspension and Debarment</td>
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<tr>
<td>Period of Availability</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Reporting</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Program Income and Cash Management</td>
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<tr>
<td>Multiple Compliance Areas</td>
<td>5</td>
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<tr>
<td>Non-Federal</td>
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<td>1</td>
</tr>
</tbody>
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**FY 19 Key Dates**

<table>
<thead>
<tr>
<th>Date</th>
<th>Reporting Item</th>
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<tbody>
<tr>
<td>July 2019</td>
<td>OFM provides FY18 corrective action plan updates to SAO</td>
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<tr>
<td>Feb 28, 2020</td>
<td>Federal Assistance Certification form is due</td>
</tr>
<tr>
<td></td>
<td>Ongoing corrective action plans for FY 19 findings</td>
</tr>
<tr>
<td>Mar 31, 2020</td>
<td>OFM submits report to the Federal Single Audit Clearinghouse</td>
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Federal Assistance Disclosure Forms

<table>
<thead>
<tr>
<th>Form</th>
<th>Date</th>
<th>Required</th>
<th>Compliant</th>
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<tbody>
<tr>
<td>Federal Assistance Form 10</td>
<td>95.28.10</td>
<td>Yes</td>
<td>Yes/A</td>
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<tr>
<td>Federal Assistance Form 20</td>
<td>95.28.10</td>
<td>Yes</td>
<td>Yes/A</td>
</tr>
<tr>
<td>Federal Assistance Form 30</td>
<td>95.28.10</td>
<td>Yes</td>
<td>Yes/A</td>
</tr>
<tr>
<td>Federal Assistance Form 40</td>
<td>95.28.10</td>
<td>Yes</td>
<td>Yes/A</td>
</tr>
<tr>
<td>Federal Assistance Form 50</td>
<td>95.28.10</td>
<td>Yes</td>
<td>Yes/A</td>
</tr>
</tbody>
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OFM Resources

- OFM Website: [www.ofm.wa.gov](http://www.ofm.wa.gov)
  - Statewide Single Audit Report
  - Audit Resolution Report
  - SAAM
    - 50.30 Compliance with Federal Single Audit Act
    - 95.10 Federal Reporting Policies and Procedures
    - 95.20 Federal Disclosure Reporting Structure
  - 55.10 Audit Tracking
- Agency Financial Consultant

Other Resources

- Council on Financial Assistance Reform (COFAR)
  - Officially implemented the Uniform Guidance: [https://cfo.gov/cofar](https://cfo.gov/cofar)
  - Provide recommendations to OMB on policies and actions regarding grants and cooperative agreements
  - Publish best practices and innovative ideas
  - Updates training series on UG each year on website
- AGA - FREE online toolkits and guides: [https://www.agacgfm.org/Resources.aspx](https://www.agacgfm.org/Resources.aspx)
- American Institute of CPAs: [http://www.aicpa.org](http://www.aicpa.org)
Federal update

• Correct federal revenue and expenditure coding before Phase 2 close
• 2019 Compliance Supplement
• SAAM Chapter 95 update

State Fiscal Year-End Update

What happens after Phase 2 close.....

• OFM Statewide Accounting analyzes AFRS data and disclosure forms
  o These activities often result in questions to the agencies so someone needs to be available to answer them.
  o No agency entries unless requested and/or approved by OFM.
• SAO audits the accounting data and the state’s CAFR.
  o If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!
Governmental Accounting Standards Board (GASB) Statements

Implementing GAAP

• New in FY19
  • GASB Stmt. 83 – Certain Asset Retirement Obligations.
  • GASB Stmt. 88 – Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.

Implementing GAAP

• GASB 84 – Fiduciary Activities
  o Implementation FY 2020
• GASB 90 – Majority Equity Interests
  o Implementation FY 2020
• GASB 87 – Leases
  o Implementation FY 2021
• GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period
  o Implementation FY 2021
Implementing GAAP

- Subscription-Based Information Technology Arrangements
  - Planned Implementation FY 2022
- Major Projects - www.GASB.org
  - Revenue and expense recognition
  - Financial reporting model
  - Disclosure Framework

SAAM Update June 1

- No significant changes to Chapter 75.

