



Winter 2023

The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Privately Owned Vehicle Mileage Rate Increase

We have updated the *State Administrative and Accounting Manual* to reflect the increase to the reimbursement rate for privately owned vehicle (POV) mileage from \$0.625 to \$0.655 effective **January 1, 2023**, per [IRS Notice 2023-03](#). The state Per Diem Rate maps were also updated to reflect the mileage rate revision. The revised maps are available on OFM's Travel Resources website at: <http://www.ofm.wa.gov/resources/travel.asp>.

SAO Fraud Program

The Office of the State Auditor is continuously improving its fraud program. To learn more about the recent changes and determine impacts for your agency, refer to the [November 16, 2022 Audit Connection Article](#).



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Another Successful ACFR Season!

We are pleased to present the 2022 Annual Comprehensive Financial Report (ACFR). We invite you to view the ACFR online at: <https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report/2022-annual-comprehensive-financial-report>.

Each year provides its own challenges in the ACFR preparation, and fiscal year 2022 was another year highlighted by questions about federal spending due to COVID relief funding. Many agencies struggled with meeting year-end deadlines due to staffing shortages or new staff. To help address agencies dealing with new staff or staff in new and unfamiliar positions, OFM statewide accounting is going to focus on providing more training opportunities this spring. By its nature, our training will be generic, so we encourage agencies to dedicate time on training staff on agency-specific activities and procedures.

We received our audit opinion on December 20, 2022, which is again later than we hoped. We are confident we can finish next year back on schedule. We appreciate all the time and effort that the fiscal staff at each state agency devoted to closing the fiscal year and providing quality financial data for the ACFR. We realize it takes considerable effort and, even with the delay, we can all be proud of the work accomplished this year. Thank you for your part!

If you have questions or comments on any information contained in The Connection, please contact Anwar Wilson at anwar.wilson@ofm.wa.gov.

2022 Audit Resolution Report

The Office of Financial Management (OFM) published and distributed the annual *Audit Resolution Report* to the Legislature in December 2022.

The report included findings issued by the Office of the Washington State Auditor (SAO) from November 1, 2021, to October 31, 2022. Below are the summary statistics from the 2018 to 2022 *Audit Resolution Reports*:

Findings Reported:	2022	2021	2020	2019	2018
Federal	61	65	70	61	52
Non-federal	4	5	9	17	20
Fraud	2	5	6	3	5
Total	67	75	85	81	77
Number of agencies included	13	16	16	24	16

The [2022 Audit Resolution Report](#) can be viewed on the OFM website. If you are interested in reading details of the findings, please refer to the audit reports published on the SAO [website](#).

OFM Corrective Action Plan Requests

SAO issues findings for accountability audits, financial audits, fraud audits, and for programs included in the statewide single audit. State agencies may receive different types of findings at different times, and below is some reminder information about the general timeframe when OFM will request a corrective action plan (CAP).

Accountability/Financial/Fraud Audits

SAO performs these audits throughout the year. When a finding is issued, OFM requests agencies to provide corrective action information within 30 days of the finding issue date in accordance with [SAAM 55.10](#). It should be noted that RCW 43.09.312 states that agencies have the legal obligation to comply with the 30-day timeframe to submit CAPs for audit findings of noncompliance with state laws. State accountability audits fall into this category. OFM is responsible for ensuring compliance with the statutory requirement of distributing agency CAPs to external stakeholders within 60 days of the finding release date.

The *Audit Resolution Report* published at the end of each calendar year summarizes the status of corrective actions taken by state agencies to resolve exceptions reported in audit findings issued by SAO during the year. In November each year, OFM compiles the list of CAPs to be included in the report. If there are action items that have passed their estimated completion dates, agencies will receive requests from OFM to provide status updates. For actions that are still being implemented, OFM will also provide an opportunity for agencies to submit updates as needed.

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Federal Audits

For single audit findings, specific federal requirements exist for reporting of audit remediation and resolution efforts. As the auditee of the state's single audit, OFM is responsible for coordinating and facilitating the process to ensure compliance and to meet reporting deadlines. OFM requests CAPs or updates of previously submitted CAPs from agencies several times during a single audit cycle.

Prior findings

The *Summary Schedule of Prior Audit Findings* is a required component of the *Single Audit Report* in which the auditee reports the status of all outstanding audit issues reported in prior audit periods. In July, based on the list of unresolved audit findings provided by SAO, OFM sends CAP update requests to agencies for the audit period that has just concluded in June.

OFM submits the *Summary Schedule of Prior Audit Findings* to SAO in August. The auditors normally perform finding follow-up work concurrently with the current year audit. Fieldwork can be ongoing until January of the following year, after which SAO will provide OFM the status of all prior unresolved audit findings.

Current findings

Repeat findings may be issued for unresolved audit issues during finding follow-up. New findings will also be issued for exceptions that have not previously been reported. In all cases, OFM will request agencies to submit a corrective action plan upon issuance of a federal finding. Typically, these CAP requests are sent to agencies from September to February of the following year.

