



# **Fiscal Year-End Update May 2018**

**- FMAC -**

**OFM**

OFFICE OF FINANCIAL MANAGEMENT



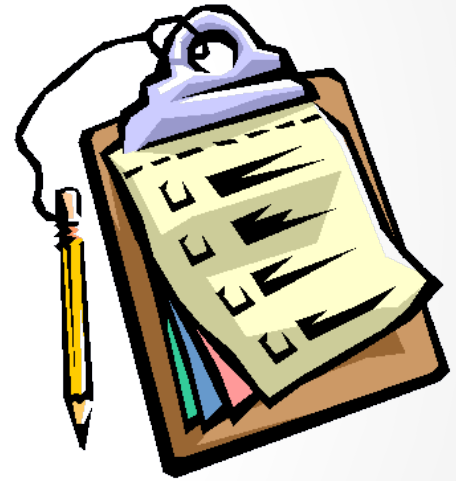
# Quote

How did it get so late so  
soon?

- Dr. Suess

# Today's Agenda

- Closing calendar for FY 18
- Federal YE Update
  - Single Audit
  - Disclosure Forms
- State YE Update
  - New GASB Standards
  - To do's & reminders
  - GL Reconciliations
  - Disclosure form changes
  - Certifications
- Training & Resources



# FY 2018 CAFR

- Again, our thanks to our state's fiscal staff at all agencies and the SAO CAFR audit team for helping us meet our CAFR timeline- we continue to be one of the top states issuing our CAFR!
- What's the goal for FY 18?

Year-end.....WT\_



# Key dates for FY18 closing

- June 29 – Cash cutoff
- July 13 – Disclosure forms open
- July 20 – Interagency billings mailed
- July 31 – Phase 1 cutoff – accruals
- **August 17** –Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- **August 31** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 12** – State certification form due
- **January 31, 2019**– Federal certification form due

# Federal Fiscal Year-End Update

# Agenda

## Full Federal Year-end Update Class

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- General Overview of Federal Grants
- Sources of Compliance
- Single Audit in the Washington State
- FY17 Single Audit Results Summary
- FY18 Single Audit Key Dates
- Reporting Federal Assistance - Tips and Reminders
- Emerging Issues and New Laws Impacting Federal Grants
- Training/Resources

Full training Powerpoint will be posted on OFM website in the last week of June 2018



# 2017 Statewide Single Audit Report

## Summary of Results

Federal Assistance Expenditures				
	2017	2016	2015	2014
<b>Federal Assistance Expenditures</b>	\$ 17.5 Billion	\$ 17.2 Billion	\$ 17 Billion	\$ 15.7 Billion
<b>Questioned Costs*</b>	\$ 43.1 Million	\$ 18.4 Million	\$ 28.7 Million	\$ 3.9 Million
<b>Likely Questioned Costs **</b>	\$ 220.5 Million	\$ 363.5 Million	\$ 142.2 Million	\$ 13.8 Million
<b>Total Number of Findings</b>	52	50	56	55
<b>Total Number of Repeat Findings</b>	32	25	20	20
<b>Total Number of New Findings</b>	20	25	36	35

\* Questioned costs - specifically identified by the auditor resulting audit exceptions.

\*\* Likely questioned costs - best estimate of total questioned costs that may exist in the items of the population not tested by the auditor. Sampling involves projecting the error/noncompliance rate to the entire population.

# 2017 Statewide Single Audit Report

## Summary of Results

Findings Category (compliance requirements):	FY17	FY16
Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles	23	22
Special Tests and Provisions	10	22
Subrecipient Monitoring	1	1
Eligibility	5	6
Level of Effort/Maintenance of Effort, Matching, Earmarking	5	3
Suspension and Debarment	1	0
Period of Availability	2	1
Reporting	6	2
Program Income and Cash Management	1	0
<b>Multiple Compliance Areas</b>	<b>5</b>	<b>8</b>
<b>Non-Federal</b>	<b>1</b>	<b>1</b>

- ☐ All findings are followed up by the feds based on the agency's corrective action plan.
- ☐ Potential consequences::
  - decrease future funding for the state
  - agency pay back the questioned costs.
  - the program could be eliminated. *Worst scenario!!*
- ☐ For more information, refer to §200.207 and §200.338 of the Uniform Guidance.

