



# The Connection

A QUARTERLY NEWSLETTER FROM OFM REPORTING NEWS & INFORMATION ON STATEWIDE ACCOUNTING

## Audit Resolution Outreach

We are currently working with agencies to update information on corrective action taken in response to audit findings. The effort will inform two reporting needs:

- the status of prior audit findings required as part of the Single Audit, and
- the annual Audit Resolution Report that will be issued to the Legislature in December 2013.

We are hoping that the outreach effort will prove to be an efficient and effective way to not only collect the reporting data needed, but also to stress the importance of corrective action and ensure it is on track.

Questions regarding corrective action should be addressed to the OFM Accounting Consultant assigned to your agency.



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## Pretax Parking and Transit – SHB 1456

In the 2013 legislative session, RCW 41.04.230(2) was amended by Substitute House Bill (SHB) changing the way parking and transit deductions are treated for income tax purposes.

Payroll deductions can be taken on a pretax basis as allowed under Internal Revenue Service Code for the following:

- Parking facilities furnished by the agency or the Department of Enterprise Services (DES).
- Transit benefits.

What does pretax mean? Amounts deducted each pay period will not be included in employee’s income for federal tax purposes and therefore will not be subject to federal income tax, Social Security tax, or Medicare tax. As a result, employee’s take-home pay will increase, reflecting the fact that taxes were not withheld on amounts deducted.

There are separate plans for parking and transit deductions:

- Parking deductions for all employees paid through HRMS will be systematically changed to pretax effective with their December 10, 2013 paychecks. The plan includes the following:
  - o Unions were notified of the change in July.
  - o By October 15, 2013, agencies will send a notice to all general government employees. Boilerplate language will be sent to agencies the first part of October.
  - o Employees who want their parking deduction to be taken on a pretax basis do not need to take any action.
  - o Employees who do not want parking deductions to be taken on a pretax basis will need to notify their respective payroll offices by November 15, 2013.
- OFM and the Department of Enterprise Services (DES) are working together to implement transit deductions at a future time.

A work group has been formed that includes OFM, DES, and agency representation. The group is meeting weekly at this time to address both parking and transit deductions.

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).

## CAFR Progress

As you know, we added a new early Phase 1B deadline to the CAFR calendar this year to assist in our progress towards an earlier CAFR publication date. Certain disclosure forms were due August 23rd which was two weeks prior to Phase 2 close. The early disclosure forms included the three Cash & Investments forms, the COP information on the Liability form, and the three Bond forms.

We appreciate your cooperation and willingness to complete these forms earlier. As a result, we were able to begin on our portion of the CAFR preparation earlier. Kudos to agencies that completed all of their disclosure forms early!

A decision hasn't been made yet about 2014 fiscal year close. Options include:

- Continue with the earlier Phase 1B for certain disclosure forms,
- Close Phase 2 earlier, or
- Do something brilliant that we haven't come up with yet.

A number of factors will play into that decision – including your input. More to come.....

## Time, Leave, and Attendance (TLA) Project Update

### ***Software vendor selection***

Following an extensive Request for Proposal (RFP) process that wrapped up in August, the Department of Enterprise Services announced Workforce Software of Livonia as the apparently successful vendor for the TLA project. The procurement process is currently in the required vendor debriefing and protest periods. Following the debriefing and protest periods, the state will sign the contract. At this time, we expect vendor representatives to join project staff later in October and throughout November to commence system design activities.

### ***Act now, the program needs your agency's input on the TLA solution. . .***

The vendor's discovery workshops will begin in November and will be used to finalize the actual time codes, collective bargaining agreement (CBA) rules, data, and other items that support requirements. The same group of agencies (Advisory Group) that worked with the project team to define RFP requirements will continue to represent all state agencies and participate in the discovery workshops. Advisory Group members will represent agencies who are not participating in the workshops. Your team's active involvement in this process ensures that your agency's input will be considered in determining the best solution. Please have your agency subject matter experts contact your Advisory Group representative concerning your agency needs. Contact information for the Agency Advisory Group will be posted on the TLA website noted below.

### ***Discovery workshops will define common enterprise requirements for TLA***

Time codes and other business rules will be created using system tables, not custom programming. TLA will be configured to manage and support the state's collective bargaining agreements (CBAs) and Administrative Code (WACs) as well as federal requirements and other business policies and processes. Requirements will be categorized as CORE, Shared, or Unique items.

