2013 Single Audit

The 2013 Single Audit Report is now available online at http://www.ofm.wa.gov/singleaudit/default.asp. The Single Audit must be filed with the federal clearinghouse within nine months of the fiscal year end. While it was a scramble at the end, we were able to meet the filing deadline. We thank all agencies who contributed to making this possible.

The 2013 Single Audit reported:
- Federal assistance expenditures of $14.9 billion.
- 45 findings which is down from 63 in 2012.
  - Four findings related to subrecipient monitoring which is down from 13 in 2012.
  - Six findings on failure to comply with reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) which is down from eight in 2012.
- $4.3 million in questioned costs which is up slightly from 2012.

Now that the Single Audit has been filed, we turn our attention to deciphering the new federal Supercircular.

(continued on page 11)

Another fiscal year is coming to a close

Hard as it is to believe, fiscal year 2014 year-end close is just around the corner. While we are planning for an earlier CAFR, agency closing dates are fairly consistent with prior years. Here are the important fiscal year-end dates to keep in mind:

<table>
<thead>
<tr>
<th>Due Date</th>
<th>Reporting Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30</td>
<td>Last day of the fiscal year; cash cutoff (refer to OST’s closing schedule memo)</td>
</tr>
<tr>
<td>July 15</td>
<td>Disclosure Form application opens</td>
</tr>
<tr>
<td>July 23</td>
<td>Interagency billings must be mailed</td>
</tr>
<tr>
<td>July 31</td>
<td>Phase 1 closes - Agency Accruals</td>
</tr>
<tr>
<td>August 22</td>
<td>Phase 1B closes - certain state disclosure forms are due</td>
</tr>
<tr>
<td>September 5</td>
<td>Phase 2 closes - Agency Adjustments completed, remaining State and Federal Disclosure Forms are due. Note: Prioritize interagency receivable/payable reconciliations as many agencies have an early internal close date.</td>
</tr>
<tr>
<td>September 17</td>
<td>State Financial Certification form is due</td>
</tr>
<tr>
<td>December 5</td>
<td>Federal Assistance Certification form is due</td>
</tr>
</tbody>
</table>

New last year, Phase 1B is an earlier due date for certain state disclosure forms (three Bond forms, three Cash & Investment forms, and Certificates of Participation on the Liabilities form). We found that having the information earlier was useful for us, and we heard that it was workable for most of you.

(continued on page 2)
Another fiscal year is coming to a close - continued from page 1

However, if your agency cannot complete some or all of the Phase 1B forms by August 22, you will need to request an extension by sending a memo to your assigned OFM accounting consultant. The memo should list the form(s) for which an extension is needed and the date by which your agency can complete the form(s). The requested date can be no later than the end of Phase 2, September 5, 2014. Remember that completion of the disclosure forms requires all AFRS entries related to those forms to also be complete.

A key step in the fiscal year close process is balancing interagency receivables and payables. We are hearing from many of you that earlier attention to interagency balances is critical for you to meet your internal closing schedules. For several large agencies, cutoff for activities such as interagency balancing is mid-August. As you are planning for closing, prioritize your work with other agencies so that those interagency balance issues are resolved timely.

Chapters 90, State Reporting, and 95, Federal Assistance Reporting, in the State Administrative and Accounting Manual are updated every year to reflect changes in reporting requirements. The Chapter 90 update will be issued in May and Chapter 95 will be updated following the issuance of the Office of Management and Budget’s Circular A-133 Compliance Supplement. For additional information, please contact your assigned OFM accounting consultant.

Are you ready?
As we have previously shared, in response to the financial community’s interest in more timely financial information, we initiated our “faster CAFR” initiative a couple of years ago. Thanks to all of you, we have been able to issue our CAFR earlier each year. Last year, we met our goal and completed the CAFR on November 8. Our goal for this year is even more challenging - October 31. This is definitely a stretch goal, but we won’t know if it’s possible unless we try.

