



The Connection

A QUARTERLY NEWSLETTER FROM OFM REPORTING NEWS & INFORMATION ON STATEWIDE ACCOUNTING & FINANCIAL SYSTEMS

Trading Spaces

On June 8, 2009, the Office of Financial Management's (OFM) Accounting Division and Information Services Division (ISD) staff traded office locations. The Accounting Division's offices are now located in the Capitol Court building (1110 Capitol Way South), and ISD has been united at Point Plaza West (6639 Capitol Blvd.) in Tumwater.

The Accounting Division staff, including the Roadmap Program, Small Agency Client Services, and Statewide Accounting, reside at Capitol Court. Point Plaza West is now home to all of ISD except the Facilities Unit staff, who remain in the Capitol Court building, and the Desktop Support staff who reside in the Insurance building.

This move brings the Accounting Division staff closer to many of their customers whose offices are on or near Capitol Campus. ISD has been consolidated in an effort to reduce the amount of time traveling between buildings to collaborate on services and projects that customers need.

For current contact information, please see our updated online phone directory.



in this issue

Trading Spaces	1
Daily Beginning Balances	1
Recovery Act Info	2
SAAM is Going Green	4
SAAM Updates	4
Training Info	6
Year-End Closing Requirements	7

Oh, Say Can I See My New Daily Beginning Balances?

As of July 1, 2009, agencies can view new biennium beginning balances for cash and fund balances updated for Month 25 entries on certain Enterprise Reports.

This is a change from the past when new biennium beginning cash and fund balances were not updated until the official biennium close in January of the following year.

So remember:

- There is no need to add the old biennium activity to the beginning balances – it will already be done, and
- The beginning balances in the new 09-11 biennium Enterprise Reports are **subject to change** until the official biennium close in January 2010.

Also, the new process allowed agencies, with approval from OFM, to select beginning balances at lower levels than the Account/General Ledger. These levels use the AFRS hierarchy codes for program, organization, or project.

If you have any questions, please contact Pat Sanborn, Statewide Accounting, at (360) 725-0178 / patricia.sanborn@ofm.wa.gov.

AMERICAN RECOVERY AND REINVESTMENT ACT (RECOVERY ACT)

COBRA Subsidy

In order to implement the COBRA Subsidy provision of the Recovery Act, state agencies and the Health Care Authority (HCA) each have specific responsibilities:

Between March 1 and December 31, 2009, agency Human Resources/Benefits staff must:

- Determine assistance eligibility per HCA/IRS guidelines.
- Record Assistance Eligible Individuals (AEIs) on the A.41 screen of the PAY1 system, per HCA instructions.
- Maintain documentation on all employee terminations, both voluntary and involuntary. Ideally, such documentation would be based on the system of termination reason codes provided by the HRMS Central Payroll System. Documentation will provide an audit trail and support state action in the event of appeals by former employees who were denied the subsidy on the basis of voluntary termination.

On a quarterly basis, HCA will make a claim for and deposit COBRA subsidy amounts paid to carriers on behalf of AEIs through the IRS Form 941 process. Therefore, state agencies under PEBB **should not** claim payroll tax credits for COBRA Subsidy payments on their quarterly IRS Form 941 filings.

If you have questions, please contact Steve Nielson at (360) 725-0226 / steve.nielson@ofm.wa.gov, or Steve Ketelsen at (360) 725-0222 / steven.ketelsen@ofm.wa.gov.

Update on Reporting

The Governor's Office and OFM have been working to enable the state's financial systems to support the federal Economic Recovery reporting requirements that were published on June 22, 2009.

Here's what OFM has completed to date to support the accountability requirements for the Recovery Act:

- We have modified the state's financial systems to allow the state to track the federal stimulus funds separately from other federal funds.
- We are currently modifying the state financial reporting system to support reporting on the federal stimulus funds.
- A project team is now working on modifying the Performance Measure Tracking system to support performance measure reporting related to the federal stimulus money.

The following research and planning activities are currently underway:

- Researching tools and options to allow the state to automatically track the grants and their status centrally.
- Researching tools and options to provide stimulus financial and performance reports to the public.
- Researching the data and submittal requirements for reporting to the federal government, confirming which data is or could be available at the enterprise level, and researching options to close those gaps.
- Researching tools and options to automate state reporting to the federal government as required by the Recovery Act.

