



# The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

## Taxing the \$25.00 Amazon Gift Card from SmartHealth

Eligible employees enrolled in the Public Employees Benefits Board (PEBB) Program who participate in SmartHealth can qualify for a \$25 Amazon.com gift card by completing the SmartHealth Well-being Assessment by December 31, 2019.

In [Publication 15-B](#) (Employer’s Tax Guide to Fringe Benefits), the IRS says that “cash and cash equivalent fringe benefits (for example, gift certificates, gift cards, and the use of a charge card or credit card), no matter how little, are never excludable as a de minimis benefit.” This means that the cash value of gift cards are taxable to employees.

General government agency employees who have qualified for and claimed their Amazon.com gift card have been taxed for the value of the card. Employees who claim their gift cards during the remainder of 2019 will be taxed on an upcoming paycheck.

Higher education employers have either an automated process to upload the value of claimed gift cards into their systems or use a manual input process.

For further information on SmartHealth and the Amazon.com gift card incentive, go to the [SmartHealth Wellness](#) site.

If you have any questions, please contact Steve Nielson at (360) 725-0226 or [steve.nielson@ofm.wa.gov](mailto:steve.nielson@ofm.wa.gov).



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## Let the Fun Begin

It’s that time of year again: the sun is out; the flowers are blooming; people are taking summer vacations; and, best of all, it’s time for fiscal year close!

First, we want to thank each of you for your efforts, since it is your work that allows us to be successful in getting our CAFR completed timely and accurately.

Our publication goal this year is November 8 and, as usual, everyone must do their part in a timely manner. While fiscal year close is a busy time, there are things you can do to help reduce the stress level. Specifically, if you haven’t already, start **now**.

- Reconciling your general ledger balances and posting appropriate adjusting entries.
- Reviewing your closing activities for opportunities to Lean processes.
- Reviewing areas that caused you problems last year and developing solutions.
- Taking year-end training as appropriate. Setting internal due dates and assigning tasks.
- Communicating deadlines both internally (those who supply needed information) and externally (vendors, contractors).
- Preparing to issue your interagency billing by the July 19 due date. Timeliness is critical.
- Tackling those interagency balances early on as interagency receivables and payables must be in balance by August 16.
- Verifying that needed CFDA numbers are available in AFRS for federal reporting.
- Performing administering agency duties.

We appreciate your efforts to meet the CAFR deadlines and look forward to another successful close. Remember, all the work you have done this past year and will do this summer will culminate with the 2019 CAFR. So, yes, let the fun begin!

If you have questions or comments on any information contained in The Connection, please contact Anwar Wilson at [anwar.wilson@ofm.wa.gov](mailto:anwar.wilson@ofm.wa.gov).

# Federal Update

## 2019 Statewide Single Audit

OFM filed the 2018 Single Audit Report to the Federal Audit Clearing House on March 29th this year. Whether you are ready or not, another federal audit cycle has already begun! The State Auditor's Office held an entrance conference with OFM in early May and officially kicked off the FY19 Single Audit. Be prepared in case the program you work in has been selected for audit this year. Please also make sure you respond to auditors' requests timely to help with the flow of the audit process. Any delay may impact the audit schedule and, ultimately, the state's ability to meet the federal reporting deadline.

## Status of Prior Findings

Agencies who received federal findings in the 2018 Statewide Single Audit are required to provide updates to their corrective action plans. These updates will be included in the FY19 Single Audit Summary Schedule of Prior Audit Findings. Agencies who are in this category will receive email requests by the first week of July. Just a reminder, the information included in the Summary Schedule of Prior Audit Findings must be updated as of June 30, 2019.

Please note that OFM must provide a copy of the report to the State Auditor's Office by mid-August, after which follow-up procedures on audit findings will be conducted. To meet the timeline, it is important for agencies to submit their updates by the deadline specified by OFM.

## Federal Disclosure Forms

As we are gearing up for the year-end closing process, we want to let you know that there are no major changes to the federal disclosure forms this year. The Disclosure Form Application will open on July 15, 2019. Please refer to SAAM [95.20](#), which has detailed instructions on completing each of the federal disclosure forms.

We are currently working on developing a new *Federal Disclosure Form* eLearning class. A draft of this training will be made available to the individuals responsible for preparing the federal disclosure forms by mid-July. We would like to receive feedback from those individuals in order to finalize the class by the spring of 2020.

Please note that the FY19 Federal Certification Form will be due on February 28, 2020. OFM decided on a later due date in response to the auditor's request to have agencies certify closer to the date when the single audit representation letter will be issued.

