



The Connection

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

SAAM Update

The State Administrative and Accounting Manual (SAAM) was updated effective January 1, 2010.

Key changes included:

- In Chapter 10, we revised the travel policy to reflect a decrease in the mileage reimbursement rate for privately owned vehicles from \$0.55 to \$0.50. This decrease mirrors the federal rate set by the United States Treasury Department which, per RCW 43.03.060, is the maximum rate the state can pay.
- In Chapter 85, we added new Subsection 85.32.25, Priority of expenditures, to reflect the provisions of RCW 43.88.150 which requires state moneys be conserved when agencies have both state and other funding sources available.

All SAAM policies, directives, technical corrections, and superseded policies are available online at: <http://www.ofm.wa.gov/policy/default.asp>.

If you have any questions related to these SAAM changes, please contact the Accounting Consultant assigned to your agency.



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Rate Reductions Mean Savings for Agencies

Beginning January 2010, OFM will **eliminate** the usage fees related to the:

- Capital Asset Management System
- Accounts Receivable System
- Time Management System
- Travel Expense Management System

The Enterprise System Fee charge will remain the same, but will now also cover the access and use of these systems.

Service	Rates in the 2007-09 Biennium	Current Rates	Rates as of January 2010
Capital Asset Management System file utilization	\$0.114	\$0.09	\$0
Accounts Receivable Customer record fee	\$1.00	\$0.75	\$0
Accounts Receivable record processing fee	\$1.00	\$0.75	\$0
Time Management System file utilization (per active employee per month)	\$1.25	\$0.75	\$0
Travel Expense Management System (per voucher)	\$3.90	\$1.00	\$0

We will continue to look for opportunities to pass savings along to you. If you have any questions about the new rates, please contact Muoi Nguy at muoi.nguy@ofm.wa.gov.

If you have additional ideas or suggestions on how OFM can offer better or more affordable services, please contact:

- Maria Hug at maria.hug@ofm.wa.gov for accounting-related system or reporting ideas.
- Wendi Gunther at wendi.gunther@ofm.wa.gov for budget-related system or reporting ideas.

More Cost Savings for Agencies

Turning Off AFRS Monthly Reports

In an effort to provide continued savings to state agencies, on December 15, OFM stopped the report production and printing of all AFRS monthly reports from the AFRS mainframe application except the reports listed below. All the eliminated AFRS reports are available via Enterprise Reporting (ER) or the Ad Hoc Tool. Unlimited use of Enterprise Reporting services is covered in an agency's enterprise systems fee, while OFM and agencies are charged for each AFRS report generated.

The AFRS to ER reporting crosswalk can be found under the Reference Links on the ER web site at <http://reporting.ofm.wa.gov> or (agencies outside the state intranet) at <https://fortress.wa.gov/ofm/reporting>.

The following AFRS monthly reports are still available but will migrate to ER within the next two months:

MWP260	Accounts Payable Report
MWP265A	Accounts Payable Report
MWP280	Transaction Summary
MWP680	Combined Vendor List
MWP685	Vendor List
MWP686-690	OMWBE

The following reports will also be available in AFRS until they can be migrated to ER later in the year:

Project Reports (MCP 482 Series)	
AFRS daily reports	Several of these are already available in ER. OFM is now working to move the remaining reports.
AFRS weekly reports	
AFRS On-Demand reports	OFM is exploring the option of turning off this feature in the near future.

Stay tuned as we will have more updates to share with you.

Reviewing Your AFRS Report Requests

Did you know that if you have a report request record in any of the AFRS report types (C for CD, P for Paper, or S for EOS-Electronic Output Solution), you continue to incur an image cost, even when the number of copies is set to zero? Here are some specific ideas to reduce unnecessary costs:

- CD production was turned off in October 2009. However, if you still keep a report request record with "C" and no copies, you should delete that record from the AFRS RR.2 Screen to avoid the image cost.
- If you do not need to print any of the remaining AFRS monthly reports, but still keep a report request record with "P" and no copies, you should also delete that record from the AFRS RR.2 Screen to avoid the image cost.
- Review the list of current reports being sent to EOS format. Eliminate the report request records with "S" if you do not need to retain the EOS image. Many of the reports historically preserved in the CD or EOS format are now available through Enterprise Reporting.

If you need assistance changing your Report Request (RR) screen, please contact the AFRS Help Desk at 360-664-7725.

Keeping only Necessary Data in Disbursement Reporting System (DRS)

You can reduce your cost for DRS services by changing the months of online data kept to the minimum of 15 months. This complies with the annual 1099-MISC process. This can be changed on the Agency Profile Maintenance Screen (DS.1).

OFM also plans to remove some of the AFRS transactions extracted to DRS that are not relevant for disbursement records or 1099 purposes such as payroll transactions from HRMS. If you wish to remove them on your own for immediate savings, you may do that on the Extract Transaction Maintenance screen (DS.3).

The listing of transaction codes extracted to DRS is available on our web site at <http://www.ofm.wa.gov/isd/syscontact.asp#drs> under DRS. The payroll transaction codes are highlighted for your reference.

