Another Successful CAFR Season!

The time of year has come again where hard work and dedication finally pays off. After months of commitment and perseverance, the Office of Financial Management (OFM) is pleased to present the 2007 Comprehensive Annual Financial Report (CAFR). Every element of the state's CAFR is a reflection of the level of dedication and professionalism of the state's fiscal staff. We thank each and every one of you for your ongoing efforts.

In this year’s CAFR, we implemented the Governmental Accounting Standards Board (GASB) Statement No. 43 Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans. This statement establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans. In Fiscal Year 2008, we look forward to implementation of both Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and Statement No. 49 Accounting and Financial Reporting for Pollution Remediation Obligations.

We invite you to view the 2007 CAFR online at: www.ofm.wa.gov/cafr/2007/default.asp. If you have any questions, please contact Wendy Jarrett at (360) 664-7675 / wendy.jarrett@ofm.wa.gov.

2007 Audit Resolution Report Issued

The Audit Resolution Report was issued to the Legislature in December 2007.

It summarizes the status of corrective actions taken by 17 state agencies in response to 60 audit exceptions issued by the State Auditor’s Office for Fiscal Year 2006, including three findings related to fraud. The Audit Resolution Report includes exceptions noted in the Medicaid audit for Fiscal Year 2006, as well as individual agency and special audit reports.

The report contains 31 percent fewer audit exceptions than in the prior fiscal year. We acknowledge agency efforts in focusing on accountability for state resources and program activities, as well as assisting us in the compilation of the 2007 report.

We invite you to view the 2007 Audit Resolution Report at http://www.ofm.wa.gov/auditresolution/2007/default.asp. If you have any questions, please contact the State Financial Consultant assigned to your agency.

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If you have questions or comments on any information contained in The Connection, please contact Angela Knight at (360) 664-7654 or angela.knight@ofm.wa.gov.
Comments from the Assistant Director

Stewardship and Accountability

When it comes to the health and welfare of our nation, concerns are “bubbling up” all over and bring to the forefront the need for conscious stewardship and increased accountability of our resources. Concerned leaders are beginning to take notice; we see evidence of this at many levels. It is no longer enough that we worry about today, we must pay closer attention to the decisions we make and their impact on future generations.

For example, in his December 17, 2007 presentation, A Call for Stewardship, David M. Walker, Comptroller General of the United States, stated the following, “Candidly, our current deficit and debt levels are not unduly troubling as a percentage of our national economy. However, these deficit levels and related debt burdens are set to escalate dramatically in the near future due to the retirement of the ‘baby boomers’ and rising health costs.

…Believe it or not, the federal government’s total liabilities and unfunded commitments for future benefits payments promised under the current Social Security and Medicare programs are now estimated at $53 trillion…up from about $20 trillion in 2000. This translates into a defacto mortgage of about $450,000 for every American household and there’s no house to back up this mortgage! In other words, our government has made a whole lot of promises that, in the long run, it cannot possibly keep without huge tax increases…When ‘baby boomers’ begin to retire in big numbers, it will bring a tsunami of spending that, unlike most tsunamis, will never recede.”

In addition, the Financial Accounting Foundation (FAF), which oversees both Federal Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB), has proposed a number of structural changes to the foundation and the two standard-setting boards. “The proposals are intended to make the board more responsive in the changing environment we find ourselves in,” said Terri Polley, interim chief operating officer of the foundation. “They should increase the board’s ability to get things done more quickly and to respond to changes more quickly.”

On a personal level, I remain concerned at the amount of debt we as individuals are incurring. Many in our nation continue to spend more money than they make. Much of this spending is done via credit card use which has spiraled out of control. As a result, compounding interest costs and the associated debt is no longer manageable. So, where do we go from here?

David Walker says, “The American people are smarter than many elected officials and other individuals give them credit for. We’ve seen that once citizens are given the facts, most of them get it. In addition, most are willing to make some sacrifices for the future of their country and their families…Very importantly, most Americans, including me, care about their children and grandchildren. We don’t want to leave our descendants an indirect burden that could exceed any direct bequest we may be able to give them.” He encourages us to re-impose tough budget controls and that we engage in comprehensive Social Security reform, as well as round one of comprehensive health care and tax reform.

The future of our nation rests with each and every one of us. Are you willing and ready to be conscious stewards and provide accountability for those things within our span of control? I hope so, future generations are counting on us.

