



The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

AFRS table roll schedule

Information about the AFRS table roll was sent to fiscal officers and designated table roll contacts on March 15, 2019. The table roll will occur in the following four phases:

April 20	Phase 1 – Organization Index and most descriptor tables
May 11	Phase 2 – Program Index and related descriptor tables
June 1*	Phase 3 – Appropriation Index and related descriptor tables
June 15	Phase 4 – Cost Allocation tables

* If budgets are not passed and signed by this date, phase 3 will be run one or more additional times.

Our [AFRS Table Roll](#) webpage contains a more detailed schedule along with a user guide, a detailed listing of the tables that roll during each phase, and other resources. Questions about the table roll can be addressed to Cheryl Hainje (360) 725-0193 or cheryl.hainje@ofm.wa.gov or Julie Girard at (360) 725-0191 or julie.girard@ofm.wa.gov.



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Another fiscal year is coming to an end!

It's April. Spring is in the air. That can mean only one thing: Fiscal year-end close is just around the corner. Below are the important fiscal year 2019 year-end dates to keep in mind as you plan your internal activities. For a calendar to print out, go to https://ofm.wa.gov/sites/default/files/public/resources/yearend/YE19_calendar.pdf.

Due Date	Reporting Item
June 28	Last day of the fiscal year; cash cutoff (refer to OST's closing schedule memo)
July 15	Disclosure Form application opens
July 19	Mail out interagency billings (whether based on actuals or estimates)
July 31	Phase 1 Close Agency accruals recorded. Prioritize interagency receivable/payable reconciliations as many agencies have an early internal close date.
August 16	Phase 1B Close <ul style="list-style-type: none"> • Certain state disclosure forms are due • Interagency receivable/payable balancing is due • Pollution remediation site status report is due

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PFML premium payments for first quarter not due until July

As reported in the [Winter edition of The Connection](#), payroll deductions for Paid Family and Medical Leave (PFML) premiums for non-bargaining unit employees (coded as non-represented) began with the January 10, 2019, payroll.

The Employment Security Department (ESD) has revised the first quarter PFML reporting and premium remittance timeline. Non-bargaining unit employee hours and wages for the first quarter of 2019 will be reported to ESD via interface following the June 25, 2019, payroll. Premiums are due by July 31.

This means that agencies will not be paying for first quarter 2019 premiums in April.

ESD will not assess fines or penalties for paying first quarter PFML premiums in July. For more information, please visit [ESD's Employer](#) website.

Premiums paid by employees, as well as employer costs, are accruing in general ledger code 5180 in the State Payroll Revolving Account (035). The title of the GL is Paid Family and Medical Leave Deductions Payable. Employer costs for PFML are charged to subobject BK – Paid Family and Medical Leave.

For more information on PFML, visit ESD's [Paid Family and Medical Leave](#) website. Accounting questions can be directed to Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.

Fiscal year-end training classes offered

Classes on state year-end closing procedures will be held in June. For those people with year-end closing experience, we offer a short update classes that focuses on current year changes and key items that we want to emphasize.

Class Name	Dates	Times	Duration
OFM - Fiscal Year-end Closing (State) – Update	June 11 June 18	1:30 – 3:00 10:30 – 12:00	1.5 hours

In addition, we will be offering the shortened version of the state fiscal year-end closing update class at the May 2019 Financial Management Advisory Council (FMAC) meeting. Refer to the [FMAC](#) page for details.

For people new to year-end closing, we also offer an 8-hour workshop. The workshop will focus on expenditures, payables, revenues, reconciliations, and Phase 2 adjustments. This will be a hands-on class and will include exercises to practice what is covered. Space is limited, so we ask that you read the detailed class description and coordinate within your office so that each agency sends the appropriate staff.

Class Name	Dates	Times	Duration
OFM - Fiscal Year-end Workshop	May 28 June 4 June 14 June 24	8:00 – 5:00 8:00 – 5:00 8:00 – 5:00 8:00 – 5:00	8 hours

To view class descriptions and register, go to the [Learning Management System \(LMS\)](#) website. If you register but cannot attend, please cancel your registration in LMS to make room for someone on the wait list.

