

# **FMAC**

## **Fiscal Year-End**

### **Closing Updates**

#### **June 2016**

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# Today's Agenda

- Closing calendar for FY 16
- State YE Update
  - New GASB Standards
  - To do's & reminders
  - Disclosure form changes
  - Certifications
- Federal YE Update
  - Single Audit
  - Federal disclosure forms
- Training & Resources



# Key dates for FY16 closing

- **June 30** – Cash cutoff
- **July 15** – Disclosure forms open
- **July 22** – Interagency billings mailed
- **July 29** – Phase 1 cutoff – accruals
- **August 19** – Phase 1B – early state disclosure forms, interagency receivables/payables, and pollution remediation site status report due
- **September 2** – Phase 2 close – agency adjustments complete, remaining state and federal disclosure forms due
- **September 14** – State certification form due
- ***January 31, 2017*** – Federal certification form due

# **State Fiscal Year-End Update**

# Faster CAFR

- A SHOUT OUT to our state's fiscal staff at all state agencies and the SAO CAFR audit team - we met our goal for the FY15 CAFR – October 30!
- What's the goal for FY 16?



# 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!

# Just say “No”

Yes this is still our motto.....

# Implementing GAAP

- New in FY16
  - GASB Stmt. 72 Fair Value Measurement and Application
  - GASB Stmt. 73 Amendments to certain provisions of GASB 67 & 68
  - GASB Stmt. 79 Certain External Investment Pools and Pool Participants

# SAAM Update June 1

- Added GL 5298 – Other obligations – capital related
- No interagency & interfund receivables & payables at June 30 in fiduciary funds.

# 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 22<sup>rd</sup>
  - Estimates
  - 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 - 8/19/16**
- 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

- General ledger (GL) reconciliations should be up-to-date
- Analytical review
- Adhere to the OST cash cutoff memo
- Receipt goods and services by 6/30
- Complete physical inventories
- Pollution remediation site status report **DEADLINE Phase 1B - 8/19/16**

# 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 – Use the correct trans code
  - Record depreciation/accumulated depreciation
  - Reconcile capital asset GLs to CAMS or agency capital asset system
  - Review GL 2510 Construction in progress, reclassify to appropriate capital asset GL
  - Use capitalization thresholds in SAAM 30.20.20
- Transfers – Use the correct trans code

# 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

# To Do's & Reminders

- All agency entries should be completed by September 2<sup>nd</sup>!
- Disclosure forms complete by September 2<sup>nd</sup>!



# Disclosure Forms

# State Disclosure Forms

## SAAM Section 90.40

- 21 state disclosure forms
- 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 8/19/16 (90.40.10)

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

# State Disclosure Forms

- 2 forms are **required** to be completed by all agencies
  - State Financial Disclosure Certification
  - Miscellaneous
- Certain forms are specific only to certain agencies: OST, DRS and Higher Ed

# DF - New for FY16

- Cash & Investments (90.40.20)
  - Prefilled with accounts that contain data in applicable GLs.
  - If there is data, the Lead Sheet will show form as “Required”.

# DF - New for FY16

- Taxes Receivables (Subsection 90.40.30)
  - Revised Receivables form to remove other receivables and only include taxes receivables.
  - Retitled form to Taxes Receivable

# DF - New for FY16

- Revised Bond Debt by Major Class Form (90.40.55.B)
  - Added 2 new questions about general revenue bonds
- Removed Bond Debt Refunding Activity Form (90.40.55.C)
- Added Bond Sales Disclosure (90.40.55.C)
  - Includes information about current year bond sales, defeased bonds outstanding at year-end, and bonds issued subsequent to year-end.

# DF - New for FY16

- Unavailable and Unearned Revenue (90.40.50)
  - Removed GL 5195 – Deferred expenditures recoveries
  - Changed choices available for “Type of Revenue”
- Liabilities by Major Class (90.40.45.B)
  - Added column for adjustments and comments.

