

Interagency Year-end Process

Presented by:

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OFFICE OF FINANCIAL MANAGEMENT



OBJECTIVES

- 1. Become familiar with the year-end closing timeline related to interagency activities
- 2. Gain an understanding of the interagency year-end process and the importance of being balanced at year-end
- 3. Know where to locate interagency year-end resources
- 4. Review common issues and pain points

Important Dates to Remember

- Jun 30 – last day of FY 23, cash cutoff
 - Jul 10 – disclosure form application opens
 - Jul 24 – interagency billings must be mailed
 - July 31 – end of Phase 1 – agency accruals
 - Aug 18 – Phase 1B - certain state disclosure forms due
 - Aug 18 – Interagency receivable/payable balancing due*
 - Sep 1 – end of Phase 2 – agency adjustments completed
 - Sep 1 – remaining disclosure forms are due
 - Sep 13 – state financial disclosure certification is due
 - Feb 29, 2024 – federal assistance certification is due
- * Prioritize interagency receivable/payable reconciliations as many agencies have early internal close dates.
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Cash Cutoff

Cash cut-off is the last working day in June
(FY23 = June 30th)

► **For Treasury Accounts:**

- ✓ If cash (receipts or disbursements) activity is recorded by OST on June 30th or before, it should not be accrued for FY23
- ✓ Cash activity after calendar day June 30th is recorded in FY24 by OST
- ✓ After FM24, limit use of In-Process GLs (71xx)

Cash Cutoff

Cash Deadlines for June Payments

AFRS EFT	June 28 th	7:30 pm*
AFRS Warrants	June 29 th	7:30 pm*
IAP (interagency)/ IFT (interfund)	June 29 th	7:30 pm*
OST EFT JV	June 29 th	Noon**
OST JV or Cash Receipt	June 30 th	3:00 pm**

- *AFRS closes for input at 7:30 pm
- ** Must be delivered to OST by this date/time

Accrual Activity (Phase 1)

➤ Phase 1: ends July 31st

- ✓ Revenue/Receivables and Unearned/Unavailable Revenue
- ✓ Expenditures/Payables
- ✓ Accounting Estimates
- ✓ Interagency Accruals (between agencies)*
- ✓ Interfund Accruals (between accounts)

* Included in Phase 1B close – August 18th

Revenue Recognition

General Rule: Revenue is recognized in the period it is earned (i.e., goods or services are provided).

GAAP recognition criteria:

- ✓ Governmental type account
 - Measurable and available
- ✓ Proprietary type account
 - When earned

Expenditure/Expense Recognition

- **General Rule:** Expenditures are recognized in the period in which the liability has incurred (i.e., goods or services have been received).
- **GAAP recognition criteria:**
 - Governmental type account
 - When due or expected to be liquidated with current resources.
 - Proprietary type account
 - When incurred, if measurable

LET'S WORK TOGETHER



Sometimes you must put aside your differences and work together to achieve

"Great things in business are never done by one person. They are done by a team of people." - Steve Jobs

Why balancing Interagency activity is important

- Balancing interagency activity helps fulfill GASB requirements.
- Payments / receipts between state agencies –
 - One account owing cash to another account within the State of Washington.
 - Requirements to report balances owed between funds.

Interagency Contact List

- Located on OFM Statewide Accounting year-end closing resources webpage
 - <https://ofm.wa.gov/sites/default/files/public/resources/yearend/YE23InteragencyRecPayContactList.pdf>
- New this year:
 - Internal agency deadlines
 - Agency early close dates

Interagency Accruals

If you are the BILLING agency:

- ✓ Must have delivered goods or rendered services by June 30
- ✓ Invoices must be sent to other agency by July 24. Estimated invoices are OK, but should be clearly marked as estimates. Actual invoice is still required once amount is known.

You should be able to provide a listing of all invoices outstanding as of June 30 to support receivable balance for any agency requesting it.

Interagency Accruals

If you are the PAYING agency:

- ✓ Accruals are required if you received the goods or services by June 30, but did not make the payment by June 30*.
- ✓ May record accruals based on estimated invoices, but do **not** pay from an estimated invoice. Wait until you receive the actual invoice and then pay.

*Effective date of payment is the date OST posts cash (GL 4310) for IAP, EFT, and JV payments; and the date shown on the face of the warrant/check, regardless of when it is received by the agency.

SAAM 90.20.50.a

Interagency Accruals

***** **IMPORTANT** *****

Interagency receivables (GL 1354) and payables (GL 5154) are required to balance statewide at fiscal year-end.