# The Uniform Guidance

- ❑ Beginning in FY16, single audits must be performed under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements, codified in 2 CFR 200.
- ❑ SAAM 50.30 has been updated to reflect the most current federal regulations in accordance with the Federal Single Audit Act in WA.

## Uniform Guidance basic layout:

- 6 Subparts - A through F

Subpart A, 200.XX – Acronyms & Definitions

Subpart B, 200.1XX – General

Subpart C, 200.2XX – Pre Award – Federal

Subpart D, 200.4XX – Post Award – Recipients

Subpart E, 200.4XX – Cost Principles

**Subpart F, 200.5XX – Audit**

**Audit  
Requirements**

- 12 Appendices – I through XII


- [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)



**Agencies need to ensure internal policies and procedures align with the UG requirements**



# FY 18 Key Dates

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 <b>Date</b>	<b>Reporting Item</b>
July 2018	OFM provides FY17 corrective action plan updates to SAO
Jan 31, 2019	Federal Assistance Certification form is due
Ongoing	Corrective action plans for FY 18 findings
Mar 31, 2019	OFM submits report to the Federal Single Audit Clearinghouse

# Federal Assistance Disclosure Forms

## Federal Assistance Disclosure Form Lead Sheet

Agency Code:		Agency Title:	
<b>95.20.10 Federal Assistance Disclosure Form Lead Sheet</b>			
<b>Federal Disclosure Forms</b>	<b>SAAM</b>	<b>Required</b>	<b>Completed</b>
<b>Due August 31, 2018 – Phase 2 Disclosure Forms</b>			
Federal Analytical Review	95.20.30		Yes / N/A
Federal Assistance Received from Nonfederal Sources (Pass-Through)	95.20.70		Yes / N/A
Federal Financial Assistance - Direct	95.20.20		Yes
 Federal Identification Numbers	95.20.80	<b>Required</b>	Yes
Federal Loan Balances	95.20.60		Yes / N/A
Federal Nonfinancial Assistance	95.20.40		Yes / N/A
Federal Nonfinancial Assistance Inventory Balances	95.20.50		Yes / N/A
<b>Due January 31, 2019 - Certification</b>			
 Federal Assistance Certification	95.20.90	<b>Required</b>	Yes

# Available Training

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Current subscription to the Thompson Grants Webinar Training Library. Some recent topics added to the list include:



- ❑ *Preparing for a 2018 Audit Under the Uniform Grant Guidance: New Strategies and Techniques - 04/24/18*
- ❑ *Internal Controls: Your First Line of Defense - 4/19/18*
- ❑ *Subrecipient Monitoring Controls - Breaking Down & Analyzing Your Processes for Compliance - 4/10/18*
- ❑ *Intro to Indirect Cost Recovery - 3/22/18*
- ❑ *How to Build Budgets That Strengthen Federal Grants Applications - 2/28/18*



If you are interested, please contact us for the link and access code to the training webinars.

# OFM Resources

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- ❑ OFM Website: [www.ofm.wa.gov](http://www.ofm.wa.gov)

- Statewide Single Audit Report
- Audit Resolution Report
- SAAM
  - 50.30 Compliance with Federal Single Audit Act
  - 95.10 Federal Reporting Policies and Procedures
  - 95.20 Federal Disclosure Reporting Structure
  - 55.10 Audit Tracking

- ❑ CAP Training Presentation:

[https://www.ofm.wa.gov/accounting/fmac/OFM Audit Corrective Plans02.26.15.pdf](https://www.ofm.wa.gov/accounting/fmac/OFM%20Audit%20Corrective%20Plans02.26.15.pdf)

- ❑ Agency Financial Consultant

# Other Resources

## ➤ Council on Financial Assistance Reform (COFAR)

- ❑ Officially implemented the Uniform Guidance  
<https://cfo.gov/cofar>
- ❑ Provide recommendations to OMB on policies and actions regarding grants and cooperative agreements
- ❑ Publish best practices and innovative ideas.
- ❑ Updates training series on UG each year on website
- ❑ FAQs on a variety of issues related to implementation and interpretation of the UG (updated 7/2017)

