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About Accounting Policies, Roles and Responsibilities

80.10.10

May 1, 1999

Purpose for the accounting policies and procedures in this manual

Chapters 80 and 85 of the State Administrative and Accounting Manual establish statewide policies, regulations and procedures for the financial accounting practices applicable to agencies of Washington State.

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Authority for these policies

The Budget and Accounting Act contained in Chapter 43.88 RCW requires that the Governor, through the director of the Office of Financial Management (OFM), devise and maintain a comprehensive accounting system in conformance with generally accepted accounting principles (GAAP) (Refer to RCW 43.88.037) for use by all state agencies. The purpose of this system is to provide accountability over all revenues, expenditures/expenses, receipts, disbursements, resources (assets), and obligations (liabilities) of the state (Refer to RCW 43.88.160(1)). The Budget and Accounting Act grants OFM the authority to develop and issue the regulations necessary for the proper administration of the Act.

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Applicability

Chapters 80 and 85 apply to all agencies of the state of Washington, unless otherwise exempted by statute. The Budget and Accounting Act defines the term “agency” to mean and include “every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided.”

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to Subsection 1.10.40 for information on how to request a waiver.

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Role of the Office of Financial Management

80.10.40.a

The Office of Financial Management (OFM) acts on behalf of the Governor in the capacity of the state's accounting and budgeting agent in carrying out the provisions of the Budget and Accounting Act, Chapter 43.88 RCW. As such, all policies, procedures, and directives issued by OFM are binding on all state agencies unless specifically exempted by RCW 43.88.240.

80.10.40.b

OFM has the statutory authority to devise, supervise, and maintain a modern and complete accounting system for each agency to the end that all revenues, expenditures/expenses, receipts, disbursements, resources and obligations of the state are properly and systematically accounted for. In carrying out this responsibility, OFM is involved in the following activities:

1. Maintains central financial accounting and reporting systems.
2. Engages in oversight activities on all agency accounting and reporting systems. OFM also requires that any changes to existing and all new agency accounting and/or reporting systems that materially impact the accounting methods or practices of the agency have the approval of OFM prior to implementation. Refer to Subsection 80.30.88.
3. Prescribes specific accounting procedures to be followed by agencies in accounting for the state's resources.
4. Maintains the central records reflecting the financial status of the state taken as a whole at the level deemed necessary for central financial management.
5. Adopts and periodically updates the State Administrative and Accounting Manual that prescribes and requires the maintenance of uniform systems of accounting and reporting for agencies.
6. Advises and assists agency accounting and administrative personnel in specific accounting and reporting problems and recommends system revisions and improvements which make it possible to exercise effective control over assets, liabilities, revenues, and expenditures/expenses.
7. Prescribes and requires the maintenance of budgetary accounting procedures to produce current and accurate management information for effective budgetary control.

- 80.10.40.c OFM has the statutory responsibility to publish, within six months of the end of the fiscal year, an annual financial report that encompasses all funds and account groups of the state.
- 80.10.40.d OFM has the statutory responsibility to provide all agencies with a complete set of instructions for preparing and submitting biennial budget requests and statements of proposed expenditures. Additionally, OFM is to monitor agency expenditures against the approved statement of proposed expenditures and provide budget status information periodically to the Legislature and its committees.
- 80.10.40.e OFM has the statutory authority and responsibility to develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls.
- 80.10.40.f OFM has the statutory responsibility to cause corrective action(s) to be promptly taken by agencies on specific recommendations or exceptions contained in the reports of the State Auditor regarding specific expenditures or other practices related to an agency's financial transactions (i.e., audit findings and questioned costs).
- OFM has the additional responsibility to annually report to the appropriate committees of the Legislature, the State Auditor, and the Attorney General the status of audit resolution including, but not limited to, types of personnel actions, costs and types of litigation, and value of recouped goods or services.
- 80.10.40.g OFM has the statutory responsibility to approve the use of electronic and other technological means to transfer both funds and information whenever economically feasible, to eliminate paper documentation whenever possible, and to provide greater fiscal responsibility.