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HRMS Corrective Action Plan Update

The State Auditor's Office issued its audit report of the Human Resource Management System (HRMS) on February 2, 2009. Since then, the Department of Personnel (DOP) and OFM have been collaborating to respond to the audit. Six state agencies have also provided input toward resolution of the audit's five findings, which are listed below.

1. An excessive number of employees at state agencies have access to critical functions in HRMS.
2. An excessive number of employees in payroll offices have conflicting duties in HRMS.
3. Users can make unauthorized changes to data in HRMS. Data changes are not approved by supervisors before being processed within HRMS and supervisors are not reviewing changes made.
4. HRMS is not supported by a disaster recovery "hot" back-up site.
5. A number of manual HRMS processes should be automated.

The State Administrative and Accounting Manual (SAAM) assigns responsibility to agencies for adequate internal controls, including controls over payroll processing. There is no one-size-fits-all solution, and agencies ultimately need to ensure their own controls function properly. That said, DOP and OFM are partnering to assist agencies in the area of payroll processing controls.

In developing their corrective action plans, DOP and OFM are including many activities toward addressing control weaknesses that may be associated with agency payroll processing. Agencies are encouraged to take advantage of this work where feasible. Activities address areas such as role assignment, segregation of duties, and compensating controls. For more information, please go to our payroll resources site at <http://www.ofm.wa.gov/resources/payroll.asp>.

Key points to remember: the HRMS system is complex, each agency has unique business needs, resolution requires effort from everyone involved, and this will be an ongoing effort with a significant body of work already accomplished and yet to be accomplished.

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

More Cost Savings for Agencies . . .

Still Needing Data Download from ADDS?

Did you know that ADDS information can be downloaded from ER at no extra cost?

OFM has been updating and adding fields in AFRS as a result of the IRS 3% withholding regulation and American Reinvestment and Recovery Act (ARRA).

As a cost saving measure, however, OFM elected not to update the ADDS download with the new fields as this information is already available to all agencies through Enterprise Reporting.

OFM is happy to assist agencies in exploring less expensive alternatives to ADDS data and other costly interfaces. We may likely have an option that will meet your business needs without additional maintenance, storage and transaction costs and disaster recovery responsibilities.

Project Purge

OFM is currently evaluating the costs and benefits of the project purge process. While this has been viewed as a cost saving measure in the past, we also understand that the historical and audit trail information related to project coding can be invaluable and very costly to recreate if purged. OFM plans on providing updates to agencies on this analysis next quarter.

Communications

OFM provides updates, outage notices, new features, etc. utilizing the following communication tools: Listserv email notifications, The Connection newsletter, AFRS Logon Screen Notification, direct mail and/or email. If you are not currently a listserv subscriber, please sign up at <http://listserv.wa.gov/archives/swfs.html>.

If you need assistance, please contact us at 360-664-7725 or afrrshelpdesk@ofm.wa.gov.

2009 Audit Resolution Report Issued

The 2009 Audit Resolution Report was issued to the Legislature in December 2009.

This report summarizes the corrective actions taken by 25 state agencies in response to 73 audit exceptions issued by the State Auditor's Office for Fiscal Year 2008, including seven findings related to fraud. The report includes resolution of audit exceptions related to regularly scheduled agency financial audits, the statewide single audit, and special audits.

The 2009 report contains significantly more audit findings than the previous year's which reported on 40 findings, two of which related to fraud. We acknowledge agency efforts in assisting us in the compilation of this report.

We can't stress enough the importance of addressing audit findings early and encourage you to work with your assigned Accounting Consultant. A key element in most audit resolutions is internal control. Our current economic climate and resultant budget cuts can make maintaining good internal controls challenging, but it is more important now than ever. We encourage you to take time in the New Year to make audit resolution and internal control a priority.

We invite you to view the 2009 Audit Resolution Report at <http://www.ofm.wa.gov/auditresolution/2009/default.asp>.

If you have any questions, please contact the Accounting Consultant assigned to your agency.

Another Successful CAFR Season!

The Office of Financial Management (OFM) is pleased to present the 2009 Comprehensive Annual Financial Report (CAFR).

Fiscal staff at each state agency devoted a lot of time and effort closing the fiscal year and providing financial data for this statewide report. We thank each and every one of you for your ongoing efforts.

In this year's CAFR, we implemented two new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB) as follows:

- Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. GASB Statement No. 49 identifies the circumstances under which the state would be required to report a liability related to pollution remediation. Liabilities and expenses would be estimated using an "expected cash flows" measurement technique. This statement also requires the state to disclose information about their pollution obligations associated with the cleanup efforts in the notes to the financial statements.
- Statement No. 52, Land and Other Real Estate Held as Investments by Endowments. Statement No. 52 requires the state to report changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine the fair value.

We invite you to view the 2009 CAFR online at www.ofm.wa.gov/cafr/2009/default.asp.

New Performance Management System

The first phase of the new Performance Measure Management system project is planned for release in January 2010.