Year-end classes will be held at the new Helen Sommers Building at 106 11th Ave SW. Parking is limited, so we recommend taking the DASH bus or walking if possible.

For additional information, please contact your assigned OFM Accounting Consultant.

Assess Finance Organizational Strategy and Readiness:

Federal Grants Community of Practice

The federal workgroup continues to work on the development of the federal grants training curriculum. At the most recent workgroup meeting, the group finalized the federal grants training development plan and timeline.

The federal grants training curriculum will include a variety of online and in-person training classes. We hope to offer the first training class, OFM – Federal Disclosure Forms (online), by June 2019. The group has also been collaborating with the State Auditor’s Office and hopes to have a new in-person training class, focused on federal grant compliance, offered in the summer of 2019.

In addition, the workgroup is in the early stage of developing common resources and hopes to have the [Federal](#) resource site updated with federal resources available for all agencies.

Please visit the [Federal Grants Community of Practice Project](#) resource site for project updates and workgroup meeting documents.

For more information, please contact Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

Chart of Accounts

From January to March, we met with the 13 agencies surveyed in September 2018 and gathered additional detail on how they currently use the Chart of Accounts (COA) and what gaps exist in our current structure. We are in the process of summarizing the information gathered and putting it in a meaningful format. Before the end of this fiscal year, we will send the summary document to all state agencies to review and provide feedback, specifically, we want to hear if an agency is using the COA elements for a purpose that has not already been captured.

This part of the project is where we want all agencies to participate and make sure their interests are represented. Agencies that were not part of the survey and interview process can prepare for this by thinking about your reporting needs, especially any that you believe are unique. What specific information are you required to report and why is it needed? For example, is it required by the Legislature, statute, the federal government or other grantor, or agency management; and for what purpose is it required.

Visit the [Chart of Accounts Project](#) website for project updates and artifacts from the previous phases of the project.

For more information, please contact Michael Schaub at (360) 725-0225 or michael.schaub@ofm.wa.gov.

Statewide Master Payee

When the new ERP system goes live, our goal is to have one statewide master payee layout for all vendors, employees, and other payees. We have been working on two tasks related to this purpose:

Agency Vendor Table Clean-up and Conversion to EE numbers

We completed the clean-up and conversion of employee records on the agency vendor file. This included removing invalid records, adding/updating records for all current employees paid through HRMS, and standardizing the vendor number format and record details. This will prepare us for the transition to the new Statewide Employee table. Thank you to all the agencies for working with us on this endeavor.

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Assess Finance Organizational Strategy and Readiness: - continued from page 3

Statewide Employee Table

The plan is to transition employee vendor records from the Agency Vendor table to this new Statewide Employee table before the end of FY19. Refer to article below.

Vendor Types 1 and 6 updated for Employees and Board and Commission Members

In conjunction with the recent cleanup and conversion of the AFRS Agency Vendor table to contain only employees and select board and commission members, we have modified the definition of the vendor types 1 and 6.

Old Definitions:

- Vendor Type 1 = Employees
- Vendor Type 6 = Board and Commission Members

New Definitions:

- Vendor Type 1 = All employees and board and commission members who are compensated via HRMS. (These individuals are set up in the AFRS Agency Vendor table. In the future, these individuals will be included in the new Statewide Employee table.)
- Vendor Type 6 = Board and commission members who are not compensated via HRMS. (These members are set up in the AFRS Statewide Vendor table.)

For more information, please go to the [FAQs](#) on the project website or contact: Vonnie Tallon at (360) 725-3860 or vonnie.tallon@ofm.wa.gov.