To meet the October 31 goal, everyone must do their part in a timely fashion. While close is a busy time, there are things you can do to manage the stress level. Don’t wait until year end. If you haven’t already, start now –

- Reconciling your GLs and posting appropriate adjusting entries.
- Performing administering agency duties.
- Setting internal due dates and assigning tasks. Remember to tackle those interagency balances early on.
- Reviewing your closing activities for opportunities to Lean processes.
- Communicating deadlines both internally (those who supply needed information) and externally (vendors, contractors).
- Reviewing areas that caused you problems last year and developing solutions.
- Taking year end training as appropriate.
- Verifying that needed CFDA numbers are available in AFRS.
- Getting prepared to issue your interagency billing by the July 23 due date. Timeliness is critical.

We appreciate your past efforts to meet the CAFR deadlines and look forward to another successful close. For additional information, please contact your assigned OFM accounting consultant.
Focus on Reconciliations

We are continuing our emphasis on general ledger (GL) reconciliations because the foundation of quality financial information is in the detailed data recorded in AFRS at the GL level. We have been reaching out to agencies over the past few months to discuss GL reconciliations and have found that while many of you have well established reconciliation processes, others need some assistance.

We will be offering two new GL Reconciliation training classes this spring:

- **General Ledger Reconciliation – Basics**: This class will provide an overview of basic reconciliation concepts. Emphasis will be placed on the value of reconciliations as well as the approach, frequency and key components of GL reconciliations.
- **General Ledger 5111 Reconciliation**: This class demonstrates a technique to determine if there are balances in GL 5111 that need to be researched; discusses how to research transactions from prior biennia; and shows how to document the 5111 reconciliation for a manager’s review.

These new classes supplement a number of existing classes that cover reconciliation processes including: Health Insurance Reconciliation, Payroll Revolving Account Reconciliation, and In-Process Report Training. If you are unfamiliar with GLs, we also offer an introductory class on General Ledger Review.

Classes will be offered on the following dates:

- **General Ledger Reconciliation – Basics**
  - May 14, 1:15-4:45
  - May 20, 8:30-12:00
  - May 28, 1:15-4:45
- **General Ledger 5111 Reconciliation**
  - April 21, 1:00-4:00
  - April 29, 8:30-11:30
  - May 19, 1:00-4:00

To register, go to the [Learning Management System website](#).

We also plan to add a page to our Resources website that provides information about reconciliations. It will feature best practices, a summary of SAAM required reconciliations, and useful information we collected from agencies such as sample reconciliations, templates and procedures.

For assistance or additional information, please contact your assigned OFM accounting consultant.
Cash Management

To ensure good cash management over federal grants, the Financial Management Service of the U.S. Department of the Treasury implemented the Cash Management Improvement Act (CMIA) of 1990. The CMIA governs the transfer of funds between the federal government and states. The goal is to make cash activity related to federal assistance programs interest neutral.

The state of Washington has a number of federal assistance programs that are governed by the CMIA through inclusion in our Treasury State Agreement (TSA). The TSA is renewed annually and specifies the techniques used by state agencies to draw grant funds from federal agencies (http://www.fms.treas.gov/cmia/tsa-14.html). The draw patterns are intended to be interest neutral. In other words, the state is reimbursed when payments associated with federal assistance programs leave the state treasury, not earlier allowing the state to earn interest holding federal funds, and not later causing the state to lose interest waiting for federal reimbursement.

Following the close of each fiscal year, the state must report to the federal government actual experience related to the agreed upon draw techniques. If federal funds weren’t available to draw in accordance with the draw technique, then the federal government owes the state interest. If the state draws too early, then the state owes the federal government interest. In December we submitted the annual report for fiscal year 2013 and requested a federal interest payment of $1,844 which will be distributed to the accounts with programs that experienced late federal payments.

It’s time now to begin collecting information for the state fiscal year 2015 TSA. This year in our continuing efforts to improve processes, the forms that agencies use to update their section of the agreement are being revised.

