



Summer 2012

theConnection

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

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Grants Management - The Final Chapter

As reported in the last two issues of *The Connection*, a state grant work group was formed to initiate research into the best practices in grants management.

The effort of the work group is now complete! The work group came up with a number of tools and resources to assist you in managing state grants. They also put together a Q&A document to help answer some basic questions about state grants. A special thanks to all of the people who contributed to this effort.

Visit our State Grants Management resources web page on OFM's website at: <http://www.ofm.wa.gov/resources/grants.asp>.

Please send comments or ideas for additions to the web page to Wendy Weeks at wendy.weeks@ofm.wa.gov.



Summer of SAAM Changes

Effective June 1, Chapter 90 State Reporting of the *State Administrative and Accounting Manual* (SAAM) was updated to reflect changes to state reporting policies and procedures for the fiscal year 2012. **OFM Directive 12A-02** contains key changes to the policy and the timetable related to the fiscal year-end closing and reporting. SAAM was also updated to reflect changes related to actions of the 2012 Legislature that were effective in June. Key changes are detailed in **OFM Directive 12A-03**.

SAAM was updated effective July 1 to incorporate changes related to actions of the 2012 Legislature that were effective in July as well as other changes to clarify existing policies and to improve the effectiveness of state accounting. For a complete list of key changes in the July SAAM update, refer to **OFM Directive 12A-04**.

The July 1 update to SAAM included a new chapter on data and systems access to call out the existing authorities that address controls applicable to statewide financial and administrative systems. In relation to the new policy on data and systems access, we also added a policy in Subsection 50.10.65 on the new 1099 download application which is maintained by the Department of Enterprise Services. The new policy directs agencies to establish an effective system for management and control to secure information available through the download.

The update to Chapter 95 Federal Assistance Reporting will be issued later this summer after the federal Office of Management and Budget issues the 2012 Compliance Supplement.

For all SAAM policies, OFM directives, technical corrections, and superseded policies visit OFM's website at: <http://www.ofm.wa.gov/policy/default.asp>.

If you have questions or comments on any information contained in *The Connection*, please contact Jayda Williams at jayda.williams@ofm.wa.gov.

Fiscal Year-end Closing Resources

To assist you in the fiscal year-end closing process, the following resources are available on OFM's website at: <http://www.ofm.wa.gov/resources/yearend.asp>.

- **AFRS/CAFR closing schedule** – A calendar with key dates for the closing process.
- **OST year-end cash memo** – A link to OST's closing schedule with cutoff dates for treasury activity.
- **June cash transaction effective dates** – A document with the various types of transactions (AFRS EFT, IAP, IFT, warrant, etc) that must be posted in AFRS to be considered "paid" in June.
- **Most common AFRS tran codes for fiscal year-end** – A handy "cheat sheet" that lists the transaction codes to be used for common fiscal year-end adjusting entries.
- **Interagency receivables & payables contacts list** – A list of agency contacts for interagency receivable & payable balances.
- **State fiscal year-end closing class** – The class PowerPoint presentation.
- **Federal fiscal year-end closing class** – The class PowerPoint presentation.

And, We're Off and Running to Another Fiscal Year Close!

As we look ahead to the next few months, your adherence to the following year-end deadlines is key. The goal is to get done early and enjoy your summer!

Due Date	Reporting Items
July 23	Interagency billings due
July 31	Phase 1 closes - Agency accruals
Aug. 1	Disclosure Form application opens
Sept. 7	Phase 2 closes - All agency adjustments must be completed; State and Federal disclosure forms are due
Sept. 21	State Financial Certification form is due
Dec. 7	Federal Assistance Certification form is due

A couple of important reminders to help the fiscal year close a little easier:

- Review the activity recorded for long-term assets and liabilities early, and adjust/correct as needed.
- Use subsidiary GL codes for new agencies (Innovate Washington, Department of Enterprise Services and Consolidated Technology Services).
- Don't use subsidiary GL codes for abolished agencies (Departments of General Administration, Information Services, Personnel, and Printing as well as Spokane Intercollegiate Research and Technology Institute).
- Analyze deferred revenue GL codes (5192/5292) and ensure that all unearned revenue is reclassified to the new unearned revenue GL codes (5190/5290).
- Record estimated accruals for obligations incurred in fiscal year 2012 even if you haven't received the bill yet.
- Adjust fund balance by level of constraint on the purpose for which the amounts can be spent. Fund balance classifications include: nonspendable, restricted, committed, or assigned. Refer to SAAM 80.30.65 for the related fund equity policy. Refer to 75.40.20 for a description of the various fund balance GL codes.

If you have any questions, please call your assigned OFM Accounting Consultant. If we have questions, we'll call you!

New Cellular Device Policy



Cellular Device Policy No. 191 was issued by the Office of the Chief Information Officer (OCIO) in June 2012. This policy is designed to help agencies:

- Ensure state-owned cellular devices are issued and service plans are based on business needs;
- Ensure agencies and employees are aware of their responsibilities;
- Provide steps to improve cellular device management;
- Enable optimization strategies for devices and plans; and
- Establish policies to allow employees to be reimbursed for using personal cellular devices.

SAAM 75.70.10 was updated effective July 1, 2012 to include a new sub-subobject (SW22 - Cellular devices) under subobject "BE – Allowances" for recording payments to employees for cellular device stipends. Stipends for cellular device payments made to employees can be for voice, data, or voice and data access. New allowance code wage types will be established in HRMS to facilitate coding for these cellular device stipends made in accordance with the cellular device policy.

The new cellular device policy including Q&A's can be found on the OCIO's website at: <http://www.ofm.wa.gov/ocio/policies/manual.asp>. For additional questions, please contact the OCIO by email at: ocio.policy@ofm.wa.gov.

Economic Feasibility Study Requirements and Recent Changes

Whether or not an Economic Feasibility Study (EFS) is required depends on the type of electronic payment, and due to recent legislation, also the type of customer. This article highlights current EFS requirements and exceptions.

Required by State Law

State law and SAAM Chapter 40 require all state agencies to submit an EFS to the Office of Financial Management (OFM) for approval prior to accepting or disbursing payments electronically.

There are two exceptions to this requirement:

- 1) An EFS is not required for acceptance or disbursement of Automated Clearing House (ACH) payments when they are processed through AFRS and the Office of the State Treasurer (OST). This method has proven to be cost effective, so an EFS is not required to be submitted. Keep in mind that SAAM Chapter 40 requires agencies to evaluate ACH payments as the primary option for accepting or disbursing funds electronically.

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Update on the Time, Leave, and Attendance Program

Work continues on the Time, Leave, and Attendance (TLA) Program. As noted in prior issues of *The Connection*, TLA is an enterprise initiative under the leadership of OFM and the implementation and operational support of DES.

To gather information about the functionality offered in modern time collection systems, a request for market research was issued. Three vendors responding to the request presented product demonstrations on May 8 and 9, 2012. These demonstrations were very informative and participants came away excited about the functionality available in the products that were demonstrated.

TLA business analysis staff continue to work with agencies to document the current state of and assess business needs related to time and attendance collection. This work will support the development of baseline requirements.

Lastly, the TLA Program website (<http://www.des.wa.gov/tla>) was recently launched. The website offers a convenient way for you to get the latest information on TLA. Check it out!

IT Cost Coding

We often hear the question “Who cares about IT costs?” Well, the answer is: the Legislature cares and OFM – both the Budget Division and the Office of the Chief Information Officer - cares.

The 2013-2015 Budget Instructions include a requirement that all agencies utilize a new IT financial information management application.

The instructions also include a requirement for an IT Appendix that requires Project Type X and Y information. Interest in IT costs appears to be increasing!

The budget instructions can be found on OFM’s website at: http://www.ofm.wa.gov/budget/instructions/operating/2013_15/chapter12.pdf.