Centralized Reporting

The Federal Government has created a centralized system for reporting information required by Section 1512 of the Recovery Act. The Governor's Recovery Team and OFM will develop the process and systems for gathering information from agencies to enable OFM to be the single prime recipient and sub-recipient reporting entity for the state of Washington. Therefore, agencies do not need to register on the www.FederalReporting.gov website at this time.

(Continued on next page)

We believe that a centralized reporting approach will enhance data integrity, ensure state data consistency, and improve our ability to meet the Governor's expectations for providing timely information to the public about the projects and programs funded by the Recovery Act. However, we are seeking your input before we commit to this approach. Many agencies currently have processes and systems that collect and report necessary information on Federal grants, loans, and agreements. We want to ensure that any centralized reporting process for Economic Recovery works well for agencies and leverages existing processes and systems where that makes sense.

Lynne McGuire, OFM's Chief Information Officer, will be contacting Economic Recovery Senior Accountability Officials to schedule one or more focus groups to help design a process and approach to capture the data required by Section 1512 of the Recovery Act. Your active participation is vital, and therefore, please be prepared to discuss your current data collection systems and their gaps in light of the OMB guidance. Lynne McGuire can be contacted at (360) 664-7650 / lynne.mcguire@ofm.wa.gov.

Expenditure Authority Type Codes

We developed a coding approach to capture information from agencies at the statewide level in both appropriated and nonappropriated funds. Agencies will need to use one of the new Expenditure Authority (EA) type codes when recording expenditures of federal stimulus dollars. The new EA type codes are:

- Type 8 – Federal Stimulus – Appropriated
- Type N – Federal Stimulus – Nonappropriated
- Type U – Federal Stimulus – Unanticipated

New EA codes for Type 8 are in the EA schedule. For new EA codes for Types N and U, refer to SAAM Section 75.50.40.

When creating a new Appropriation Index (AI) in AFRS that uses a new EA type code, agencies are required to enter the CFDA number assigned to the specific federal award. Each CFDA number will require a unique AI code. The CFDA number format is currently xx.xxxxx (be sure to enter the two-digit federal agency followed by a period, then the unique AI code).

Please remember that copies of all federal awards related to the Recovery Act are to be emailed to Pam Davidson, Senior Budget Assistant, at pam.davidson@ofm.wa.gov.

For more information, go to recovery.gov and recovery.wa.gov.

The New Performance Measure Tracking (PMT) System Project

The new Performance Measure Tracking (PMT) system will develop functionality to meet the reporting needs of performance information on economic stimulus, meet new business requirements for data collection, improve usability, and will prepare the state to move to a single system for performance measure data collection, management, use, and reporting.

The primary focus of the first release is to develop functionality to meet the October 1, 2009 Recovery Act reporting requirements. The project team is also gathering requirements to improve the process and streamline tasks for budget performance, GMAP/ DataView, and agency internal performance tracking and monitoring.

After the initial release, the team will continue to work on additional requirements for PMT and DataView specifically.

This project will improve the capture, management, and use of performance data, and reduce the duplicate data provided by agencies. The objectives are to:

- Enable performance measure information to be collected once and used for many purposes. (e.g. GMAP, Budget, Recovery Act report, agency performance management needs, etc.)
- Create one system for required performance management needs to reduce data input and support costs.
- Ensure that performance measure data elements are collected to meet current and future reporting needs.
- Enable customers to aggregate and display performance measure data as needed.

If you have any questions or comments regarding the new system, please contact Sara Corbin at (360) 664-7737 / sara.corbin@ofm.wa.gov

SAAM is Going Green...

In an effort to conserve resources and save paper, we discontinued distribution of hardcopy updates of the State Administrative and Accounting Manual (SAAM). In June alone, we saved 25,000 sheets of paper by eliminating the print job of the July 1 update to SAAM. This may not seem like much, but over time it really adds up.

A web link was created for users to print replacement pages for their hardcopy policy manual. The new link is available on SAAM's website at: <http://www.ofm.wa.gov/policy/default.asp>.

Although we are providing the option to print replacement pages for your hardcopy manual, we strongly encourage the use of the online version of SAAM. Why is the online version of SAAM better?