For more information, please contact:

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Sara Rupe at (360) 725-0189 or [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

# One Washington Update

Planning continues for the modernization of the state's core finance functions, transformation of finance business processes, and the eventual sunset of AFRS. One Washington received approved funding of \$18.4 million for the 2019-21 biennium. The program's executive steering committee has been reviewing strategic options since the budget was released in April 2019. The results of the strategic planning sessions will be published in early July, and a One Washington update is scheduled for the [FMAC](#) meeting on July 23. General information about One Washington is always available [here](#).

# Assess Finance Organizational Strategy and Readiness

The end of the fiscal year is a good time for us to reflect on the progress we have made on the Finance Enterprise Resource Planning (ERP) Readiness Project that will help inform [One Washington](#) and prepare the state to implement the new ERP system.

Thank you to everyone who assisted us by meeting with us, providing feedback, asking questions, and modifying systems and processes. We rely on you to help us develop the best processes and products. We will continue to need your help as we get ready for and begin implementing the new ERP.

## 1. Chart of Accounts

The primary goal of the chart of accounts team for FY 2019 was to document how the state currently uses the chart of accounts and what gaps exist. To accomplish this, we surveyed 14 agencies, then met with 13 agencies to discuss the questions in more detail. All of the information gathered from these surveys and meetings were summarized and sent out to all state agencies for review.

In addition, we met with OFM Budget, LEAP, and Legislative Staff to document their uses of and needs from the COA.

The next steps will be to finalize the comprehensive document of the state's Chart of Accounts Uses and Needs combining all information gathered and feedback received. We will then work to procure funding to hire a consultant to assist us in designing the new chart of accounts once a vendor for the ERP has been selected.

## 2. Master Payee and Customer File

The new Statewide Employee table was implemented in AFRS and all board and commission members, not compensated via HRMS, were added to the Statewide Vendor file. The old agency vendor file is no longer available to agencies to modify, and will be decommissioned in six months.

Here are a few highlights of changes made by moving from the agency vendor table to the Statewide Employee table.

- Only one instance of each employee exists
- Daily updates of employee information from HRMS, instead of twice a month
- Uses the same data fields and layout as the Statewide Vendor table
- Enhanced the security levels for seeing employee information so only limited staff see an employee's address and SSN

Doing this work in advance will make conversion of all payee tables to a new ERP easier.

[AFRS documentation](#) has been updated to include information about the new Statewide Employee table, and answers to FAQs are available on the [project website](#).

Consolidating and standardizing customer data is dependent upon the timeline and scope of the One Washington project as well as resources.

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# Update on GASB 87 – Leases

Effective for fiscal year 2021, this statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. The statement requires lessees to recognize a lease liability and an intangible right-to-use asset, and requires lessors to recognize a lease receivable and a deferred inflow of resources. This statement will require significant changes from the current lease accounting practices.

## What are we working on now?

- Developing new policies, resources, and training.
- Drafting requirements to modify the Facilities Portfolio Management Tool (FPMT) to track leases and record AFRS transactions. We did receive funding to leverage this existing system and the facilities data it already contains to also help the state comply with GASB 87.
- Meeting with the Leases Workgroup to gather information, assist with policies, resources, and FPMT configuration.

## What can you do to prepare now?

- Analyze existing lease contracts - How many leases do you have? What types of assets are you leasing? What are the typical lease terms and payment amounts?
- Think about new processes - How will a lease be identified? How will you gather key data from the contracts? How will you verify that all leases have been accounted for correctly?
- Ask questions! The sooner you ask questions the better so that we can refine our policies and the system configuration. If you have any questions, please contact Anna Quichocho at (360) 725-0187 or [anna.quichocho@ofm.wa.gov](mailto:anna.quichocho@ofm.wa.gov).

A detailed presentation on GASB 87, *Leases*, is scheduled for the [FMAC](#) meeting on July 23.

# Paid Family and Medical Leave Premium Update

As reported in the Winter 2019 edition of *The Connection*, the Washington State Legislature passed Substitute Senate Bill [5975](#), Paid Family and Medical Leave program, during the 2017 legislative session. The bill was signed into statute by the Governor on July 5, 2017. [Title 50A](#) RCW created a new insurance program funded by premiums paid by both employees and employers, and administered by the Employment Security Department (ESD).

Deductions for employee and employer premiums for non-bargaining unit employees (coded as non-represented) started with the January 10, 2019, payroll. Deductions for employee and employer premiums for bargaining unit employees (coded as represented) will start with the July 10, 2019, payroll.

Employee and employer premiums are accrued in general ledger (GL) 5180 in the State Payroll Revolving Account (035). The title of the GL is Paid Family and Medical Leave Deductions Payable. Employer costs (premiums) for Paid Family and Medical Leave are charged to subobject BK – Paid Family and Medical Leave.