Administering Agency Responsibilities

- Administering agencies provide general oversight of financial accounting records at the Account level
- Monitoring cash
- Investigate unusual activity and/or GL balances
- Alert OFM Budget and SWA about fund balance or cash issues
To Do’s & Reminders

• Watch your spending - no overspent appropriations
• Record revenues and expenditures in correct fiscal year
• Interagency billings
  o Mailed out by July 19th
  o Estimates or actual
  o Communicate, communicate, communicate

To Do’s & Reminders

• Due to/Due from’s
  o Most last year balances should be liquidated by now
  o Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/16/19**
• Liquidate over-accrued payables
  o Before Phase 2 close – adjust accrual
  o After Phase 2 close – immaterial prior period adjustment
  o If under-accrued payable – belated claim
To Do’s & Reminders

- Pollution remediation site status report **DEADLINE Phase 1B – 8/16/19**
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories

To Do’s & Reminders

- Clear In-Process (71xx) and Error reports
- Clear GL 9920
- Clear revenue sources 09xx
- Clear Account 01P Suspense

To Do’s & Reminders

- Run ER exception reports and clear all variances, such as:
  - Transfers
  - Assets with credit balances
  - Liabilities with debit balances
  - GLs with unchanged balances
  - Interfund/Interagency balances
- Record compensated absences
To Do’s & Reminders

- Capital assets
  - Record depreciation/accumulated depreciation
    - Use the correct trans code
  - Reconcile capital asset GLs to capital asset system
  - Review GL 2510 Construction in progress, and if complete, reclassify to appropriate capital asset GL
  - Use capitalization thresholds in SAAM 30.20.20
  - Enter in CAMS or agency capital asset system

Unearned and unavailable revenues

- Unearned revenue GL Codes 5190/5290
  - Liability
  - Cash has been received, but the revenue has not yet been earned
  - Governmental & Proprietary fund type accounts

- Unavailable revenue GL Codes 5192/5292
  - Deferred inflow of resources
  - Applies to a future period so revenue will not be recognized until that time.
  - Governmental fund type accounts only

Review your subobject codes

- Certain subobject codes are only to be used for interagency payments
- Do not use these codes for payments to outside vendors
### Subobject Title Pay to:

<table>
<thead>
<tr>
<th>Subobject Title</th>
<th>Pay to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>EK  Facilities &amp; Services</td>
<td>DES</td>
</tr>
<tr>
<td>EL  Data Processing Services</td>
<td>CTS, OFM</td>
</tr>
<tr>
<td>EM  Attorney General Services</td>
<td>ATG</td>
</tr>
<tr>
<td>EN  Personnel Services</td>
<td>DES, OFM</td>
</tr>
<tr>
<td>ET  Audit Services</td>
<td>SAO</td>
</tr>
<tr>
<td>EV  Admin Hearing Services</td>
<td>OAH</td>
</tr>
<tr>
<td>EW  Archives &amp; Records Mgt Services</td>
<td>Sec of State</td>
</tr>
</tbody>
</table>

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### Transfers

- Be sure to use the correct Trans Code so that transfer amounts show up correctly as debits or credits in AFRS
- Transfers from one Account to another Account within the same agency must be in balance

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### To Do’s & Reminders

- Analytical review
  - In terms of the $ amount change or the % change, is the current year-end balance reasonable?
  - Review your Trial Balance
    - Have prior year short-term receivables & payables been liquidated?
    - Do I have all GL activity reported and in the correct GL?
    - Do the balances agree with supporting documentation or internal system?
To Do’s & Reminders

- All agency entries should be completed by August 30th!
- Disclosure forms complete by August 30th!

