



Fiscal Year-End Update May 2019

- FMAC -

Mike Schaub
Statewide Accounting

OFM

OFFICE OF FINANCIAL MANAGEMENT



Quote

How did it get so late so soon?

- Dr. Suess

What the.....

Is that.....

Can't be.....

It is.....

Year-end!



Today's Agenda

- Closing calendar for FY 19
- State Year-end Update
 - New GASB Standards
 - To do's & reminders
 - GL Reconciliations
 - Disclosure form changes
 - Certifications
- Training & Resources

FY 2019 CAFR

- We issued our FY 2018 CAFR on November 21, 2018.
- We appreciate the time and effort of our state's fiscal staff at all agencies and the SAO CAFR audit team for helping us meet our CAFR timeline.
- What's the goal for FY 2019?

Do you feel like this?



Key dates for FY19 closing

- **June 28** – Cash cutoff
- **July 15** – Disclosure forms open
- **July 19** – Interagency billings mailed
- **July 31** – Phase 1 cutoff – accruals
- **August 16** –Phase 1B – early state disclosure forms, interagency receivables/payables, *miscellaneous disclosures form*, and pollution remediation site status report due
- **August 30** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 11** – State certification form due
- ***February 28, 2020***– Federal certification form due



**STRESSED?
I'M NOT STRESSED**

THIS IS MY "YEAR-END" FACE!

Federal Fiscal Year-End Update

2018 Statewide Single Audit Report

Summary of Results

Federal Assistance Expenditures					
	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	\$ 43.1 Million	\$ 18.4 Million	\$ 28.7 Million	\$ 3.9 Million
Likely Questioned Costs **	\$ 526.1 Million	\$ 220.5 Million	\$ 363.5 Million	\$ 142.2 Million	\$ 13.8 Million
Total Number of Findings	61	52	50	56	55
Total Number of Repeat Findings	31	32	25	20	20
Total Number of New Findings	29	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.


2018 Statewide Single Audit Report

Summary of Results

Findings Category (compliance requirements):	FY18	FY17	FY16
Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles	21	23	22
Special Tests and Provisions	12	10	22
Subrecipient Monitoring	8	1	1
Eligibility	4	5	6
Level of Effort/Maintenance of Effort, Matching, Earmarking	2	5	3
Suspension and Debarment	2	1	0
Period of Availability	2	2	1
Reporting	5	6	2
Program Income and Cash Management	2	1	0
Multiple Compliance Areas	1	5	8
Non-Federal	2	1	1



- ☐ 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. *Worst scenario!!*
 - the program could be eliminated.
- ☐ For more information, refer to §200.207 and §200.338 of the Uniform Guidance.

FY 19 Key Dates

 Date	Reporting Item
July 2019	OFM provides FY18 corrective action plan updates to SAO
Feb 28, 2020	Federal Assistance Certification form is due
Ongoing	Corrective action plans for FY 19 findings
Mar 31, 2020	OFM submits report to the Federal Single Audit Clearinghouse

Federal Assistance Disclosure Forms

Federal Assistance Disclosure Form Lead Sheet

Agency Code:		Agency Title:	
95.20.10	Federal Assistance Disclosure Form Lead Sheet		
Federal Disclosure Forms	SAAM	Required	Completed
Due August 30, 2019 – Phase 2 Disclosure Forms			
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	Required	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
Due February 28, 2020 - Certification			
 Federal Assistance Certification	95.20.90	Required	Yes

OFM Resources

- ❑ OFM Website: 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
- 2019 Compliance Supplement
- SAAM Chapter 95 update