Payments for Paid Family and Medical Leave premiums should be made through AFRS via the InterAgency Payment process, as follows:

- Pay to: ESD Paid Family and Medical Leave
- Statewide Vendor Number: SWV0021657-20
- Transaction Code: 570
- Fund: 035
- GL: 5180
- Invoice Number: "C" followed by your agency's UBI number  
Example: C123456789

In July 2019, agencies will be able to access their own Paid Family and Medical Leave account to find the amount due for second quarter and beyond. Instructions for accessing this account will be on ESD's [Paid Family and Medical Leave](#) website.

For more information on Paid Family and Medical Leave, visit ESD's website. Accounting questions can be directed to Steve Nielson at (360) 725-0226 or [steve.nielson@ofm.wa.gov](mailto:steve.nielson@ofm.wa.gov).

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### 3. Agency Interfaces from AFRS

Our goal is to have all agencies with interfaces from AFRS to their internal systems using the same server with a standard set of data elements prior to the ERP implementation. This makes conversion much easier when the new ERP is configured.

This year we have:

- Set up a new AFRS Outbound Interface State Government Network (SGN) server for use by all agencies within the SGN for getting AFRS tables in place of the mainframe, Enterprise Reporting or Webl.
- Set up an Active Directory (AD) group, to which agencies will be able to add their own AD groups for access to the new AFRS Outbound Interface SGN server.
- Set up the near real-time update of the AFRS Statewide Titles to the new AFRS Outbound Interface SGN server.
- Set up four agencies' access to new AFRS Outbound Interface SGN server. These agencies are actively working on setting up interfaces and decommissioning old ones.

We are in the process of adding the ability to use a secure web service for transactional data as well.

If you are interested and ready to start using the new AFRS Outbound Interface SGN server for your agency, please follow the [instructions](#) found on OFM's website.

### 4. Accounting Training

We met with seven state agencies in August and September 2018 to discuss what types of training would be beneficial for both entry level and senior staff. Based on the feedback we received, we submitted a 2019-2021 decision package to create a curriculum for teaching accounting fundamentals, governmental accounting, and budget basics. Unfortunately, our request ultimately was not funded in the 2019-2021 operating budget.

We will continue to seek resources to develop and provide this training in the future. In the meantime, we are developing online training options. Several classes are currently in development, including GL Review, Capital Asset Policies, and Federal Disclosure Forms. We will notify agencies once the training is available.

### 5. Federal Grants Community of Practice

OFM has established the Federal Grants Community of Practice, and is currently holding quarterly meetings. The group's main objectives are to create a community of resources, develop federal grant training curriculum, and identify and address ongoing grant management needs. The workgroup currently has representatives from 18 state agencies who receive a significant amount of federal grants and includes accountants, internal auditors, and grant management staff.

The group has created a federal grant training plan, and is in the process of helping develop the curriculum. In the future, the group will continue to serve as a resource to other agencies as well as OFM as we develop standard business processes for grants management and the chart of accounts for the ERP.

Please visit the [Federal Grants Community of Practice Project](#) resource site for project updates and workgroup meeting documents.

# Summer Quarter Training Offered on a Variety of Subjects

We are pleased to announce that the training classes listed below will be offered this quarter. Statewide Accounting staff will teach all classes.

Class Name	Dates	Times	Duration
Accounting for Capital Assets	July 16	8:00 – 12:00	4.0 hours
Accounting for Payroll	July 17	8:30 – 4:00	7.5 hours
Payroll Revolving Account Reconciliation	July 24	8:30 – 3:00	6.5 hours
Health Insurance Reconciliation	July 31	8:30 – 12:00	3.5 hours
Introduction to GAAP in Washington State	August 6	8:30 – 4:00	7.5 hours
Compliance: Travel Policies	August 21	8:30 – 5:00	7.5 hours

To view class descriptions and register, go to the [Learning Management System \(LMS\)](#) website.

Space is limited in all classes, so we ask that you read the detailed class descriptions and coordinate within your office so that you and your staff attend the appropriate classes. If you register but cannot attend, please cancel your registration in LMS to make room for someone on the wait list.

All of our classes are held at the Helen Sommers building. Parking is limited, so we recommend taking the mass transit or walking if possible.

Additionally, the Association of Government Accountants (AGA) and Financial Management Advisory Council (FMAC) are sponsoring a number of audio conferences. The schedules are posted on the [Olympia AGA](#) and [FMAC](#) websites.

For assistance or additional information, please contact your assigned OFM Accounting Consultant.