



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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July 5, 2017

**OFM DIRECTIVE 17A-03**

**TO:** Agency Directors and Policy Manual Users

**FROM:** /s/ Brian Tinney, Assistant Director  
Accounting Division

**SUBJECT: Chapter 20, Internal Control; Chapter 25, Payroll; Chapter 75, Uniform Chart of Accounts; and Chapter 80, Accounting Policies**

We have revised several policies in the *State Administrative and Accounting Manual* (SAAM) effective July 1, 2017.

Key changes to the policies in SAAM include the following:

**Chapter 20: Internal Control**

(Chapter 20 has been re-written)

- Adopts The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control.
- Removes Internal Audit subsections.
- Requires designating an Internal Control Officer for the agency.
- Requires annual written assurance letter to Agency Head signing the financial certification.
- Requires annual internal control risk assessments.

**Chapter 25: Payroll**

(Subsection 25.40.10 and 25.70.30)

- Updated the Benefits (Object B) as a percentage of salaries and wages (Object A) amount. (25.40.10). The fringe benefit rate remains 46% for the 17-19 biennium.
- Adjusted the limit for payments to the relatives of deceased employees based on the increase in the consumer price index for Seattle (RCW 49.48.120). (25.70.30.c).

### **Chapter 75: Uniform Chart of Accounts**

(Sections 75.65, and 75.70)

- Revises definition of IT expenditures (75.65.10).
- Removes OFM IT Coding resource document as authoritative (75.65.20).
- Added new statewide sub-subobjects (75.70.10), changed definitions for subobjects EF and ES (75.70.20), and added a new sub-section (75.70.30) that provides object/subobject decision flowcharts for certain types of expenditures.
- Establishes sub-subobjects required to be coded X/Y.

### **Chapter 80: Accounting Policies**

(Subsection 80.30.88)

- Adds the requirement to obtain OFM approval, in addition to the OCIO, when an agency is implementing, maintaining or modifying an accounting or reporting system.
- Added links to the OCIO definitions of administrative and financial systems and how systems are approved.

The policies and procedures prescribed in SAAM are the minimum requirements that state agencies must meet. An agency may adopt more restrictive or detailed policies as long as the agency meets the required minimum standards.

Please be aware that in addition to the SAAM policies, all OFM directives, technical corrections, and superseded policies are available online on OFM's website at:

<http://www.ofm.wa.gov/policy/default.asp>.

Additional administrative and accounting resources are also available on OFM's website at:

[www.ofm.wa.gov/resources/default.asp](http://www.ofm.wa.gov/resources/default.asp).

If you are maintaining a hardcopy manual, a link to the replacement pages is available at:

<http://www.ofm.wa.gov/policy/replacement-pages.asp>.