General Ledger Reconciliations

GL reconciliation means:
- Knowing what makes up the balance in each GL,
- Having a plan for any action that is needed to correct the balance.
  - This includes prior year or prior biennium GL balances that need to be corrected.
GL Reconciliations

• General ledger (GL) reconciliations should be up-to-date
  - All GLs should be reconciled
  - Agree with subsidiary records
  - An error in one GL may mean an error in another GL

  Example: A receipt was credited to GL 1312 A/R, when it should have been credited to GL 1319 Other Receivables. Now both GL balances are wrong.

• Agency director and CFO certification

Disclosure Forms

State Disclosure Form Security

• Each agency has a security administrator (form required). They can add new users with View or Edit access.

• Log in beginning 7/15 to verify that your username & password are working.
State Disclosure Forms
SAAM Section 90.40

- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS beg/ending GL balances and require you to fill in the actual increase and decrease activity for the FY.

Phase 1B - Certain disclosure forms due 8/16/19 (90.40.10)

- Early disclosure for:
  - 4 Cash & Investment forms
  - 3 Bond forms
  - 2 COP forms
  - Internal Control/Internal Audit Questionnaire
  - Miscellaneous Disclosure form
- Request an extension in writing from SWA if the early date can’t be met

State Disclosure Forms

- 4 forms are now required to be completed by all agencies
  - State Financial Disclosure Certification
  - Miscellaneous Disclosure
  - Cash and Investments Restricted Disclosure
  - Internal Control/Internal Audit Questionnaire
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed
Disclosure Forms
New for FY19

- Taxes receivable (90.40.30)
  - Revised the dropdown list of types of taxes receivable to include:
    - Hazardous substance
    - Public utility

Disclosure Forms
New for FY19

- Debt General Disclosure (90.40.55.a)
  - Renamed from Bonds Payable General Disclosure
  - Added question regarding direct borrowings or placements to implement GASB Statement 88

Disclosure Forms
New for FY19

- Miscellaneous Disclosure (90.40.75.A)
  - Added new question to capture information for the requirements of GASB Statement 83 – Certain Asset Retirement Obligations.
  - Added some descriptive language to the discretely reported and blended component units questions.
Disclosure Forms New for FY19

- Internal Control/Internal Audit Questionnaire Disclosure (90.40.80.A)
  - Three questions are:
    - Internal Control Officer
    - Risk assessment
    - Internal audit program

State Financial Disclosure Certification SAAM 90.40.95

Revised some of the wording throughout the Certification form but no substantial changes
28 statements

State Financial Disclosure Certification form 90.40.95

- Read all 28 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - due 9/11/19
  - Re-sign & re-submit if material changes are made after the original submission
Financial Disclosure Certification
SAAM 90.40.95
Attachments may include:
• Narrative disclosing deficiencies in internal control
• Pollution remediation site status report (due Phase 1B)
• Narrative related to a Service Organization Control (SOC) report
• Certification related to the use of a specialist
• Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures
• Narrative related to certification exceptions detailing variances and proposed or completed corrective action

Common disclosure form problems
• User can’t get into the application
• Changes are made in AFRS, but the related disclosure form isn’t updated
• Variances aren’t explained
• Certification forms aren’t submitted timely

Training & Resources
Year-end training classes

Update classes
- State Fiscal Year-end Closing

Workshops
- Fiscal Year-end Workshop
  - Combined the Revenue, Reconciliations, & Phase 2 Adjustments and Expenditures & Payables workshops into one.

Other Recommended Training Classes
- General Ledger Review
- General Ledger Reconciliation: Basics
- GL 5111 Accounts Payable Reconciliation
- In-Process Report Training
- Administering Agency
- Intro to GAAP
- Internal Control: Basics
- Payroll Revolving Account Reconciliation
- Health Insurance Reconciliation
- Accounting for Capital Assets

Resources
SAAM
  ➢ http://www.ofm.wa.gov/policy/default.asp
Year-End Resources
  ➢ http://www.ofm.wa.gov/resources/yearend.asp
Enterprise Reporting