(continued on page 5)
Data Security

As you know, AFRS generates large volumes of data that are stored in the AFRS Data Warehouse. Agencies routinely access this data through Enterprise Reporting Standard Reports (ER) and Web Intelligence (Webi). To address the security of the AFRS data in the warehouse, we are sponsoring an initiative with the overall goal to limit users’ access to data required by their business related tasks.

We have been working closely with the Department of Enterprise Services (DES) and initially determined the best way to meet the above goal is to establish three levels of access for ER and Webi users. Under this plan, each user would be assigned an access level based on business need. Users with access levels 1 and 2 would be required to sign a non-disclosure agreement. In addition, the feature in ER that allows a user to see another person’s reports by entering the other person’s user name would no longer be available for any access level. The three levels are:

<table>
<thead>
<tr>
<th>Access Level</th>
<th>Enterprise Reporting Standard Reports (ER)</th>
<th>Web Intelligence (Webi)</th>
<th>Target Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Users have statewide access to all data in Standard Reports that use the AFRS Data Warehouse data.</td>
<td>Users have statewide access to all AFRS Data Warehouse data.</td>
<td>Users with statewide business needs. Ex.: OFM Budget and Statewide Accounting staff, OST, SAO audit staff, Leg staff.</td>
</tr>
<tr>
<td>2</td>
<td>Users have access to all data belonging to the user’s assigned agency and other specified agencies in Standard Reports that use the AFRS Data Warehouse data. Users have statewide access to all data in Administering Agency and Financial Statements folders of Standard Reports.</td>
<td>Users have access to the AFRS Data Warehouse data belonging to the user’s assigned agency and other specified agencies.</td>
<td>Users with responsibilities for multiple agencies. Ex.: AOC, DES fiscal, DES SAFS, DOT, DRS, JLS, OFM fiscal, SEN, UW.</td>
</tr>
<tr>
<td>3</td>
<td>Users have access to all data belonging to the user’s assigned agency in Standard Reports that use the AFRS Data Warehouse data. Users have statewide access to all data in Administering Agency and Financial Statements folders of Standard Reports.</td>
<td>Users only have access to the AFRS Data Warehouse data belonging to the user’s assigned agency.</td>
<td>Users with agency-specific responsibilities.</td>
</tr>
</tbody>
</table>

We sent a letter to fiscal officers March 4, 2014, describing the plan and asking each agency to respond to a survey to gather input on the plan. The survey closed March 14. Thank you for the great response! We received 55 responses from 38 agencies. The responses were varied. Some agencies reported the changes will have no impact, while other agencies reported there will be impact due to the access level plan, the removal of the ER feature, or both.

The next step is to analyze the survey results and develop mitigation strategies, modify the plan, or a combination of both. We will communicate again with fiscal officers during the first half of April.

If you have any questions, please contact Kim Thompson at (360) 725-0224 or kim.thompson@ofm.wa.gov.

Cash Management - continued from page 4

These forms will be sent out the week of April 14-18, 2014.

Agencies with federal grants that are not on the TSA should also review current methods used to draw federal funds and ensure that they incorporate good cash management.

If you have questions concerning cash management related to federal assistance programs, please contact Bret Brodersen at (360) 725-0229 or bret.brodersen@ofm.wa.gov.
New Pension Standards Update

In June 2012, the Governmental Accounting Standards Board (GASB) issued new standards for pension accounting and reporting. GASB Statement 67 addresses financial reporting for pension plans and GASB Statement 68 establishes financial reporting for government employers that prepare GAAP-compliant financial statements. Statement 68 will significantly change the way state and local governments calculate and report the costs and obligations from a funding approach (based on the government’s decision regarding how much money it will contribute in a given year) to a GAAP approach (based on when the benefits are earned by participating employees).

The Department of Retirement Systems is implementing Statement 67 for fiscal year 2014 reporting. Statement 67 requires enhanced note disclosures and new Required Supplementary Information (RSI) schedules.