(continue Economic Feasibility Study from page 3)

- 2) If either state or federal statute explicitly mandates or allows acceptance or disbursement of electronic payments, an EFS is not required. We have recently added a list of these exceptions that includes changes from the 2012 legislation to the E-Commerce resources web page on OFM’s website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

Changes made in the 2012 Legislative Session

Legislation passed by the 2012 Legislature specifically allows agencies, under certain circumstances, to accept electronic payments from businesses. Substitute Senate Bill 6354, effective June 7, 2012, states in part:

“In any instance where a state agency requires that a business submit a document, form, or payment of a fee in paper format, the state agency must provide the business an option to submit such requirement electronically.”

This legislation means that an EFS is no longer required to be submitted to OFM when agencies are going to be accepting payments electronically from businesses.

The following table summarizes the situations where an EFS is or is not required.

Electronic Payment Type	Customer Type	EFS Required for Acceptance of Payments?	EFS Required for Disbursement of Payments?
ACH (processed through AFRS and OST)	Business or Non-business	No	No
ACH (processed through a third party vendor or the agency generates their own ACH file)	Business	No	Yes
ACH (processed through a third party vendor or the agency generates their own ACH file)	Non-Business	Yes	Yes
Credit cards, debit cards, smart cards, stored value cards, electronic checks, internet checks, lockbox services	Business	No	Yes
Credit cards, debit cards, smart cards, stored value cards, electronic checks, internet checks, lockbox services	Non-Business	Yes	Yes

Even though an EFS may not be required in certain situations, agencies should work closely with OST to ensure compliance with their contracts and requirements.

For more information about EFS requirements and recent changes, contact Pam Valencia at 360-725-0194 or pam.valencia@ofm.wa.gov.

1099-MISC Reporting

In the previous issue of *The Connection*, we notified you that the decision was made to pause the Enterprise Payment Services payee portal activity for an undetermined duration. Although portal-related work was suspended, the Department of Enterprise Services (DES) is moving forward on implementing a 1099-MISC Reporting solution. DES has been assessing the Disbursement Reporting System (DRS) and the AFRS 1099-MISC Reporting system and researching available options to determine which option best meets the business needs of agency users. As part of the assessment, focus group sessions were held with select agency representatives to gather the necessary business requirements for the replacement solution.

It quickly became clear that, in order to meet the tight deadline to provide agencies with a replacement solution, it was necessary to split the effort into two phases. **Phase One** functionality will allow agencies access to their data needed for 1099-MISC Reporting through the web intelligence tool in Enterprise Reporting. This will allow agencies the opportunity to reconcile their data as needed prior to the creation and printing of the 1099-MISC forms. In order to maintain security of this confidential data (such as social security numbers), SAAM 50.10.65 was added to address security related to the 1099 download application. The new policy requires agencies to establish an effective system for management and control of the secure information and users to sign a nondisclosure agreement prior to gaining access to the data.

For more information regarding the process to gain access to your agency’s data, please view the following website at: <http://ofm.wa.gov/isd/erhelp/general/access.asp>. **Phase One** functionality is scheduled to be implemented effective July 2, 2012; however, agency training will not occur until July 19, 2012. To ensure you understand the confidentiality of the data and the business issues around filtering your agency’s data for creating your 1099-MISC forms, you **must** attend this training in order to gain access. The training on July 19 will not be a hands-on training about how to use the web intelligence tool. If you have not already taken it, we recommend that you take the DES class “Enterprise Reporting: Introduction to Web Intelligence (AFRS Financial Queries).”

Please note, for those agencies that are currently outside the State Government Network, in order to maintain security of confidential data you will be required to access your data using Secure Access Washington with two-factor authentication.

Phase Two functionality will allow agencies the ability to create, edit and print their 1099-MISC forms. This functionality is scheduled to be implemented in October 2012 and training will be available to agency users prior to implementation.

1099-MISC Reporting Timeline of Events