The redesigned system is a significant step forward as Washington state continues its leadership in transparency and performance management reporting.

The new system, which will replace the existing Performance Measure Tracking system, will:

- Allow performance management information to be collected once, in a single system, and used for multiple reporting purposes such as budget reporting, economic recovery, GMAP/DataView, and internal agency tracking and monitoring.
- Reduce data input and support costs while ensuring required performance management needs are met.
- Allow customers to collect and display performance measurement data as needed.
- Include upgrades to the latest software.
- Include a number of improvements based on customer feedback.

Additional features in the revised solution include:

- More options for tracking data, such as monthly or weekly reporting.
- Simplified workflow, with no OFM approval needed for internal performance measures or updated tracking data.
- The ability to import and export tracking data directly from or into spreadsheets.
- The ability for targets to be defined as ranges and actuals to be defined as ratios.
- The ability for users to submit, update, or approve multiple performance measures at a time.
- Data elements used by the Governor's GMAP and DataView.

The second phase, beginning in February 2010, will add the final GMAP features to meet user requirements, such as action plans, dashboards and publishing GMAP forums to the Internet.

The project team is in the process of developing training for system use including its associated Web Intelligence Tool, and planning the migration of existing PMT data to ensure users have a smooth transition.

Training classes, when available, will be posted at <http://www.ofm.wa.gov/training/default.asp>

For those interested in an opportunity to experience the new system prior to training, a demo site will be made available in early January 2010. For a login and site address, please contact the Budget Portfolio Team at 360-725-5278 or ofmbass@ofm.wa.gov.

For more information regarding the new system, please contact Sara Corbin at 360-664-7737 / sara.corbin@ofm.wa.gov, or Jeffrey Showman at 360-902-7536 / jeffrey.showman@ofm.wa.gov.

TEMS Maintenance and Enhancement Release

OFM completed a production maintenance and enhancement release on the Travel and Expense Management System (TEMS) for 2009. Highlights include:

Fiscal Review Counts: We added a new section to the TEMS home page below the Task section. This section is available to fiscal users and agency administrators. The new section allows fiscal users to easily see what is in the fiscal queue and enables them to see the count of reimbursement requests waiting to be processed within a fiscal group and by date received.

TVS Historical Report: We improved the search feature to make it more user-friendly. The paging and sorting features are now working correctly. Also, search results can now be exported to Excel. Thanks to users who participated in the TVS History Report survey.

Batch Report: We changed the sorting order for batches in AFRS to match the sorting order of batch report in TEMS, as requested by several agencies. The change allows fiscal users to perform a quick review, and speeds up data verification and releasing process.

Query Functionality: We enhanced the query functionality for ease of use. Agency Administrators are now able to create a query that will remain on screen until they clear it by using the "Clear" button or entering new search criteria.

Reimbursement Request Report: We modified the report to add one-way default mileage on the report. This modification allows approvers and fiscal users to review claimed mileage against default mileage. The change will save reviewers time when reviewing a high volume of reimbursement requests. The report was designed to print with landscape orientation.

System Issues:

- Fiscal users are now able to fix the batch # on the Batch Release screen when receiving the "batch # has been used" error message.
- The Add User button is disabled when there is no user to add to a group in the Administrator Suite.
- The trip no longer disappears when Balance to Code is out of balance.
- Agency Administrators are now unable to reset passwords for inactive users.

If you have questions or need assistance, please contact the TEMS Help Desk at 360-664-7750 or travelhelp@ofm.wa.gov.

New IRS 3% Withholding Requirement

In May 2006, Public Law #109-222 (Tax Increase Prevention and Reconciliation Act of 2005) added subsection 3402(t) to the Internal Revenue Code.

This particular law requires that 3% be withheld on payments of \$10,000 or more for property and services. The original law was to go into effect in January 2011, but has been delayed until January 2012.

All state governments are affected by this new law. The law is payment focused – if an individual payment is \$10,000 or more, it is subject to the 3% withholding requirement, unless one of the exemptions noted below applies. All payment types are covered, including those made using purchase cards.

The law exempts several types of payments, including:

- Wage payments
- Any other payment where mandatory or voluntary withholding already applies
- Payments made through public assistance or welfare programs where eligibility is determined by a needs or income test
- Payments for interest
- Payments for real property
- Payments to tax exempt entities or foreign governments
- Intra-governmental payments
- Payments pursuant to a classified or confidential contract
- Payments to government employees not otherwise excludable with respect to their service as an employee

OFM has begun working with agencies on a project to enhance AFRS vendor payment functionality to:

- Identify when 3% withholding is required.
- Withhold the 3% when required.
- Send amounts withheld to the IRS.
- Produce an IRS Form 1099-MISC for each affected vendor at year end.

An agency focus group has been formed. If your agency is currently not represented but would like to be, please contact Steve Nielson at 360-725-0226 / steve.nielson@ofm.wa.gov, or Denise Tabler 360-664-7788 / denise.tabler@ofm.wa.gov.