Statement 68 is effective for fiscal years beginning after June 15, 2014 (fiscal year 2015 reporting) and requires employers in cost-sharing plans, such as the Public Employees’ Retirement System (PERS), to report their proportionate share of the plan’s net pension liability. Implementation of Statement 68 is especially complex here in Washington because of the number of pension plans administered by the state and the large number of employers participating in each plan.

The Department of Retirement Systems, the Office of the State Actuary, the Office of the State Treasurer, and the Office of Financial Management have formed a workgroup to coordinate implementation of the new standards. While implementation of Statement 67 is a priority because of its earlier effective date, the workgroup is attentive to the employer requirements of Statement 68. The Department of Retirement Systems has developed a website at [http://www.drs.wa.gov/employer/gasb/default.htm](http://www.drs.wa.gov/employer/gasb/default.htm) including useful resources and frequently asked questions to assist employers in implementing these new requirements.

If you have questions, please contact Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

CAMS Survey

Statewide Accounting recently sent out a survey to CAMS users. The response rate was great and included numerous well-considered suggestions for improvements.

We are currently sifting through and consolidating the responses. One feature that many requested was the ability to export CAMS data to Excel. We are currently discussing this and a number of other potential improvements with the Department of Enterprise Services. We will keep you posted as the work effort progresses.

Again, we thank you very much for your responses. If you have questions, please contact Bruce Gorsky at (360) 725-0221 or bruce.gorsky@ofm.wa.gov.
Core Financial Systems is now One Washington

In the last issue of The Connection, you heard that a project is underway to create a business case for replacing the State’s core financial systems. The project is now officially known as One Washington to reflect the inclusiveness of the project – it affects all branches of government and all agencies. The project is sponsored by the Office of Financial Management, Department of Enterprise Services, Office of the Chief Information Officer, and the Office of the State Treasurer. In addition, the Executive Steering Committee is made up of representatives of all branches of government, small and large agencies, and diverse business lines that are affected by the financial systems.

The project is led by Denise Doty as State Project Director. The state engaged with Point B to provide project management services and with Accenture to conduct the assessment.

The first six weeks of the assessment include:

- **Business Process Flash Diagnostics.** We selected 15 agencies representing all three branches of state government; small, medium and large agencies; those with complex funding and others that are simple; some with significant grants and those with few grants; and agencies with 24/7 operations. These 15 agencies are answering hundreds of questions about their processes for the purpose of identifying opportunities for improvement.
- **Strategy Lab.** This includes tapping into a group of state leaders to determine how the state will be doing business in the next 15 to 20 years. Should we have the opportunity to replace systems, we won’t want to simply replace what exists currently, but rather, look toward the future.
- **Assessing Current Financial Systems.** We are identifying systems that interface with the core financial systems. As much as possible, we will build on the work completed as part of the Roadmap and the Performance Audit and will try to avoid asking for information that has been requested previously.

The strategy part of the project will occur after the assessment work is complete and will include evaluating readiness for replacing the core financial systems, as well as developing a recommended approach including business process redesign, phasing, and scope. The final product will be a business case focusing on the business value that would be achieved by replacing the systems. We will then work on a proposed approach and possibly a decision package for the 2015-2017 budget.

It is equally important to know what is out of scope. The work underway this biennium will not include either developing detail system requirements or procuring a system. The results of our assessment and business case will determine the path forward.

We have set up a project website at [http://one.wa.gov](http://one.wa.gov) to keep you informed along the way. In addition, we are in the process of setting up the One Washington Network to provide each agency with a path to connect with the Project.

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Using Master Index (MI) for Payroll Processing (or Posting Payroll to Multiple Accounts) - continued from page 6

OFM and DES are working together to change the source of the OST file. The goal is for AFRS to send the file to OST instead of HRMS. The AFRS file will contain agency/account detail after MIs are exploded. The benefit for agencies is that, in most cases, a fund summary JV will not need to be sent to OST.

This change is scheduled to be in production in Spring 2014.