<https://cfo.gov/wp-content/uploads/2017/08/July2017-UniformGuidanceFrequentlyAskedQuestions.pdf>



## ➤ AGA - FREE online toolkits and guides

<https://www.agacgfm.org/Resources.aspx>



## ➤ American Institute of CPAs

<http://www.aicpa.org>





# Federal update

- Correct federal revenue and expenditure coding before Phase 2 close
- 2018 Compliance Supplement
- SAAM Chapter 95 update

# State Fiscal Year-End Update

# After Phase 2 close

- OFM Statewide Accounting analyzes AFRS data and disclosure forms
  - These activities often result in questions to the agencies so someone needs to be available to answer them.
  - No agency entries unless requested and/or approved by OFM.
- SAO audits the accounting data and the state's CAFR.
  - If you (or your auditor) find a material adjustment or error after Phase 2 close, contact us immediately!

# Governmental Accounting Standards Board (GASB) Statements

# Here's how we feel about GASB statements and projects



# Implementing GAAP

- New in FY18
  - GASB Stmt. 81- Irrevocable Split-Interest Agreements
  - GASB Stmt. 82 – Pension Issues – amendment of GASB Statements 67, 68, and 73.
  - GASB Stmt. 85 – Omnibus 2017
  - GASB Stmt. 86 – Certain Debt Extinguishment Issues

# Implementing GAAP

- GASB 87 – Leases
  - Implementation 6/30/2020
- Major Projects - [www.GASB.org](http://www.GASB.org)
  - Revenue and expense recognition
  - Financial reporting model

# SAAM Update June 1

- No significant changes to Chapter 75.
- Added 25 new accounts.
- Added new subobject BK.



# Administering Agency Responsibilities



- Administering agencies provide general oversight of financial accounting records at the Account level
  - Monitoring cash
  - Investigate unusual activity and/or GL balances
- Alert OFM Budget and SWA about fund balance or cash issues

# To Do's & Reminders

# To Do's & Reminders

- Watch your spending - no overspent appropriations
- Record revenues and expenditures in correct fiscal year
- Interagency billings
  - Mailed out by July 20<sup>th</sup>
  - Estimates or actual
  - Communicate, communicate, communicate

# To Do's & Reminders

- Due to/Due from's
  - Most last year balances should be liquidated by now
  - Priority should be given to interagency receivables and payables – **DEADLINE Phase 1B 8/17/18**
- Liquidate over-accrued payables
  - Before Phase 2 close – adjust accrual
  - After Phase 2 close – immaterial prior period adjustment
  - If under-accrued payable – belated claim

# To Do's & Reminders

- Pollution remediation site status report **DEADLINE Phase 1B – 8/17/18**
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories
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# To Do's & Reminders

- Clear In-Process (71xx) and Error reports
- Clear GL 9920
- Clear revenue sources 09xx
- Clear Account 01P Suspense
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# To Do's & Reminders

- Run ER exception reports and clear all variances, such as:
  - Transfers
  - Assets with credit balances
  - Liabilities with debit balances
  - GLs with unchanged balances
  - Interfund/Interagency balances
- Record compensated absences

# To Do's & Reminders

- Capital assets
  - Record depreciation/accumulated depreciation
    - Use the correct trans code
  - Reconcile capital asset GLs to capital asset system
  - Review GL 2510 Construction in progress, and if complete, reclassify to appropriate capital asset GL
  - Use capitalization thresholds in SAAM 30.20.20
  - Enter in CAMS or agency capital asset system



# Unearned and unavailable revenues

- Unearned revenue GL Codes 5190/5290
  - Liability
  - Cash has been received, but the revenue has not yet been earned
  - Governmental & Proprietary fund type accounts
- Unavailable revenue GL Codes 5192/5292
  - Deferred inflow of resources
  - Applies to a future period so revenue will not be recognized until that time.
  - Governmental fund type accounts only

# Transfers

- Be sure to use the correct Trans Code so that transfer amounts show up correctly as debits or credits in AFRS
- Transfers from one Account to another Account within the same agency must be in balance

# To Do's & Reminders

- All agency entries should be completed by August 31<sup>st</sup>!
- Disclosure forms complete by August 31<sup>st</sup>!