The online version of SAAM:

- offers useful search capabilities for finding specific words and policies;
- includes direct links to glossary terms, RCWs, other sections within SAAM, and additional resources;
- offers electronic documents in PDF format that can be downloaded and saved to your computer;
- saves paper, the cost of printing, and the time it takes to insert the updated pages in your manual, and most importantly;
- it is always up-to-date.

If a print copy is required, try circulating one hardcopy within your office, and always print double-sided on recycled paper.

What's new in SAAM

Effective July 1, 2009, the State Administrative and Accounting Manual (SAAM) was updated in a number of areas. Certain changes were related to actions of the 2009 Legislature while others were made to clarify existing policies and improve the effectiveness of state accounting. Some of the key changes include:

Chapter 10: Travel (<http://www.ofm.wa.gov/policy/10.htm>); (Sections 10.00, 10.10, and 10.20)

- Removed Section 10.00, Out-of-State Travel Restrictions and related references, pertaining to ESSB 5460 and HB 2328.
- Added parking tickets, citations, and infractions to list of non-reimbursable travel expenses.

Chapter 15: Personal Service Contracts (<http://www.ofm.wa.gov/policy/15.htm>); (Section 15.00)

- Removed Section 15.00, Personal Service Contract Restrictions, pertaining to ESSB 5460 and HB 2328.

Chapter 25: Payroll (<http://www.ofm.wa.gov/policy/25.htm>); (Sections 25.10, 25.20, 25.40, and 25.70)

- Clarified language for requirements related to the payroll revolving account, local accounts, and other accounts used for payroll activities.
- Revised the shared leave fringe benefits rate to 42%.
- Changed the formula for reverting shared leave hours to use original total salary rate for all affected employees.

Chapter 30: Capital Assets (<http://www.ofm.wa.gov/policy/30.htm>); (Sections 30.20, 30.30, 30.45 and 30.50)

- Added new policies for capitalization of intangible assets for implementation of Governmental Accounting Standards Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets."
- Added language to allow agencies to conduct a risk-based approach for their physical inventory of capital assets with approval from OFM.

Chapter 45: Purchase Cards (<http://www.ofm.wa.gov/policy/45.htm>); (Section 45.10)

- Added the acceptable use of purchase cards between Washington State agencies when used between a treasury and local account and when the receiving agency agrees to accept the interagency purchase card payments.

What's new in SAAM (continued)

- Added allowance for an agency to choose to include an individual's name on a department card.
- Clarified the cardholder of an individually assigned card should be an agency employee.

Chapter 50: Federal Compliance (<http://www.ofm.wa.gov/policy/50.htm>); (Sections 50.20, 50.30, and 50.40)

- Decreased the threshold for programs subject to CMIA regulations to \$30 million or more.

Chapter 75: Uniform Chart of Accounts (<http://www.ofm.wa.gov/policy/75.htm>); (Sections 75.10, 75.20, 75.30, 75.40, 75.70, and 75.80)

- Changed name of two agencies: 1030 to Department of Commerce (COM) and 3530 to Washington State Center for Childhood Deafness and Hearing Loss (CDHL).
- Added 21 new accounts; deleted 16.
- Added six new general ledger (GL) codes; deleted two.
- Added four new subobject codes; deleted one.
- Added one new revenue source code; deleted 13.
- Added descriptions for the 0400 State Charges and Miscellaneous revenue source codes.

Chapter 80: Accounting Policies (<http://www.ofm.wa.gov/policy/80.htm>); (Sections 80.20 and 80.30)

- Revised GAAP hierarchy for implementation of GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments."
- Revised capital assets policy for implementation of GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets."

Chapter 85: Accounting Procedures (<http://www.ofm.wa.gov/policy/85.htm>); (Sections 85.10, 85.20, 85.22, 85.24, 85.32, 85.36, 85.38, 85.50, 85.52, 85.54, 85.56, 85.60, 85.65, 85.70, 85.72, 85.74, 85.85, and 85.90)

- Clarified language for recording losses in permanent funds, and separate tracking of expendable and nonexpendable fund balance.
- Revised capital assets policy and added amortization of capital assets for intangible assets.
- Clarified language for changes in condition of impaired capital assets.
- Clarified pollution remediation obligations policy for governmental fund type accounts, and proprietary and trust fund type accounts.