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).
SAAM Updates In Progress

Travel
As noted last fall in The Connection, we have collected a number of suggestions from you related to the travel policy. As planned, we have convened a travel review workgroup to help us evaluate the suggestions and bring forward other ideas for improvement. Two of the primary suggestions under consideration relate to making the three hour rule easier to understand and clarifying requirements for lodging receipts.

In the next few months we will be evaluating agency input, doing further research, and considering options for policy changes. We will be communicating with agency stakeholders on our travel distribution list. If you have questions or suggestions, or want to be added to the distribution list, please contact Bret Brodersen at (360) 725-0229 or bret.brodersen@ofm.wa.gov.

Small and Attractive Assets
As we mentioned in the last The Connection, we heard from many of you that other changes should be considered related to Small and Attractive Assets policy. Many suggested we revisit the dollar threshold. Others pointed out that, while certain small and attractive assets such as smart phones, laptops, and tablets are relatively inexpensive, the security of the data stored on these devices cannot be minimized.

In the next few months we will be doing additional research, soliciting further input from agency stakeholders, and coordinating with the Office of the Chief Information Officer and Consolidated Technology Services to update the small and attractive policy. If you have questions or suggestions, please contact Heidi Algiere at (360) 725-0182 or heidi.algiere@ofm.wa.gov.

Aircraft
We are currently convening a workgroup to look at SAAM Section 70.50 Aircraft. This policy has not been updated in many years, and we are looking for your suggestions. We are reaching out to several agencies that have aircraft to help update this policy.

If you have questions or suggestions, or want to be added to the workgroup, please contact Pat Sanborn at (360) 725-0178 or patricia.sanborn@ofm.wa.gov.

Consumable Inventories
SAAM Section 35.10 currently states that consumable inventories must be physically counted, valued, and recorded in the general ledger when the fiscal year-end balance on-hand at an inventory control point exceeds $25,000. In order to adjust for inflation, we will be updating SAAM by increasing the inventory control point threshold to $50,000.

With this update we will also clarify that agencies are required to define Inventory Control Point in their written internal policies.

If your agency has comments about this change, please contact Sandy McGough at (360) 725-0194 or sandy.mcgough@ofm.wa.gov.
Time, Leave, and Attendance (TLA) Project Update

Since October 2013, WorkForce Software has been working to provide implementation and configuration of its EmpCenter software for the new Time, Leave, and Attendance (TLA) application for the state of Washington. Workforce has been working with project staff from Departments of Ecology (ECY), Transportation (WSDOT), and Enterprise Services (DES) and the Office of Financial Management (OFM) as well as the Agency Advisory Group to assist the state in making technical and business decisions that will shape the TLA application through configuration of state and agency business rules. Some of the key decisions are:

- Leave accruals, usage and projections will be calculated and managed in TLA instead of HRMS.
- TLA will be the system of record for leave accrual activity.
- Configuration for TLA will be centralized at DES. The decision to centralize assumes a Service Level Agreement will be developed and put into place.
- Employees who report start/stop times will record time in actual hours and minutes.
- TLA will retrieve employee data from HRMS. There will be no means for entering new employees directly into TLA.
- Contractors will not be tracked in TLA.

In late February, project staff met with training specialists from WorkForce Insight, the training vendor, to discuss the training and knowledge transfer strategies for the new application. The goal of the workshop was to establish a common understanding of the WorkForce approach to preparing state employees to use and maintain the TLA application. Project staff will continue developing training and knowledge transfer plans. Because of the diversity of state jobs and agency requirements, TLA training will be tailored to fit its audience. To facilitate this, TLA user training will be multi-layered and use a variety of delivery methods. Staff at implementing agencies will attend train-the-trainer workshops and be active in preparing employees for the shift to TLA.

WorkForce conducted functional configuration training in March for project staff from DES technical, testing, interface and business analysis teams. This group of state employees will team with WorkForce to configure the WSDOT and ECY implementations. The state team will handle configuration for future agency implementations, while WorkForce will provide application updates.