### ***Configuration***

Configuration items are discrete units of functionality or rules that can be set or adjusted within the application without custom programming. Examples include time codes, leave codes, and time sheet templates. There will be three levels of configuration:

- **CORE:** The set of configuration items that apply to every user of the system.
- **Shared:** Configuration items that apply to more than one agency, but not every agency.
- **Unique:** Configuration items that apply to only one agency or a subset of one agency.

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## New 1099-MISC Reporting Solution

The Department of Enterprise Services (DES) implemented a new IRS Form 1099-MISC reporting solution last year. Agencies used commercial off-the-shelf software, Account Ability, to file Forms 1099-MISC with the IRS for calendar year 2012.

Features of Account Ability include:

- Form 1099-MISC creation
- Editing
- Print and mail outsourcing service
- Bulk Taxpayer Identification Number (TIN) matching
- Electronic reporting (E-File)

Account Ability is populated with data from the “AFRS with TIN” universe within Web Intelligence. This universe is used to verify that data downloaded to Account Ability is accurate. To access the “AFRS with TIN” universe you need to sign a non-disclosure agreement.

For calendar year 2013 reporting, each agency should be making key decisions now:

- Who accesses the data?
- When will data analysis begin, if it hasn't already?
- How often will the data be analyzed?

At the time of this writing, DES is offering IRS 1099-MISC Reporting classes on October 16 and November 14, 2013. The classes are 4 hours in length. To view the class description and sign up, please go to the [Learning Management System site](#).

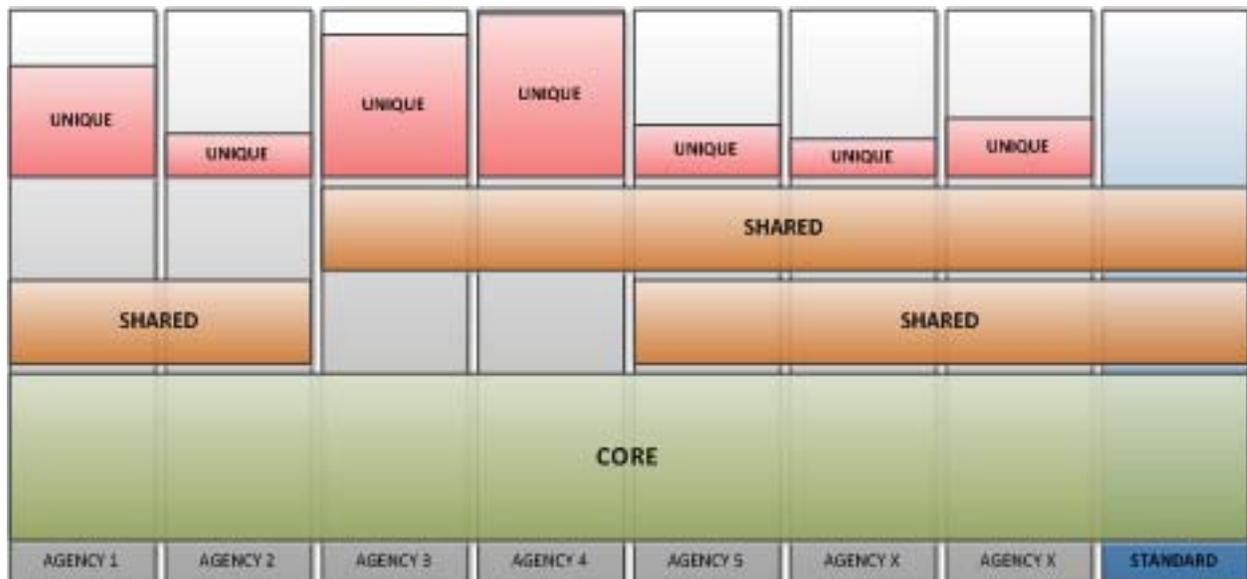
For more information, including FAQs and how to access to the 1099 download, please visit DES's [1099-MISC Reporting site](#).

## Travel Policy Review

Effective October 1, 2013, we updated travel policies for changes in General Services Administration per diem rates and other miscellaneous items brought to our attention by a few agencies. Because we were unable to address all of the items proposed by agencies, we plan to do a broader review of travel policies in the spring of 2014. If you have policies you would like reviewed or would like to participate in the work group, please contact Bret Brodersen at (360) 725-0229 or [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov).



**Illustration of CORE, shared and unique configuration for agencies**



**Determining CORE for TLA**

1. The project team will provide the vendor with the requirements information gathered to date.
2. The vendor will develop a “candidate” CORE based on best practice, TLA rules, and known requirements.
3. The Advisory Group and TLA project staff will participate in workshops led by the vendor to determine an initial CORE that can work across the enterprise.
4. CORE will evolve over time as new business requirements are defined and additional agencies are added.