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July 1, 2008

Role of the State Treasurer

Chapters 43.08 RCW and 43.88 RCW give the State Treasurer the statutory authority and responsibility to:

- 80.10.50.a Receive, maintain, and disburse all public monies of the state not expressly required by law to be received, maintained, and disbursed by other agencies.

- 80.10.50.b Receive, disburse, or transfer public monies under the State Treasurer's supervision or custody by warrant or check, Electronic Funds Transfer (EFT), Interagency Payment Journal Voucher (IAP), or Interfund Transfer (IFT).
- 80.10.50.c Maintain current and correct account of all monies received and disbursed by the State Treasurer, classified by account.
- 80.10.50.d Take such actions as are necessary to ensure the effective cash management of public funds.
- 80.10.50.e Coordinate agencies' acceptance and use of credit cards and other payment methods as authorized by law.
- 80.10.50.f Represent the state in all contractual relationships with financial institutions.
- 80.10.50.g Perform other such duties as may be prescribed by law or other regulations.

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Role of the State Auditor

Chapter 43.88 RCW gives the State Auditor the statutory authority and responsibility to:

- 80.10.60.a Conduct periodic post-audits of state agencies covering compliance with fiscal and legal requirements.
- 80.10.60.b Conduct special examinations when warranted by questionable practices or circumstances.
- 80.10.60.c Report to the Legislature on an annual basis concerning the significant findings contained in post-audits of state agencies.
- 80.10.60.d Provide information to the Legislature, whenever required, upon any subject relating to the financial affairs of the state.
- 80.10.60.e Perform or participate in performance verifications only as expressly authorized by the Legislature in the omnibus biennial appropriations acts.

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Role of the Joint Legislative Audit and Review Committee

Chapter 44.28 RCW gives the Joint Legislative Audit and Review Committee (JLARC) the statutory authority and responsibility to:

- 80.10.70.a Make examinations and reports concerning whether or not appropriations are being expended for the purposes and within the statutory restrictions of the Legislature; and concerning the organization and operation of procedures necessary or desirable to promote economy, efficiency, and effectiveness in state government, its boards, committees, commissions, institutions, and other state agencies; and to make recommendations and reports to the Legislature.
- 80.10.70.b Make such other studies and examinations of economy, efficiency, and effectiveness of state government and its state agencies as it may find advisable, and to hear complaints, hold hearings, gather information, and make findings of fact with respect thereto.
- 80.10.70.c Conduct program and fiscal reviews of any state agency or program scheduled for termination under the process provided under Chapter 43.131 RCW.
- 80.10.70.d Perform other legislative staff studies of state government or the use of state funds.
- 80.10.70.e Conduct performance audits in accordance with the work plan it adopts.
- 80.10.70.f Receive a copy of each report of examination or audit issued by the state auditor for examinations or audits that were conducted at its request and make recommendations as it deems appropriate as a separate addendum to the report or audit.
- 80.10.70.g Develop internal tracking procedures that will allow the Legislature to measure the effectiveness of performance audits it conducts including, where appropriate, measurements of cost-savings and increases in efficiency and effectiveness in how state agencies deliver their services.

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Role of the Legislative Evaluation and Accountability Program Committee

Chapter 44.48 RCW gives the Legislative Evaluation and Accountability Program Committee (LEAP) the statutory authority and responsibility to provide and maintain, for the Legislature, an information system for in-depth analysis and monitoring of state agency expenditures, budgets, and related fiscal matters.

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Role of administering agencies

Administering agencies are designated by OFM to provide general oversight of financial accounting records at the account level. The administering agency for each account is listed in Subsection 75.30.50. Administering agencies are responsible for:

- Reviewing cash and in-process accounts, GL Code series 4XXX and 7XXX, for the accounts that they administer for reasonableness as compared to cash allotments. Special attention should be given to potential cash deficits and unusual or irregular in-process activity.
- Reviewing the reasonableness of the asset, liability, and equity balances of the accounts that they administer. Refer to Subsection 90.20.70.b #8.

If an administering agency determines that adjustments are required, they should coordinate with the operating agency and the Office of the State Treasurer as appropriate. If assistance is needed, the administering agency should contact their assigned OFM Accounting Consultant.

If the administering agency projects a potential cash or fund balance deficit, they should immediately contact their assigned OFM Accounting Consultant.