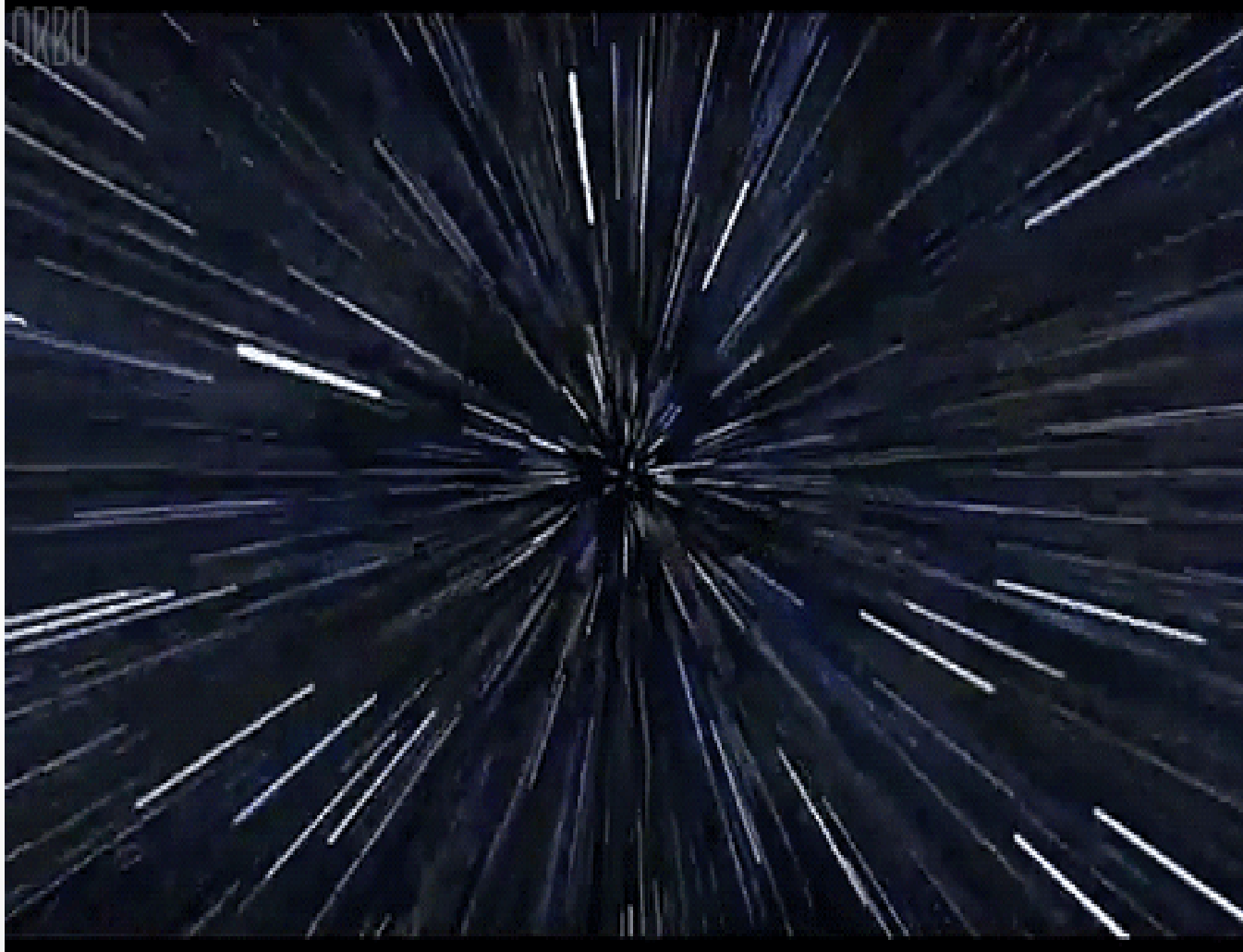
State Fiscal Year-End Update

What happens 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

GASB Statements and Projects



GASB Statements and Projects



GASB

Implementing GAAP

- New in FY19
 - GASB Stmt. 83 – Certain Asset Retirement Obligations.
 - GASB Stmt. 88- Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.

Implementing GAAP

- GASB 84 – Fiduciary Activities
 - Implementation FY 2020
- GASB 90 – Majority Equity Interests
 - Implementation FY 2020
- GASB 87 – Leases
 - Implementation FY 2021
- GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period
 - Implementation FY 2021

Implementing GAAP

- Subscription-Based Information Technology Arrangements
 - Planned Implementation FY 2022 (estimated)
- Major Projects - www.GASB.org
 - Revenue and expense recognition
 - Financial reporting model
 - Disclosure Framework

SAAM Update June 1

- Added the following new general ledgers:
 - 1976 – Deferred Outflow on Asset Retirement Obligations
 - 5289 – Asset Retirement Obligation
 - 6599 – Asset Retirement Obligation Expense (Account 999)
- Added new Subobject:
 - **WG** – Asset Retirement Obligation expense
 - Use with GL 6599 in Account 999
 - Use with GL 6511 in proprietary accounts

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 19th
 - 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 8/16/19**
- 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 – 8/16/19**
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories

To Do's & Reminders

- Clear In-Process (71xx) and Error reports
- Clear GL 9920
- Clear revenue sources 09xx
- Clear Account 01P Suspense

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

Review your subobject codes

- Certain subobject codes are only to be used for interagency payments
- Do not use these codes for payments to outside vendors