- Sadie Rodriguez-Hawkins
Purchase Card Programs: Controls are Critical

The use of purchase cards in state government has dramatically increased as agencies seek to eliminate the bureaucracy and paperwork associated with making small purchases. Both the state and the vendor community achieve efficiencies when purchase cards are used. However, given the nature, scale, and increasing use of purchase cards, it is important for agencies to have adequate internal controls in place to help ensure proper use and to protect against waste, fraud, and abuse.

A recent performance audit of the State of Georgia’s purchase card program highlights the importance of having adequate internal controls in place. The report can be found at: https://www.audits.state.ga.us/internet/pao/rptlist.html in the General Government section (click on State Purchasing Card Program).

Here are some examples of the fraudulent (unauthorized or intended for personal use) or improper (intended for government use but not permitted by law or policy) purchases made by cardholders in Georgia:

- $30,330 in gift cards and/or Visa debit cards for a cardholder’s personal use
- $900 in payments to debt collection agencies
- $270 repair for a cardholder’s sister’s car
- $1,462 in jewelry purchases
- $3,300 in payments for a cardholder’s son’s car insurance
- $3,350 in payments to Cingular for a cardholder’s personal account and son’s account
- $4,000 for laptop computers and digital cameras for personal use

A purchase card program can be a valuable tool that provides the flexibility in making purchases and saves money on transaction processing. However, putting purchasing decisions in the hands of employees with ineffective management oversight and control allows for potentially fraudulent, improper, and abusive or questionable usage of purchase cards to go undetected.

Implementing and enforcing the proper processes and internal controls is the only way to provide reasonable assurance that fraud, waste, and abuse are minimized, allowing agencies to receive the maximum value and benefit of the purchase card.

Chapter 45 of the State Administrative and Accounting Manual (SAAM) provides policy direction regarding purchase card programs in state agencies.

For questions or comments related to purchase cards, please contact Pam Valencia at (360) 664-7670 / pam.valencia@ofm.wa.gov.

POV Mileage Rate Increase

Effective January 1, 2008, the state’s reimbursement rate for privately-owned vehicle (POV) mileage increased to $.505 from $.485. The increase mirrors the federal rate set by the United States Treasury Department. The increased rate is reflected in an update to Chapter 10 - Travel in the State Administrative and Accounting Manual (SAAM).

If you have questions on the mileage rate, please contact the State Financial Consultant assigned to your agency. You can find your agency’s consultant at http://ofm.wa.gov/accounting/swa/swacontacts.asp.

The complete text of SAAM is available at http://www.ofm.wa.gov/policy/default.asp.
Capital Systems Improvement (CSI) Project

Work continues on the development of a new Capital Budget System (CBS) to support the entire business process for the Legislature, OFM, and state agencies. This tool will be in production and ready to use in January 2008 for the 2009-11 Capital Budget.

Security Access
Two new security access roles were added to CBS: Facility Access and Division Access.

Will your agency utilize the Facility Access role in the new CBS system?
Examples of users with Facility access include architects, or maintenance workers submitting a project request.
NOTE: We created this role to eliminate the re-keying of data.

Will your agency utilize the Division Access role in the new CBS system?
An example of a user with Division access is the intermediary between Facility users and the Agency Budget users.


Upcoming Training
Training for Division and Facility access users will start in January 2008, and training for Agency Budget users is scheduled for March 2008. The finalized CBS training schedule will be posted at http://swfs.ofm.wa.gov/swt/training.asp within the statewide intranet and at https://fortress.wa.gov/ofm/classes/swt/training.asp outside the statewide intranet.

PROJECT TIMELINE
- January 2008 - Deliver a phase of the new CBS for users to start developing 2009-11 budget.
- January 2008 - Deliver Project Request Detail and Cost Estimate reports within the system.
- March 2008 - Deliver the rest of the system and reports.

If you have questions or comments about this project, please contact Debbie Hoxit at (360) 902-0582 / debbie.hoxit@ofm.wa.gov or Sara Corbin at (360) 664-7737 / sara.corbin@ofm.wa.gov.

CASII Status

The Central Accounting System Interface Inventory (CASII) is well underway. CASII is an effort to examine all inbound and outbound interfaces to AFRS, DRS, TMS, and ER to determine interface impacts on future accounting system decisions.

The CASII team continues to meet with and interview agencies. To date, 79 agency interviews are complete, including GA, DOR, DSHS’ CAMIS and DVR divisions, ECY, AGR, L&I, and about 30 small agencies. Nine more agencies are scheduled and 51 agencies remain. We expect to complete the interviews by May 2008, followed by analysis and planning of further use of the data.