Updates for Audit Resolution Report

Since the filing date of the Single Audit Report is considered the official issue date of federal findings, these findings will be included in the *Audit Resolution Report* for that calendar year. In November, if there are action items that have passed their estimated completion dates, OFM will request agencies to provide the status for inclusion in the *Audit Resolution Report*.

For more information, please contact:

Marina Yee at marina.yee@ofm.wa.gov

Stacie Boyd at stacie.boyd@ofm.wa.gov

AFRS Table Roll Coming Again

The AFRS table roll is the process by which current biennium (2023) AFRS program index, appropriation index, organization index, and descriptor tables are duplicated for the new biennium (2025), eliminating the need for agencies to rekey hundreds or thousands of records. The table roll is completed in phases with the first phase planned for April 2023 and the final phase, expenditure authority related tables, occurring after the Governor signs the 2023-25 budgets.

Fiscal officers should expect an email in February asking them to verify and/or update their agency-assigned contact information. Once that is completed, Statewide Accounting will send a communication providing details, instructions, and the planned schedule for the table roll. Information will also be posted as it becomes available on our Administrative and Accounting Resources webpage under [AFRS Table Roll](#).

What tasks should agencies be working on now? First, decide if any changes need to be made to your agency's new biennium chart of accounts. Changes take planning and coordination with other parts of your agency, so the sooner you make these decisions, the better. Next, depending on the change, your agency may not want all tables rolled, so make sure your agency table roll contact is kept informed. Finally, begin cleaning up existing tables and eliminate codes that are no longer needed.

For information about the table roll, please contact Cheryl Hainje at cheryl.hainje@ofm.wa.gov.

Federal Single Audit Update

OMB has not granted an extension for the fiscal year 2022 Single Audit Report, which means the filing deadline for the state of Washington is March 31, 2023, per [2 CFR § 200.512](#).

Although some of the COVID funding is winding down, there are continuing compliance and audit requirements to be met. There are also more grant programs with significant expenditures that came with additional compliance requirements. Due to the increased number of programs required to be audited, the State Auditor's Office (SAO) has informed us that the FY22 audit report package is expected to be completed by June 23, 2023. As a result, the state will not meet the filing deadline and the normal single audit timeline has been adjusted.

SAO will issue draft findings promptly upon completion of program audit work and is anticipating that all final findings will be issued by the agreed-upon date of May 2, 2023. Due to the adjustment in the single audit timeline, the Federal Assistance Certifications will now be due on **May 31, 2023** (changed from February 28, 2023).

It is important that agencies continue to provide SAO timely access to information, documentation, and staff needed to complete the audits, and promptly communicate issues and concerns with the auditors. It should also be noted that the adjustment in the single audit timeline does not change the existing OFM process and due date expectations for agencies to submit corrective action plans. OFM monitors submission of corrective action plans closely to ensure they meet the required timeline, per RCW 43.09.312.

We appreciate your cooperation. If you have questions or concerns, please contact Marina Yee at marina.yee@ofm.wa.gov.

Reminder – SBITA, PPP, APA Inventory due March 15, 2023

This fiscal year, we are implementing two new Governmental Accounting Standards Board (GASB) standards, GASB Statement Nos. [94](#) and [96](#). These standards provide definitions and accounting and financial reporting requirements for public-private/public-public partnerships (PPPs), availability payment arrangements (APAs), and subscription-based information technology arrangements (SBITAs). The requirements are very similar to those for right-to-use lease agreements (GASB 87).

We provided four classes in November to introduce these new standards, and now we need every agency's help to determine which contracts and agreements must be reported.

1. Review your agency's contracts and agreements for potential SBITAs, PPPs, and APAs.
2. For potential SBITAs, PPPs, and APAs, complete the analysis and inventory tabs on the Initial Agreement Inventory emailed to agencies in December. If you did not receive this, reach out to your agency's [OFM accounting consultant](#).
3. By March 15, 2023, submit the Initial Agreement Inventory to anna.quichocho@ofm.wa.gov and cc your agency's OFM accounting consultant.
4. Discuss potential PPPs and APAs identified on your agency's Initial Agreement Inventory with OFM to make the final determination for how to record the arrangement.
5. By April 30, 2023, add all SBITAs that meet the state's capitalization threshold in the Facilities Portfolio Management Tool (FPMT). [Here](#) are detailed instructions on how to do this.