Follow same rules for recording expenditure/expense or revenue, but use GL 5154 with appropriate subsidiary for an expenditure and GL 1354 with the appropriate subsidiary for a revenue.

Interagency Accruals

**** SPECIAL HANDLING REQUIRED ****

Subsidiary codes:

Generally, the first 4 digits of the subsidiary GL codes will match the agency number.

- ✓ OFM agency number = 1050
- ✓ Subsidiary number = 105000

Exception:

- ✓ Community & Technical Colleges (**6990xx**)
- ✓ State Board for Community and Technical Colleges (**699000 – NOT 352000**)
- ✓ [SAAM 75.20.10](#) lists all agency codes

Focus on reconciling interagency receivable/ payables early

Interagency Accruals

**** SPECIAL HANDLING REQUIRED ****

Example:

Community/Tech College Subsidiary = 6990xx

Renton Tech College Agency# = 6930

Renton Tech College Subsidiary = 699093

Interagency Accruals

**** MORE SPECIAL HANDLING ****

Do **NOT** use GL 5154 for some interagency payments:

- ✓ DRS (certain items), HCA, DOT (Good to Go!), SOS (Combined Fund Drive) → use GL 5152
- ✓ Amounts due to or due from state Agriculture Commodity Commissions → use GL 5152/1352
- ✓ Dept. of Revenue for sales and use tax → use GL 5158
- ✓ Discrete Component Units → use 5159
- ✓ State Treasurer for Certificates of Participation → use GL 5173/5273
- ✓ Employment Security Dept. for paid family medical leave → use GL 5180
- ✓ Dept. of Labor & Industries for worker's compensation premiums → use GL 5187
[note: if accrued by HRMS, pay in FY 24]

Complete list of exceptions to using GL 5154 and list of component units are in SAAM.

Subobject Codes for Interagency Payments

- Selected central services agencies require unique subobject codes
 - Office of the Secretary of State (SEC)
 - Office of the State Auditor (SAO)
 - Office of the Attorney General (ATG)
 - Department of Enterprise Services (DES)
 - Office of Administrative Hearings (OAH)
 - Office of Financial Management (OFM)
 - Office of Minority and Women's Business Enterprises (OMWBE)
 - Consolidated Technology Services (CTS)
- SAAM 85.90.40
- Only use these subobjects when paying other agencies for services
- DO NOT use these codes when paying outside entities

Object S - Interagency Reimbursements

- ✓ When one agency initially pays an expenditure/expense that is subsequently charged to another agency
- ✓ SAAM 85.90.60, 85.95.60
- ✓ Fiscal Year-end Workshop
 - ✓ <https://ofm.wa.gov/accounting/training-accounting-and-budget-staff>
- ✓ Ensure the proper accounting for interagency reimbursements

Interagency Accruals

Disputes and dispute resolution

- ✓ Check your records for mistakes before contacting the other agency
- ✓ Gather information and provide objective evidence
- ✓ Communicate with respect
- ✓ Respond timely to other agencies (let them know when to expect a response)
- ✓ Try to work things out with the other agency

As a last resort, contact your OFM Accounting Consultant.

Interagency Accruals

Disputes and dispute resolution

- ✓ **General Ledger:** *Should it be recorded in GL 1354/5154 or is it an exception? Was it recorded in GL 1354/5154?*
- ✓ **Receipt date of goods/services:** *Obtain copy of signed packing slip or other evidence of delivery date to determine if received in FY 23 or FY 24.*
- ✓ **Amount recorded:** *Request list of outstanding invoices and compare to your accruals. Communicate with other agency regarding reasons for disputing amount.*
- ✓ **Payment date:** *Check payment type; check In-Process to find date OST posted cash; provide documentation to other agency.*

Year-End Closing Resources Online

- ✓ AFRS/ACFR closing schedule
- ✓ Current fiscal year closing calendar
- ✓ Year End Reference Guide
 - ✓ Includes commonly used transaction codes
- ✓ OST year-end cash memo link
- ✓ Interagency receivable/payable contact list

<https://www.ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing>

Common issues & pain points

- Unresponsiveness
- Old, unpaid invoices
- Making sure billings are mailed out by the due date
- Making payments on estimated invoices
- Payment vs. receipt timing
- Internal Payables/Receivables communication
- Being able to provide a list of what makes up your balance
- Adjustments
- Anything we've missed?

Q&A

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