If you have any questions on this project, please contact Mike Contris, Project Manager, at (360) 664-7687 / mike.contris@ofm.wa.gov.
GCLM Contract Awarded

The grant, contract, and loan management (GCLM) project RFP process is complete. We have a contractor: Sierra Systems. We have a product: The Opportunity & Procurement Exchange Network (O&PEN) solution. And now we’re ready to roll!

**About the product:** O&PEN is a highly configurable engine developed by the OGMA Consulting Corporation, which is being used for a variety of large eGovernment applications in Canada and Oregon. The RFP evaluation team recommended O&PEN as a good fit with the Roadmap program direction, and the best long-term investment for the state.

**Next Steps:** Once the baseline system is installed, Sierra Systems and OGMA will start training the project team on configuration options available for the new system. Meanwhile, the team is compiling a “blueprint” of CTED and Ecology grant and loan programs from sample documents and information provided by agency grant and loan program managers. The blueprinting effort is revealing plenty of opportunities for common processes and data in the new enterprise system.

**Quarterly Newsletter:** Look for the first issue of a quarterly project newsletter, due out January 2008. The first issue will include an overview of the system and an update on the system status. The hot topic will be an announcement of the system name.

Subscribe to the newsletter at [http://listserv.wa.gov/cgi-bin/wa?SUBED1=SWFS2&A=1](http://listserv.wa.gov/cgi-bin/wa?SUBED1=SWFS2&A=1) and choose GCLM – General.

For more information about the GCLM project, visit the website at: [http://www.ofm.wa.gov/accounting/grants/default.asp](http://www.ofm.wa.gov/accounting/grants/default.asp) or contact Doug Beam at doug.beam@ofm.wa.gov or Susan Dodson at susan.dodson@ofm.wa.gov.

EDD/COA

The Enterprise Data Definition and Chart of Accounts (EDD/COA) project began on January 2, 2008.

This project will be accomplished with agency participation and will help identify unmet enterprise information that decision makers need, and how common data definitions and revisions to the Chart of Accounts can meet these needs.

This is another step in helping state policy makers and executives make decisions about how to move forward into the future and respond to dynamic and complex information requirements. With better information, there are better decisions, and better transparency and accountability that Washington State citizens demand.

The scope of this project includes identifying data needs from the following data subject areas: Purchasing, Revenue, Agreements, Performance Measurements, and other miscellaneous areas for which data questions have been asked. OFM Statewide Financial Systems has been meeting with agencies to identify systems that currently interface with AFRS, DRS, TMS, and ER.

The recommendation from this project will be to either make changes to AFRS or to migrate to the SAP enterprise system. Either choice will result in improvements to business processes to standardize what can be standardized, and provide data needed for decision making.

Look for status of this project in future newsletters. If you have any questions, please contact Ann Bruner, at (360) 664-7711 / ann.brunner@ofm.wa.gov or Lee Hall at (360) 664-7735 / lee.hall@ofm.wa.gov.
Who's New In Accounting?

Lee Hall re-joined Statewide Accounting on December 3, 2007. Lee worked in Statewide Accounting from 1998 to 2001 and played a major role in our implementation of the new financial reporting model. She returns to assist with another major project - the Roadmap Program's Chart of Accounts/Enterprise Data Definition project.

Lee graduated from the University of Washington and is a CPA. In addition to her previous work at OFM, Lee has held various positions in both state and local government. Most recently, she served as the Budget Officer for the Metro Park District of Tacoma where she coordinated the biennial budget over parks maintenance, recreation programs and an $84 million capital bond issue.

Lee can be reached at (360) 664-7735 / leec.hall@ofm.wa.gov.

Gloria Sypnicki joined Statewide Financial Systems December 3, 2007, as the Enterprise Reporting Product Manager. Gloria oversees the product management functions to ensure that the Enterprise Reporting products, services, and customer support are meeting the customers' needs, and are aligned with the strategic direction of Washington State government.

Gloria came to us from the Department of Social and Health Services (DSHS) with 27 years of fiscal program management and leadership experience. Her most recent roles with DSHS were Product Manager and Business Analyst for the Human Resource Management System (HRMS) and Provider One Projects. Prior to that, she served as the Co-Project and Product Manager on the Financial Reporting Improvement Project (FRIP) – a successful implementation and partnership between OFM and DSHS between 2001 and 2004.

Gloria can be reached at (360) 664-7785 / gloria.sypnicki@ofm.wa.gov.