Statewide employee table

The new Statewide Employee table is coming soon to replace the old Agency Vendor table. Here are a few features of the new Statewide Employee table:

- The employee's information will be updated from a daily interface from HRMS. Agencies will not be able to update the information like they do on the Agency Vendor table today. Rather, employees will need to update their information in Employee Self-Service (ESS) or HRMS via their payroll office.
- If an employee needs to be blocked or changed for a specific reason, which cannot be handled thru HRMS, the HRMS agency will need to contact the support center to request the record to be changed or blocked.
- The employee's agency number will show on the upper right corner of the VE.2 screen.
- Agencies that have interest in an employee outside their agency will be able to create an interest record, similar to the Statewide Vendor table.
- Because agencies will be able to view employees outside of their agency, access to view the full SSN and street address will be very limited.

Prior to the conversion from the Agency Vendor table to the Statewide Employee table, OFM Information Technology Services will send out a message with the implementation date along with user documentation that will provide more details.

GASB Standards to be implemented in fiscal year 2019

The following new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB) become effective for fiscal year 2019 reporting:

Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

Existing laws and regulations, as well as contracts or court judgments, require governments to take specific actions to retire certain tangible capital assets, such as the decommissioning of nuclear reactors, removal and disposal of wind turbines in wind farms, and removal and disposal of x-ray machines, when there is both an external and an internal obligating event.

Some other assets that may have a retirement obligation include: asbestos in buildings; cell or communication tower lease agreements; distribution and transmission line systems; dams; power generation plants; radioactive machines; research facilities; sewer lagoons (including those part of a sewer treatment plan); surface mining such as sand, gravel, or dredge spoil stock areas; underground fuel storage tanks; water wells; coal or other hazardous material export terminals; oil wells; coal strip mines or ash ponds; and natural gas storage.

An ARO may also exist for either the lessor or the lessee, but not usually both. The terms of lease agreements should be reviewed and evaluated.

To determine if your agency has an ARO, it's important to review assets and research what disposition requirements might be involved.

We have reached out to agencies that may have AROs to discuss the new requirements. We have also added a new question on the Miscellaneous Disclosure Form to collect additional information in order to implement this standard.

If you think your agency may have AROs and you have not been in communication with us, please contact Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

Statement No. 88, *Certain Disclosures Related to Debt*. This statement clarifies what information should be disclosed in notes to government financial statements related to debt, including direct borrowings (for example, a government entering into a loan agreement with a lender) and direct placements (for example, a government issuing a debt security directly to an investor).

We added a new question on the General Bonds Payable Disclosure Form to assist us in gathering the necessary information to implement this standard.

For more information or if you think this standard may apply to your agency, please contact Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

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2018 Single Audit

The 2018 Single Audit Report is now available online at <https://ofm.wa.gov/accounting/financial-audit-reports/single-audit-report/2018-single-audit-report>. The Single Audit was submitted to the federal clearinghouse by the required due date of March 30, or within nine months of the fiscal year end. We thank all agencies who contributed to making this possible.

A few highlights of this year’s Single Audit:

	2018	2017	2016	2015	2014
Federal Assistance Expenditures	\$ 17.7 billion	\$17.5 billion	\$ 17.2 billion	\$ 17 billion	\$ 15.7 billion
Questioned Costs	\$21.9 million	\$43.0 million	\$ 18.4 million	\$ 28.7 million	\$ 3.9 million
Total number of findings	61	52	50	56	55
Activities Allowed/ Unallowed, Allowable Costs/Costs Principle	20	21	22	21	20
Special Test and Provisions	12	10	22	13	7
Subrecipient Monitoring	8	1	1	3	3

This year, there were eight findings related to subrecipient monitoring, which was a significant increase from the prior year. Most of these findings were due to a lack of controls in place to verify subrecipients received required audits, findings were followed up on, and management decisions were issued when due.

Federal regulations require pass-through agencies to monitor the activities of award subrecipients. This includes ensuring its subrecipients that spend \$750,000 or more in federal grant money during a fiscal year obtain a single audit. The audit must be completed and submitted to the Federal Audit Clearinghouse no later than nine months after the end of the subrecipient’s fiscal year.

Additionally, pass-through agencies must follow up on any audit findings a subrecipient receives that might affect the federal program, and must issue a management decision within six months of the audit report’s acceptance by the Federal Audit Clearinghouse.

