



# The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

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## Updated Year-End Trainings

We are pleased to offer a number of eLearning courses to assist agencies with fiscal close.

- State Disclosure Forms
- Federal Disclosure Forms
- Fiscal Year-End Interagency
- Fiscal Year-End Update
- Fiscal Year-End Workshop

These are all available on our [Training Page](#) under Fiscal year-end training and resources. Agency staff are **not** required to sign up through The Learning Center for these eLearning courses.



## Fiscal Year-end Reminders

As always, we want to thank each of you for your hard work last year. We rely on all of you for timely and accurate information for completing the Annual Comprehensive Financial Report (ACFR). This is a team effort, and you all are much appreciated.

Our ACFR publication goal for fiscal year 2023 is November 29. To meet this goal 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** to:

- Reconcile your general ledger (GL) balances and post appropriate adjusting entries.
  - Know what makes up the balance in each GL.
  - Ensure GL balances tie to subsidiary records.
  - Have a plan for actions needed to correct balances and follow through on it.
- Check that last year's interfund and interagency balances have been liquidated. Give extra attention to any outstanding Due from Military Dept. (245000) for FEMA reimbursements.
- Review [year-end training](#) as needed. Since these are eLearning classes, they can be taken when it's convenient for each person.
- Set internal due dates and assign tasks to staff who are trained for those activities.
- Communicate deadlines both internally (those who supply needed information) and externally (vendors, contractors).

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# Accounting 101: Foundations of Accounting is now open for enrollment!

We are excited to announce the first training in our new accounting curriculum is complete and ready for enrollment. Accounting 101: Foundations of Accounting will be offered as both an in-person instructor led and virtual instructor led format. Sign up in the Learning Center today!

Course Title: OFM - SWA Accounting 101: Foundations of Accounting

Learning Objectives:

- Understand the basic accounting terms and be able to use them correctly.
- Know the components of the financial statements.
- Understand how to create and read double sided entries.
- Be familiar with how accounts and a chart of accounts are used.

**IN PERSON** class dates:

- September 14, 2023
- September 28, 2023
- October 19, 2023
- October 26, 2023

**VIRTUAL** class dates:

- September 5, 2023
- September 20, 2023
- October 3, 2023
- October 11, 2023

We are currently developing additional courses as part of the new accounting curriculum. Stay tuned for more updates in the coming months. For more information about current and future training courses, refer to our [training website](#).

For questions contact [ofmaccounting@ofm.wa.gov](mailto:ofmaccounting@ofm.wa.gov).

# Payee Registration Unit News

During the month of June, the payee registration unit processed a record 8,374 forms due to fiscal year end. This was a Herculean effort and resulted in quite a bit of overtime. A friendly reminder: please have your vendors submit their new or updated forms throughout the year to avoid missed payments. And once again, kudos to the team for getting them all entered before July 1.

The payee registration unit, with the help of Viet La in the Information Technology Division, launched DocuSign™. This removes barriers to vendor registration and greatly simplifies and speeds up the process. Vendors/payees can log on to the payee registration website and submit and sign their forms using an electronic signature.

We are ready to update the website to upload our foreign language forms. The languages we will be providing include Amharic, Arabic, Burmese, Chinese (simplified and traditional), Farsi, Khmer, Korean, Lao, Punjabi, Russian, Somali, Spanish, Tigrinya, Ukrainian, and Vietnamese.

Continuing the effort to make registration more efficient, the unit is putting together an instructional video which will guide vendors in their efforts to obtain a statewide vendor number. Production of the video has commenced, and the first video will be on the payee registration website soon.

## Fiscal Year-end Reminders - continued from page 1

- Prepare to issue your interagency billings by the July 24 due date.
- Tackle interagency balances early on as interagency receivables and payables must be in balance by August 18. Please prioritize agencies that close early.
- Schedule ER exception reports to run at the frequency you choose throughout fiscal year close. These can be set up to come directly to your email.
- Verify that needed Assistance Listing Numbers (ALN) are available in AFRS for federal reporting. (These were previously called CFDA numbers.)
  - Contact your OFM Accounting Consultant for additions, providing the cover sheet from the award document that clearly displays the ALN.
- Perform administering agency duties, such as monitoring fund balance and cash balance.