Christina Wlodarczyk joined the Accounting Division Support Staff on October 22, 2007. She provides support to the OFM Training Registration program, meeting assistance to several projects, and general secretarial support to Statewide Financial Systems staff.

Over the last three years, she has worked as an administrative assistant for an optician's office and a mortgage broker. She most recently provided temporary administrative support to OFMs Employee Services division.

Christina can be reached at (360) 664-7786 / christina.wlodarczyk@ofm.wa.gov.

Roadmap Program Update

The Roadmap program continues to evolve. We will continue to provide updates on the program's progress in future issues of The Connection. In this issue, we focus on understanding the Roadmap Positioning Activities (page 7), and updates on activities #3, #5, and #11.

Program Office Taking Shape (Positioning Activity #11)

As identified in the governance structure (page 8), Wolfgang Opitz is the interim Roadmap Program Director and Kathy Rosmond is the Roadmap Coordinator. Together they will work with the Executive Sponsors to ensure Roadmap program priorities are accomplished and align with enterprise business objectives.

Governance Structure Approved (Positioning Activity #3)

The Roadmap Executive Sponsors updated the governance structure for the Roadmap Program to reflect this biennium's focus and direction. The new governance structure (page 8) provides the opportunity for greater participation in the Roadmap across all branches of government.
Roadmap Positioning Activities

1. Upgrade HRMS and implement eRecruiting.
2. Further define the financial and administrative enterprise and state direction.
3. Review the existing Roadmap governance structure to be more program-oriented – complete.
4. Complete a chart of accounts review and common data definition analysis to determine degree of consistent data requirements.
5. Review state procurement rules, policies, and procedures to identify areas for potential investment.
6. Continue providing leadership and necessary oversight to complete the implementation of major agency line-of-business systems.
7. Provide the direction and guidance necessary to move agencies toward established standards and approaches through review of existing policies and processes.
8. Lead a cross-agency effort to further examine and document existing interface/integration processes or issues.
9. Lead implementation of a strong Change Management Program.
10. Incorporate Lessons Learned from other states and the HRMS implementation.
11. Establish an Enterprise Program Office.
12. Develop detailed requirements and get “buy-off” before beginning blueprint.

Understanding the Roadmap Positioning Activities

Q. What are the Roadmap Positioning Activities?
A. The Positioning Activities include a number of strategic projects aimed at improving government internal operations. The activities are building blocks to more flexible and open government and will provide value to the state, regardless of the next steps toward making government more flexible and transparent.

Q. Where did the Positioning Activities come from?
A. Most of the Positioning Activities were recommended in the 2007 Roadmap Core Financials Feasibility Study. The study strongly advised the state to complete these foundation activities before embarking on another enterprise information systems implementation.

Q. Who is responsible for the success of the Positioning Activities?
A. The agency(s) that received funding for the Positioning Activity is responsible for its success.

Q. What is the role of the Roadmap Program in the Positioning Activities?
A. The role of the Roadmap Program is to ensure the Positioning Activities projects produce results that benefit the state as whole. The executive sponsors expect to be informed of, and involved in, Positioning Activity decisions that steer the state toward common policies, processes, systems, and data.

Q. Doesn’t the Roadmap interest in the Positioning Activities projects duplicate the DIS/ISB oversight role?
A. Some Roadmap Positioning Activities are also under DIS/ISB oversight. The Roadmap Coordinator and DIS work together to ensure consistency of information about projects that are presented to the Roadmap executive sponsors and ISB members.
Procurement Reform Team Brings First Policy Recommendation to the Roadmap Executive Sponsors (Positioning Activity #5)

The Procurement Reform Team presented its first procurement reform recommendation at the November Roadmap Executive Sponsors meeting. Ken Harden and Servando Patlan, Work Team members, explained that the recommendation was developed with input from a Central Services Customer Group, the vendor community, business associations, and the owners of state systems include vendor registration and and/or vendor notification functions.

In December, the Roadmap Executive Sponsors approved the following policy statement:

“All state agencies, at a minimum, must use a common approach to register and notify vendors of business opportunities with the state of Washington.”

Next steps for the Procurement Reform Team will be to develop an implementation plan. The executive sponsors recognized the Procurement Reform Team as the first Positioning Activity to bring a policy recommendation to the Roadmap Program. The sponsors thanked the Procurement Reform Team for their progress and asked them to bring the implementation plan and recommendations for potential enterprise procurement data definitions to future Roadmap sponsor meetings.

Roadmap Governance Structure