Further details related to July 1, 2009, SAAM changes are noted in OFM Directive 09A-06. The directive, as well as, the entire text of SAAM is available on our website at: <http://www.ofm.wa.gov/policy/default.asp>.

Questions regarding policy content and proper interpretation should be directed to the OFM Accounting Consultant assigned to your agency.

IRS Training for September 2009

We are pleased to announce that the following training classes will be offered this September:

Compliance: IRS Form 1099 and Backup Withholding Procedures

September 4, 9:00 am – 3:00 pm

Advanced IRS Forms Reporting

September 11, 9:00 am – 3:00 pm

**At this time, both classes are
scheduled to be held in the
Columbia Room in the Legislative
Building in downtown Olympia.**

We are very fortunate that trainers from both the IRS and Social Security have made themselves available for these sessions again this year.

To register, please go to the OFM training website at: <http://www.ofm.wa.gov/training/default.asp>.

If you have questions about these classes, please contact Steve Nielson at (360) 725-0226 / steve.nielson@ofm.wa.gov, or Steve Ketelsen at (360) 725-0222 / steven.ketelsen@ofm.wa.gov.

It Takes Two (Hours, That Is)

Statewide Accounting (SWA) has embarked on a project to develop and pilot several training classes in a new format. These new classes are being designed to be short (2 hours), focused, and hands-on opportunities for attendees.

There are a number of reasons we want to try this new class format, but the main reasons are:

1. Shorter classes make it easier for students to get away from their offices.
2. Hands-on exercises make the training more useful.
3. Back at the office, students can immediately apply what they learned.

After meeting with a small advisory group, the classes chosen for the first round of development were In-Process Reconciliation, General Ledger (GL) Review, and GL Reconciliation.

The **In-Process Reconciliation** class discusses how and why transactions go through the in-process GLs, situations that cause problems, and how to resolve those issues. The **GL Review** class covers GL characteristics and basic GL reports that agencies should review monthly. The **GL Reconciliation** class covers the GL accounts that should be verified against other data sources and how to accomplish this.

Our goal is for all classes to end with 30-45 minutes of hands-on training in which students review and analyze their own agency reports.

To date, SWA has presented the In-Process Reconciliation class twice, and the class is now a regular offering on the training calendar. The GL Review class has been presented once and the GL Reconciliation class is in the development stage.

SWA plans to complete pilots of the two GL classes this fall and have them on the training calendar by January 2010. Watch for the new class announcements on our training website: <http://www.ofm.wa.gov/training/default.asp>.

If you have questions about these classes or suggestions for other class topics in this format, please send them to Cheryl Hainje at cheryl.hainje@ofm.wa.gov, or contact the OFM accounting consultant assigned to your agency.

Year-End Closing Resources on OFM's Website

To assist you in the fiscal year-end closing process as detailed in the State Administrative and Accounting Manual (SAAM) in Chapters 90 and 95 for State and Federal Reporting, the following resources are available on our website at: <http://www.ofm.wa.gov/resources/yearend.asp>. Or, if you are navigating from OFM's homepage, hover over the "Accounting" tab, choose "Accounting & Administrative Resources", and click on Year-End Closing.

1. **2009 AFRS/CAFR Closing Schedule** – a calendar key of dates for the closing process.
2. **OST Fiscal Year 2009 Closing Schedule** – a copy of OST's closing schedule.
3. **June Cash Transaction Effective Dates** – the date various types of transactions (AFRS EFT, IAP, IFT, warrant, etc) must be posted in AFRS to be considered "paid" in June.
4. **Most Common AFRS Tran Codes for Fiscal Year-End** – a handy "cheat sheet" which lists the transaction codes to be used for common fiscal year-end adjusting entries.
5. **State Fiscal Year-End Closing presentation** – a copy of the May FMAC presentation. This is the majority of the CAFR Year-end Update class.
6. **Federal Fiscal Year-End Closing Update Class** – a copy of the class presentation.
7. **FY 2009 Interagency Receivables & Payables Contacts List** – a list of contacts for interagency receivables & payables.

We welcome suggestions for additions to this website. If you have any questions or suggestions, please contact Suzanne Coit at (360) 725-0187 / suzanne.coit@ofm.wa.gov.