For more information:
- Visit the TLA project web site at www.des.wa.gov/about/pi/TLA/.
- If you have specific questions, access the project directly at tla@des.wa.gov.
Spring Quarter Training Offered on a Variety of Subjects

We are pleased to announce that the following training classes will be offered this quarter. All classes will be taught by Statewide Accounting staff. For fiscal year-end training, refer to page 4.

<table>
<thead>
<tr>
<th>Class Name</th>
<th>Dates</th>
<th>Times</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting for Payroll</td>
<td>April 8</td>
<td>8:30 – 4:00</td>
<td>7.5 hours</td>
</tr>
<tr>
<td>In-Process Report Training</td>
<td>April 15</td>
<td>8:30 – 12:00</td>
<td>3.5 hours</td>
</tr>
<tr>
<td>Compliance: Travel Policies</td>
<td>April 16</td>
<td>8:30 – 3:00</td>
<td>6.5 hours</td>
</tr>
<tr>
<td>Payroll Revolving Account Reconciliation</td>
<td>April 29</td>
<td>8:00 – 3:30</td>
<td>7.5 hours</td>
</tr>
<tr>
<td>Accounting for Revenue, Receivables, and Cash Receipts</td>
<td>May 7</td>
<td>8:30 – 12:00</td>
<td>3.5 hours</td>
</tr>
<tr>
<td>Health Insurance Reconciliation</td>
<td>May 13</td>
<td>8:30 – 12:00</td>
<td>3.5 hours</td>
</tr>
<tr>
<td>Internal Control: Basics</td>
<td>May 13</td>
<td>8:00 – 12:00</td>
<td>4.0 hours</td>
</tr>
<tr>
<td>General Ledger Review</td>
<td>May 14</td>
<td>8:00 – 11:30</td>
<td>3.5 hours</td>
</tr>
<tr>
<td>Introduction to GAAP in Washington State</td>
<td>May 20</td>
<td>8:00 – 3:30</td>
<td>7.5 hours</td>
</tr>
<tr>
<td>Administering Agencies</td>
<td>June 10</td>
<td>10:00 – 12:00</td>
<td>2.0 hours</td>
</tr>
<tr>
<td>Internal Control: Payroll</td>
<td>June 11</td>
<td>8:30 – 3:30</td>
<td>7.0 hours</td>
</tr>
<tr>
<td>In-Process Report Training</td>
<td>June 18</td>
<td>1:00 – 4:30</td>
<td>3.5 hours</td>
</tr>
</tbody>
</table>

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

In addition to the classes listed above, Statewide Accounting will be rolling out two new general ledger reconciliation classes this quarter. Refer to related article on page 3.

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 right classes. 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) are sponsoring a number of audio conferences. The schedule is posted on the Olympia AGA (http://aga-olympia.org/CPEEvent.aspx) and FMAC (http://www.ofm.wa.gov/accounting/fmac.asp) websites.
The Office of Management and Budget (OMB) streamlined the guidance on administrative requirements, cost principles and audit requirements for federal awards and combined the following OMB Circulars in one Supercircular:

- A-21 Cost Principles for Educational Institutions
- A-87 Cost Principles for State, Local and Indian Tribal Governments
- A-110 Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
- A-122 Cost Principles for Non-Profit Organizations
- A-89 Catalog of Federal Domestic Assistance
- A-102 Grants and Cooperative Agreements With State and Local Governments
- A-133 Audits of States, Local Governments and Non-Profit Organizations
- A-50 Audit Followup

Federal agencies have to implement the provisions of the new Supercircular as of December 26, 2014. Audit requirements will apply to audits of fiscal years beginning on, or after December 26, 2014. Administrative requirements and cost principles will apply to new awards and to funding increases to existing awards made after December 26, 2014.

Be on the lookout for upcoming trainings related to the new Supercircular.

More information is available at: https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards

If you have any questions or comments, please contact Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.