We appreciate all your hard work to meet the ACFR deadlines and look forward to another successful close. If your agency is unable to meet [fiscal close due dates](#) or you have questions, please call your assigned OFM Statewide Accounting Consultant. We are here to help. **Go team!**

## General Ledger Reconciliation Office Hours

Hopefully you've already heard, but OFM Statewide Accounting has begun offering Office Hours for GL Reconciliations. Individuals or groups can schedule time dedicated to you that is tailored to your reconciling needs. This service is FREE!

[Sign up](#) today!

# Federal Update

## Statewide Single Audit

### Fiscal Year 2022 Single Audit Results

The fiscal year (FY) 2022 Single Audit Report was submitted to the Federal Clearinghouse on June 22, 2023. The [report](#) is available on the OFM website.

Here are a few highlights of the FY22 Single Audit and a comparison with prior years:

	FY2022	FY2021	FY2020	FY2019	FY2018
Federal Assistance Expenditures	\$30.8 billion	\$36.8 billion	\$26 billion	\$18 billion	\$17.7 billion
Known Questioned Costs (from SAO reporting package)	\$1.19 billion	\$724.3 million	\$ 960.5 million	\$164.9 million	\$21.9 million
Total number of findings	70	62	65	70	61
Special Tests and Provisions	19	15	23	11	12
Reporting	13	8	4	4	5
Subrecipient Monitoring	9	10	11	15	8
Activities Allowed/Unallowed and Allowable Costs/Cost Principles	9	11	9	21	21
Activities Allowed/Unallowed and Allowable Costs/Cost Principles + Other Compliance Requirement	9	6	8	2	1

Federal assistance expenditures in FY22 decreased by 16 percent compared to the level in the prior year. There was an influx of federal stimulus funding in FY20 and FY21, but those levels have begun to decrease as funding in response to the public health emergency is winding down.

The amount of known questioned costs identified by the auditors increased by \$465 million, a 64 percent increase from the previous year. To put the significant amount of questioned costs in perspective, almost 94 percent of them are related to Activities Allowed/Unallowed & Allowable Costs/Cost Principles for the following five major programs:

- Coronavirus State and Local Fiscal Recovery Fund (revenue loss and subrecipient payments)
- Child Care and Development Fund Cluster (payments to childcare providers)
- Emergency Rental Assistance (subrecipient payments)
- Medicaid Cluster (supported living providers)
- Temporary Assistance for Needy Families (payments to childcare providers)

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## Federal Update - continued from page 4

Out of the 70 findings issued, 19 were for non-compliance with Special Tests and Provisions. With the increasing focus on greater accountability and transparency for federal financial assistance, agencies need to be vigilant about complying with the specific terms and conditions included on grant awards. The auditors also issued 18 findings related to non-compliance with Activities Allowed and Allowable Costs. As always, it is important that internal controls and processes in place are adequate to ensure federal expenditures are proper and supported.

There was a significant increase in findings on Reporting partly due to new reporting requirements associated with the federal stimulus funds. Additionally, five of the findings were related to non-compliance with the Federal Funding Accountability and Transparency Act reporting requirement, which was added back to the Compliance Supplement since last fiscal year.

There were also nine findings issued for non-compliance with subrecipient monitoring requirements. The Uniform Guidance has recently included more stringent federal requirements for grantees who make subawards. Agencies need to be aware of these additional requirements and design appropriate monitoring activities to ensure federal compliance.

### **Fiscal Year 2023 Single Audit**

The federal government did not grant an extension to the filing deadline of the FY23 single audit report. With the increase in major programs to be audited, SAO is not expecting to have the FY23 audit package completed until May 2024. Due to the shortened timeframe between audit cycles, the State Auditor's Office (SAO) had already started planning work on the FY23 audit as they were wrapping up the prior year's audit.

Based on the decrease in federal expenditures in FY22, SAO anticipates a lower threshold for programs to be qualified as type A and therefore more federal programs will be required to be audited this year than in prior years. A preliminary list of major programs and agencies has been identified on the audit plan. Final program selection will be completed after OFM submits the FY23 Schedule of Expenditures of Federal Awards to SAO.

For federal programs that are included on the FY23 audit plan, an engagement letter will be required to be signed by the administering agencies where audit timeline, responsibilities, and expectations will be agreed upon with OFM. We are requesting agencies' cooperation in working with this timeline and workload by continuing to respond to audit requests and providing audit documents in a timely manner.

For more information, please contact Stacie Boyd at [stacie.boyd@ofm.wa.gov](mailto:stacie.boyd@ofm.wa.gov).