**Learn More**

- Visit the TLA project web site at [www.des.wa.gov/about/pi/TLA/](http://www.des.wa.gov/about/pi/TLA/)
- If you have specific questions, access the project directly at [tla@des.wa.gov](mailto:tla@des.wa.gov)

A brochure about the “what and why” of TLA can be downloaded from the project site at: <http://www.des.wa.gov/SiteCollectionDocuments/About/TLA/TLA-Publications/WhatIsTLA.pdf>

## Cash Management Improvement Act & Treasury State Agreement

The Office of Financial Management (OFM) on behalf of the state, enters into the Treasury State Agreement (TSA) with the US Treasury Department. This purpose of the agreement is to establish draw techniques for financial assistance programs where the state receives \$20 million or more in revenue so that that activity is interest neutral for both the state and federal government. Our new TSA liaison visited on September 16th and shared information about the federal program and saw a demonstration of our processes.

Soon we will begin preparing the Cash Management Improvement Act (CMIA) annual report which is due to the US Treasury Department by December 31, 2013. This report summarizes actual cash draw activity in relation to the agreed upon techniques. The report will include activity for all federal programs included in the TSA. If you have questions please contact Bret Brodersen at (360) 725-0229 or [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov).

## Training Offered on a Variety of Subjects

We are pleased to announce the following important training classes will be offered by Statewide Accounting this quarter. All classes will be taught by Statewide Accounting staff.

Class Name	Dates	Times	Duration
Internal Control: Basics	December 4	8:00 - 12:00	4.0 hours
General Ledger Review	December 10	8:30 - 11:30	3.5 hours
Introduction to GAAP in WA State	December 11	8:00 - 3:30	7.5 hours

To view class descriptions and register, go to the Learning Management System website.

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

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

Additionally, the Association of Government Accountants (AGA), Financial Management Advisory Council (FMAC), and the State Auditor's Office (SAO) have agreed to sponsor future audio conferences. The schedule will be posted on the Olympia AGA (<http://aga-olympia.org/CPEEvent.aspx>) and FMAC (<http://www.ofm.wa.gov/accounting/fmac.asp>) websites when finalized.

## Approved FY 2014 SWCAP Agreement

The Fiscal Year 2014 Statewide Cost Allocation Plan (SWCAP) has been approved by Health and Human Services and is available online at <http://ofm.wa.gov/swcap/default.asp>. The webpage lists the current and prior federally approved agreements for the SWCAP.

Instead of sending a copy of the approved agreement to agencies with federal expenditures, the approval memo was sent via email and referred agencies to the above webpage for a copy of the agreement and share of the allowable statewide central service costs not recovered through direct cost distributions to state agencies and institutions. These costs may be recoverable from each agency's federal grants via indirect cost recovery.

Questions about the SWCAP should be directed to Mike Schaub at (360) 725-0225 or [mike.schaub@ofm.wa.gov](mailto:mike.schaub@ofm.wa.gov).

## SAAM Update

The State Administrative and Accounting Manual (SAAM) was updated recently to reflect changes in state travel and payroll policy.

Effective October 1, 2013, OFM Directive 13A-08 made key changes to travel policy, including: updates and clarification on when business air common carrier purchase are allowed; added policy language for non-air common carrier travel; and allowed for added fees charged for internet access required in conjunction with state business to be reimbursed. The U.S. General Services Administration updated reimbursement rates for lodging and meals and those changes are reflected on the state Per Diem Rates map which can be found on OFM's Travel Resources website at: <http://ofm.wa.gov/resources/travel.asp>. Additionally, mileage rates for privately owned motorcycle and aircraft were also updated.

In SAAM Chapter 25, we removed all references to Temporary Salary Reduction Leave. In Subsection 25.60.40, employee health insurance premiums have been added to the disposable earnings calculation for educational loans. The form reflecting this change can be printed from the OFM's Payroll Resources website at: [http://www.ofm.wa.gov/resources/payroll/garnish\\_and\\_overpymts.asp](http://www.ofm.wa.gov/resources/payroll/garnish_and_overpymts.asp).

For a complete list of key changes in the most recent SAAM updates, refer to the OFM Directives <http://ofm.wa.gov/policy/directives.asp>. All SAAM policies, directives, technical corrections, and superseded policies are available online at: <http://www.ofm.wa.gov/policy/default.asp>.

If you have questions regarding SAAM policy content and interpretation, please contact the OFM Accounting Consultant assigned to your agency.