# Disclosure Forms

# State Disclosure Form Security

- Each agency has a security administrator (form required). They can add new users with *View or Edit access*.
- Log in after 7/13 to verify that your username & password are working.

# State Disclosure Forms

## SAAM Section 90.40

- Not every form will apply to your agency
- Some of the forms are questionnaires
- Some of the forms prefill with AFRS beg/ending GL balances and require you to fill in the actual increase and decrease activity for the FY.

# Phase 1B - Certain disclosure forms due 8/17/18 (90.40.10)

- Early disclosure for:
  - 4 Cash & Investment forms
  - 3 Bond forms
  - 2 COP forms
  - Internal Control Questionnaire form (new)
- Request an extension in writing from SWA if the early date can't be met

# State Disclosure Forms

- 4 forms are now **required** to be completed by all agencies
  - State Financial Disclosure Certification
  - Miscellaneous
  - Cash and Investments Restricted Disclosure
  - Internal Control Questionnaire (new)
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed



# DF - New for FY18

- Revised Bond Sales Form (90.40.55.C)
  - Added additional clarifying questions related to Defeased Bonds.

# DF - New for FY18

- Miscellaneous Disclosure (90.40.75.A)
  - Revised the wording to question 5
  - Removed the Internal Control Officer question – moved to new Internal Control Questionnaire form
  - Added new question – Irrevocable Split-interest Agreements

# DF - New for FY18

- Internal Control Questionnaire Disclosure (90.40.80.A)
- Three state and one federal question
- Internal Control Officer
- Risk assessment - general
- Internal audit program
- Risk assessment – federal

# **State Financial Disclosure Certification SAAM 90.40.95**

Revised the wording for three of  
the statements on the  
Certification form

28 statements

# State Financial Disclosure Certification form 90.40.95

- Read all 28 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/12/18**
  - Re-sign & re-submit if material changes are made after the original submission

# Financial Disclosure Certification

## SAAM 90.40.95

**Attachments** may include:

- Narrative disclosing deficiencies in internal control
- Pollution remediation site status report
- Narrative related to a Service Organization Control (SOC) report
- Certification related to the use of a specialist
- Narrative disclosing changes to methods of measurement, assumptions, or interpretations related to federal expenditures
- Narrative related to certification exceptions detailing variances and proposed or completed corrective action

# Service Organizations & SOC reports

A **Service Organization** is a 3rd party that processes or stores information or handles business transactions on behalf of its customers (in your case, a state agency).

Examples:

Software as a Service (Provider 1 - HCA)

3rd party Toll Collection business - DOT

# Service Organizations & SOC reports

If your agency uses a service organization and

1) The dollar value of the transactions processed by the service organization is **material** to the CAFR, or

2) A SOC report is required by federal regulation

Then obtain a SOC report and attach a narrative to the state certification detailing:

Period covered, Nature of service provided, Summary of the report (don't send the report), any follow-up actions taken to address weaknesses noted in the SOC report.

For questions about materiality contact your SWA accounting consultant.



# SOC reports

SOC Reports provide information users need to assess and address the risks associated with an outsourced service.

# Common disclosure form problems

- User can't get into the application
- Changes are made in AFRS, but the related disclosure form isn't updated
- Variances aren't explained
- Certification forms aren't submitted timely

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# Training & Resources

# Year-end training classes

## Update classes

- State Fiscal Year-end Closing
- Federal Fiscal Year-end Closing

## Workshops

- Expenditures & Payables
- Revenues, Reconciliation, & Phase 2 Adjustments

# Other Recommended Training Classes

- General Ledger Review
- General Ledger Reconciliation: Basics
- GL 5111 Accounts Payable Reconciliation
- In-Process Report Training
- Administering Agency
- Intro to GAAP
- Internal Control: Basics
- Payroll Revolving Account Reconciliation
- Health Insurance Reconciliation
- Accounting for Capital Assets

# Resources

## SAAM

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

## Year-End Resources

- <http://www.ofm.wa.gov/resources/yearend.asp>

## Enterprise Reporting

- <http://reporting.ofm.wa.gov/businessobjects/enterprise10/eportfolio/en/logonform.csp>

# Questions?