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## Federal Update - continued from page 5

### Compliance Supplement

The Office of Management and Budget released the [2023 Compliance Supplement](#) (Supplement) in May 2023, and it is effective for the fiscal year 2023 audit. Below are some highlights:

- Updated list of programs designated as “higher risk”

Assistance Listing Number (ALN)	Agency	Program Title
84.425	Education	Education Stabilization Fund
93.498	Health & Human Services	Provider Relief Fund and American Rescue Plan Rural Distribution
93.778, 93.777, 93.775	Health & Human Services	Medicaid Cluster
21.023	Treasury	Emergency Rental Assistance
21.027	Treasury	Coronavirus State & Local Fiscal Recovery Fund
*21.026	Treasury	Homeowner Assistance Fund
*21.029	Treasury	Coronavirus Capital Projects Fund
*15.252	Interior	Abandoned Mine Land Reclamation (ARLR)
*96.001, 96.006	Social Security Administration	Disability Insurance/Supplemental Security Income

*\*Added in 2023 Supplement*

- ALN 20.205, 20.219, 20.224, and 23.003 were formerly identified as Highway Planning and Construction Cluster and considered as one program for major program evaluation and testing under Uniform Guidance criteria. The Supplement has decoupled this cluster, whereby each program now stands on its own to be evaluated and tested separately.
- On October 1, 2023, the single audit report repository will transition from the Federal Clearing House to the General Services Administration (GSA). The submission of the state’s FY23 single Audit report will be made to the new platform hosted by GSA.

### Fiscal Year 2023 Federal Disclosure Forms

As you are aware, the FY22 single audit was filed to the Federal Audit Clearing House in June 2023, which was after the March 31 due date mandated in the Uniform Guidance. Due to the increased number of grant programs to be audited and additional compliance requirements, the State Auditor’s Office (SAO) was not able to complete their audit package for the report by the required timeline.

OFM Statewide Accounting has been working with SAO to return the filing of the single audit report back to the normal timeline. In addition to a number of proposed actions, SAO is requesting OFM submit the Schedule of Expenditures of Federal Awards (SEFA) by September 30, 2023, to enable earlier completion of major program selection and other audit planning work. To assist with meeting this early deadline, we are requesting agencies submit their federal disclosure forms as early as possible, ideally by phase 1B close (August 18, 2023), but no later than phase 2 close (September 1). This timeline would allow OFM to perform adequate analytical reviews, research issues, and work with agencies to make corrections as needed to ensure the SEFA is complete and accurate.

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# News from SAO

## Getting records from the State Auditor's Office

The State Auditor's Office has started two of its largest audits for the 2023 fiscal year: the Annual Comprehensive Financial Report and the State of Washington Single Audit. We also have several ongoing accountability audits at various state agencies.

Upon request from a state agency, we will share the list of key internal controls management provided to us during the last audit. This request can be made via email to the audit team the agency is working with. However, if an agency wants documentation from a prior audit's workpapers, the request must be submitted through our public records officer. There are two primary reasons we manage requests for workpapers this way.

First, we need to make sure that we fully account for everyone who has received records from our Office. This is to protect both us and our audit clients. We need to ensure that we only disclose what we are allowed to by law. Using this process, our public records staff properly review all documents before information is released.

The second reason is to ensure we comply with established data-sharing agreements. Some agreements require our Office to work with public records officers from other state agencies before releasing data. To ensure we fully comply with our agreements, we handle all requests for workpapers through a consistent process. Part of this includes reviewing the agreements to ensure compliance with any public records requirements.

The process for requesting workpapers does not take a long time to complete, and there are three ways to do it: through our online form, via email or by mail. Using our online form is the quickest way to request workpapers. For more information, visit <https://sao.wa.gov/about-public-records/>. Once we have received your request, our public records team will work as quickly as possible to fulfill it. If you have any questions about this process, please contact the audit manager of the team your agency is working with.

If you have questions about this request, please contact Sara Rupe at [sara.rupe@ofm.wa.gov](mailto:sara.rupe@ofm.wa.gov).

## **Federal Update** - continued from page 6

The disclosure form application is now open. OFM strongly encourages agencies to start working on your federal disclosure forms as soon as feasible. Please do not hesitate to reach out with any questions regarding completion of the forms.

For questions, please contact Marina Yee at [marina.yee@ofm.wa.gov](mailto:marina.yee@ofm.wa.gov).