	Subobject Title	Pay to:
EK	Facilities & Services	DES
EL	Data Processing Services	CTS, OFM
EM	Attorney General Services	ATG
EN	Personnel Services	DES, OFM
ET	Audit Services	SAO
EV	Admin Hearing Services	OAH
EW	Archives & Records Mgt Services	Sec of State

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

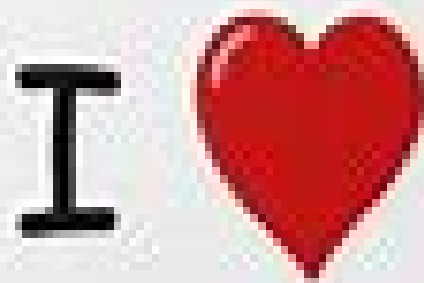
- Analytical review
 - In terms of the \$ amount change or the % change, is the current year-end balance reasonable?
 - Review your Trial Balance
 - Have prior year short-term receivables & payables been liquidated?
 - Do I have all GL activity reported and in the correct GL?
 - Do the balances agree with supporting documentation or internal system?

To Do's & Reminders

- All agency entries should be completed by August 30th!
- Disclosure forms complete by August 30th!



General Ledger Reconciliations



Reconciliations

GL Reconciliations

GL reconciliation means:

- Knowing what makes up the balance in each GL,
- Having a plan for any action that is needed to correct the balance.
 - This includes prior year or prior biennium GL balances that need to be corrected.

GL Reconciliations

- General ledger (GL) reconciliations should be up-to-date
 - All GLs should be reconciled
 - Agree with subsidiary records
 - An error in one GL may mean an error in another GL

Example: A receipt was credited to GL 1312 A/R, when it should have been credited to GL 1319 Other Receivables. Now both GL balances are wrong.
 - Agency director and CFO certification

GL Reconciliations

Not a reconciliation!!

© Randy Glasbergen
glasbergen.com



**"We found the accounting error. Somebody
printed all the zeroes upside down."**

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 beginning 7/15 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 8/16/19 (90.40.10)

- Early disclosure for:
 - 4 Cash & Investment forms
 - 3 Bond forms
 - 2 COP forms
 - Internal Control/Internal Audit Questionnaire
 - Miscellaneous Disclosure form
- 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 Disclosure
 - Cash and Investments Restricted Disclosure
 - Internal Control/Internal Audit Questionnaire
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed

Disclosure Forms

New for FY19

- Taxes receivable (90.40.30)
 - Revised the dropdown list of types of taxes receivable to include:
 - Hazardous substance
 - Public utility

Disclosure Forms New for FY19

- Debt General Disclosure
(90.40.55.a)
 - *Renamed from Bonds Payable General Disclosure*
- Added question regarding direct borrowings or placements to implement GASB Statement 88

Disclosure Forms

New for FY19

- Miscellaneous Disclosure (90.40.75.A)
 - Added new question to capture information for the requirements of GASB Statement 83 – Certain Asset Retirement Obligations.
- Added some descriptive language to the discretely reported and blended component units questions.

Disclosure Forms New for FY19

- Internal Control/Internal Audit Questionnaire Disclosure (90.40.80.A)
- Three questions are:
 - Internal Control Officer
 - Risk assessment
 - Internal audit program

State Financial Disclosure Certification SAAM 90.40.95

Revised some of the wording
throughout the Certification form
but no substantial changes

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 9/11/19**
 - 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 (due Phase 1B)
- 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

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

Training & Resources

Year-end training classes

Update classes

- State Fiscal Year-end Closing

Workshops

- Fiscal Year-end Workshop
 - Combined the Revenue, Reconciliations, & Phase 2 Adjustments and Expenditures & Payables workshops into one.

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

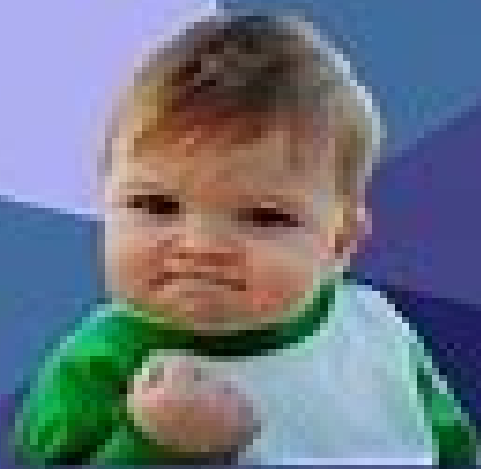
➤ <http://www.ofm.wa.gov/policy/default.asp>

Year-End Resources

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

Enterprise Reporting

FISCAL YEAR END...



LETS DO THIS!!

Questions?