# DF - New for FY16

- Pension Disclosure (90.40.70)
  - Reinstated Pension Form for DRS (90.40.70.A)
  - Removed Pension Form for Administrative Office of the Courts (90.40.70.B)
  - Revised Pension Form for Higher Education Institutions (90.40.70.C)

# State Financial Disclosure Certification form

- Read all 27 items listed
- Signed by Agency Director & CFO
- Include attachments, if applicable
- Email scanned signed copy with required attachments - **due 9/14/16**
  - Re-sign & re-submit if material changes are made after the original submission

# Financial Disclosure Certification

## SAAM 90.40.95

New and revised certifications:

- No. 2 – Outstanding litigation;
- No. 17 – Service organizations;
- No. 24 – Information requested by SAO

# 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

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.

# 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

# Federal Fiscal Year-End Update

# 2015 Statewide Single Audit Report

## Summary of Results

|                                 | 2015            | 2014            | 2013           | 2012           |
|---------------------------------|-----------------|-----------------|----------------|----------------|
| Federal Assistance Expenditures | \$ 17.0 Billion | \$ 15.7 Billion | \$14.9 Billion | \$15.8 Billion |
| Questioned Costs                | \$28.6 Million  | \$3.9 Million   | \$4.3 Million  | \$4.0 Million  |
| Total Number of Findings        | 56              | 55              | 45             | 63             |
| Likely Questioned Costs         | \$142.2 Million | \$13.8 Million  | N/A            | N/A            |
| Total Number of Repeat Findings | 20              | 20              | 22             | 22             |

### Potential Impact of Findings and Questioned Costs:

- Funding could be decreased
- We may be required to pay back questioned costs
- For more information refer to § 200.207 and § 200.338 of the Uniform Grant Guidance

# 2015 Statewide Single Audit Report

## Summary of Results

| Finding Category  | 2015      | 2014      |
|---|-----------|-----------|
| Activities Allowed or Unallowed/ Allowable Costs/ Cost Principles | 15        | 17        |
| <b>Reporting - FFATA</b>  | <b>0</b>  | <b>12</b> |
| Reporting   | 3         | 0         |
| <b>Special Tests and Provisions</b>                               | <b>13</b> | <b>7</b>  |
| Subrecipient Monitoring   | 2         | 3         |
| Eligibility   | 5         | 3         |
| Level of Effort, Earmarking, Matching                             | 5         | 3         |
| Suspension and Debarment  | 1         | 2         |
| <b>Period of Availability</b>                                     | <b>3</b>  | <b>1</b>  |
| Procurement   | 0         | 1         |
| Program Income and Cash Management                                | 1         | 2         |
| Multiple Compliance Areas   | 6         | 4         |
| <b>Non-Federal</b>  | <b>2</b>  | <b>0</b>  |

# Disclosure Forms - Overview

| <b>Federal Disclosure Forms</b>   | <b>SAAM</b> | <b>Required</b> | <b>Completed</b> |
|---|-------------|-----------------|------------------|
| <b>Due September 2, 2016 – 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, 2017 - Certification</b>   |             |                 |                  |
| Federal Assistance Certification  | 95.20.90    | <b>Required</b> | Yes              |

# Available Training

- Thompson webinar library training is available through the end of the year. Topics include:
  - Uniform Grant Guidance
  - Time and Effort documentation
  - Data Act
  - Policies and Procedures
  - Subrecipient Monitoring

If you are interested let your accounting consultant know.

# OFM - Resources

- OFM Website: [www.ofm.wa.gov](http://www.ofm.wa.gov)
- Statewide Single Audit Report
  - Audit Resolution Report
  - SAAM
    - 55.10 Audit Tracking
    - 50.30 Compliance with Federal Single Audit Act
    - 95.10 Federal Reporting Policies and Procedures
    - 95.20 Federal Disclosure Reporting Structure
  - CAP Training Presentation:
    - [http://www.ofm.wa.gov/accounting/fmac/OFM\\_Audit\\_Corrective\\_Acti  
on\\_Plans\\_02.26.15.pdf](http://www.ofm.wa.gov/accounting/fmac/OFM_Audit_Corrective_Acti<br/>on_Plans_02.26.15.pdf)
- Agency Financial Consultant

# **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
- State Disclosure Forms

# 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?