These requirements help ensure grant funds are used for authorized purposes and within the provisions of contracts or grant agreements.

If you have any questions or comments, please contact:
 Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov
 Marina Yee at (360) 725-0221 or marina.yee@ofm.wa.gov

Agency interfaces from AFRS

Our goal is to have all agencies that interface from AFRS using the same server with a standard set of data elements prior to the ERP implementation. This will make converting the agency interfaces much easier when the new system is configured. We are currently working on Phase 2 of this project.

During Phase 1, WaTech set up a new State Government Network (SGN) server for the use of all agencies within the SGN to use for getting AFRS tables in place of the mainframe (AFRS), Enterprise Reporting (ER) or Webl. WaTech also set up an Active Directory (AD) group, to which agencies can add their own AD groups for access to the new SGN server. The Statewide Titles data on the server are updated near real-time from AFRS, as well as nightly. The master data dictionary, column names, and titles views are posted to the [website](#).

The SGN server is open for all agencies to sign up and start using it. The plan is for all agencies that currently have an outbound titles interface from AFRS to be switched over by June 30, 2019.

In Phase 2, we have two work efforts to complete by the end of FY20:

- Work with agencies using ER for extracting AFRS tables to switch over to the new AFRS Outbound Interface SGN server.
- Build a method for agencies to get secured AFRS transactional data to replace downloads from the mainframe, Enterprise Reporting or Webl.

If your IT division is interested and ready to start using the new AFRS Outbound Interface SGN server for your agency, please follow these [instructions](#).

Visit the project [website](#) for the timeline and updates and for more information contact:

Vonnie Tallon at (360) 725-3860 or vonnie.tallon@ofm.wa.gov.

Cash Management Improvement Act

The federal government enacted the Cash Management Improvement Act (CMIA) of 1990 to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states, territories, and the District of Columbia.

The CMIA requires each state to enter into an agreement, the Treasury State Agreement (TSA), with the Secretary of the U.S Treasury that specifies how federal funds transfers will take place. The agreement includes covered programs, funding (draw) techniques, clearance pattern methodologies, interest calculation methodologies, and types of interest calculation costs. The draw techniques are intended to be interest neutral.

All federal fund transfers to the states are covered under CMIA; however, only major assistance programs are included in the TSA. Inclusion of federal programs is based on the state's threshold and the Schedule of Expenditure of Federal Awards from two years prior. The TSA is amended annually; therefore, the number and types of major federal assistance programs included will vary from year to year based on expenditures and the state's determined threshold <http://www.ofm.wa.gov/tsa/default.asp>.

Following the close of each fiscal year, the state must submit an Annual Report to the federal government to account for the interest liabilities related to the state's most recently closed fiscal year. If federal funds were not available to draw in accordance with the draw technique, then the federal government owes the state interest. If the state draws funds too early, then the state owes the federal government interest. In December, we submitted the annual report for fiscal year 2018 and owed the federal government a net state interest liability of \$65,153.

OFM worked with agencies that had programs that met or exceeded the state's threshold of \$30 million to gather information for the state fiscal year 2019 TSA. A total of eleven state agencies and 26 programs are included in the 2019 amendment.

Agencies with federal grants that do not meet the threshold are still responsible to comply with CMIA, which establishes minimum cash management standards, and should review and ensure that current methods used to draw federal funds incorporate good cash management.

If you have questions concerning cash management related to federal assistance programs, please contact Kenesy Cavanah at (360) 725-0229 or kennesy.cavanah@ofm.wa.gov.

One Washington update

Like all state efforts, One Washington is focused on securing funding for the next biennium. Included in the Governor's budget, our request focuses on acquiring expertise to:

- Develop a One Washington organizational change management office and a comprehensive plan to direct the business transformation that is coming to finance, procurement, budget, human resources, and payroll functions.
- Write the procurement for the state's new integrated system for those business functions.
- Help each agency identify and document existing business processes that will be impacted by the transformation.
- Create a plan to help agencies access a potential funding pool to get ready for the transformation.

One Washington also needs more hands to help with the work, so staffing will increase in July.

Visit the [One Washington](#) webpage for the latest news and to sign up for email updates.

GASB Standards to be implemented in fiscal year 2019 - *continued from page 5*

Accounting Standards Impacting the Future

- **GASB Statement 84, *Fiduciary Activities*.** Effective for fiscal year 2020, this statement provides specific criteria for determining if a fiduciary activity exists. In addition, agency funds will now be called custodial funds. OFM is analyzing fiduciary accounts to ensure they still meet the criteria of fiduciary activities under the new standard and may be reaching out to agencies during this process.
- **GASB Statement 87, *Leases*.** Effective for fiscal year 2021, this statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. The statement requires lessees to recognize a lease liability and an intangible right-to-use asset, and requires lessors to recognize a lease receivable and a deferred inflow of resources. This statement will require significant changes from the current lease accounting practices.

What are we working on now?

- Developing new policies and resources. We are working with a workgroup of agencies that engage in a lot of leasing activity as we draft these.
- Waiting to find out if the funding we requested to modify the [Facilities Portfolio Management Tool](#) to be able to track and account for leases will be approved. We are hoping that modifying an existing system, that already contains most of the state's facilities leases, will reduce the amount of time required to implement this standard.

What can your agency do now to get ready?

- Review your lease contracts. Who at your agency is responsible for the lease contracts? What types of leases does your agency have? How are they structured? What are the lease terms?

If you have questions, please contact your assigned OFM Accounting Consultant.

Another Fiscal Year is Coming to a Close - continued from page 1

August 30	Phase 2 Close <ul style="list-style-type: none">• Agency adjustments completed• Remaining State and Federal Disclosure Forms are due (not including certifications)• Disclosure Form application closes All agency adjusting entries made after Phase 2 require OFM approval.
September 11	State Financial Disclosure Certification form, including attachments, is due
January 31, 2020	Federal Assistance Certification form is due

If your agency cannot complete some or all of the Phase 1B disclosure forms and tasks by August 16, you will need to request an extension by sending a memo to your assigned OFM Accounting Consultant. The memo should list the items for which an extension is needed and the date by which your agency can complete the forms and tasks. The requested date can be no later than the end of Phase 2, August 30, 2019. Remember that completion of the disclosure forms requires all AFRS entries related to those forms to also be complete.

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 federal Office of Management and Budget's Uniform Guidance. For additional information, please contact your assigned OFM Accounting Consultant.



Spring quarter training offered on a variety of subjects

We are pleased to announce that the following training classes will be offered this quarter. Statewide Accounting staff will teach all classes.

Class Name	Dates	Times	Duration
In-Process Report Training	April 10 June 5	1:00 – 4:30	3.5 hours
Introduction to GAAP in WA State	April 16	8:30 – 4:00	8.0 hours
Payroll Revolving Account Reconciliation	April 26	8:30 – 3:00	6.5 hours
Health Insurance Reconciliation	May 1	8:30 – 12:00	3.5 hours
Compliance: Travel Policies	May 16	8:30 – 4:30	8.0 hours
Internal Control: Payroll	May 29	8:00 – 12:00	4.0 hours
Accounting for Capital Assets: Policy Review	May 30	10:00 – 12:00	2.0 hours
Accounting for Capital Assets: Accounting Entries & Fiscal Year-End Closing	May 30	1:00 – 4:00	3.0 hours
GL Reconciliation: Basics	June 26	8:30 – 12:00	3.5 hours

To view class descriptions and register, go to the [Learning Management System](#) (LMS) website.

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 appropriate classes. If you register but cannot attend, please cancel your registration in LMS to make room for someone on the wait list.

All of our classes are held at the Helen Sommers building. Parking is limited, so we recommend taking the mass transit or walking if possible.

Additionally, the Association of Government Accountants (AGA) and Financial Management Advisory Council (FMAC) are sponsoring a number of audio conferences. The schedules are posted on the [Olympia AGA](#) and [FMAC](#) websites.

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