Resources Available

- [Sign-up](#) for Office Hours during February and March to discuss your questions about SBITAs, PPPs, and APAs; the Initial Agreement Inventory request; and/or FPMT.
- OFM Accounting Resources website for [Leases, SBITAs, and PPPs](#)
- [Overview of Right-to-Use Asset Policies & Procedures eLearning](#)

Right-to-Use Lease Agreements

Now that GASB Statement No. 87, *Leases*, has been fully implemented, we want to share a few reminders regarding right-to-use lease agreements:

- **Reconcile between the Facilities Portfolio Management Tool (FPMT) and AFRS on a regular basis** to verify that the lease asset and lease liability balances in AFRS match the amounts on the FPMT reports, and make corrections as needed.
 - How often?
 - Monthly if FPMT is sending accounting transactions to AFRS for leases.
 - Annually if you are recording manual adjustments at year-end.
 - The [FPMT Lease Accounting Reconciliation Job Aid](#) has a list of reports to use.
- **Enter new lease contracts, lease renewals, and amendments in FPMT.** [Here](#) is a link to a job aid, which provides information about the general process for lease amendments, renewals, and new contracts. The timing of the FPMT updates is critical if FPMT is sending accounting transactions to AFRS, and is described in the 'When to Enter' column of the job aid.

If you have any questions, please contact your agency's OFM accounting consultant.

Reconciling an Internal Agency System to AFRS

Focus on Department of Revenue

Introduction

The Department of Revenue (DOR) has a unique perspective into the world of accounts receivable for the state of Washington. Nearly all of DOR's accounts receivable consists of taxes and tax liens which heavily affect the state's financial statements as a whole. In the most recent fiscal year, net taxes receivable totaled to just over \$6.8 billion dollars. Understandably, this is a highly material amount and there is heavy emphasis on reconciling these accounts, as all general ledgers should be. The general ledgers that are being reconciled in relation to taxes are: 1311 Taxes Receivable, 1341 Allowance for Uncollectible Taxes Receivable, 1328 Tax Liens Receivable, 1348 Allowance for Uncollectible Tax Liens Receivable, 1611 Long Term Taxes Receivable, and 1641 Long Term Allowance for Uncollectible Taxes Receivable.

Revenue and Receivable System

One might wonder how DOR takes on the monumental task of tracking all this receivable information for over 45 tax types we administer. Some may be familiar with the Automated Tax and Licensing Administration System (ATLAS). This system accounts for and tracks taxpayer accounts as well as revenue and receivable transactions as a result of tax return and payment posting. DOR uses a variety of subsidiary general ledgers as well as detailed descriptions of accounts to track taxes receivable for each individual tax type. On a monthly basis, ATLAS generates over 200 receivable journal vouchers (JVs) automatically and reverses out the previous month's JVs to maintain up to date taxes receivable balances in AFRS. There are also a small number of manual transactions performed monthly in the same manner. Thus, DOR reconciles taxes receivable from ATLAS and manual JVs to AFRS on a monthly occurrence.

Reconciliation Template

DOR uses an excel spreadsheet as means to reconcile taxes receivable. This template has a variety of information tabs and data input tabs. The reconciliation is designed to limit user error and provide flexible data manipulation. Therefore, information is entered into designated cells on the input tabs and the VLOOKUP function utilizes another tab to partition, organize, and filter the input data into a digestible and standard format which includes Data Source, JV Type, Fund, General Ledger, General Ledger Title, Tax Type, Disclosure Tax Type, and Amount. The information tabs, however, are comprised solely of pivot tables that link to the formatted data and provide the user with filters to display the desired parameters. These information tabs consist of summaries by fund and tax type, fiscal year comparisons, and information for the fiscal year-end disclosures. For example, a user can easily filter and pinpoint the amount for Sales Tax in General Fund GL 1311 with ATLAS as the only source as well as many other instances that the user needs.

Monthly Taxes Receivable Reconciliation

First and foremost, the primary objective of this reconciliation is to balance to AFRS, the statewide accounting system. The initial step is to run a General Ledger Summary Flexible Report in Enterprise Reporting (ER) for the six general ledger accounts mentioned above for the month that is being reconciled. The grouping is by general ledger and then fund so that there is a level of detail to trace back in case of a discrepancy. The next step is to extract reports in ATLAS for all receivable balances in GL 1311, 1328, 1341, and 1348 that are then copied and pasted into the designated cells on the ATLAS data input tabs. Then there are six manual JVs that account for tax activity outside of ATLAS as well as reclassifying ATLAS receivables to long term, and those are input on the Manual JVs tab. After everything is entered into the input tabs, the pivot tables in the information tabs are simply refreshed and a living document is ready to fit the user's data needs. The only phase left is to tie with AFRS output. A Summary by Fund tab breaks down the six general ledgers by fund and the amounts are cross referenced with the ER report already run to make sure information is accurate. Not only is this reconciliation used monthly, but it is also

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a powerful tool for year-end implications. This process ensures the receivable balances in AFRS match balances in ATLAS. In addition, DOR has other processes to ensure the receivable balances in ATLAS are correct, such as monthly receivable comparisons and annual revenue/receivable sample testing.

Fiscal Year-End and Disclosures

Fiscal Year-End procedures are a commonplace across all agencies in Washington state and the struggles as well as the victories are felt throughout. If a normal process can alleviate the workload of year-end, why not use it? This reconciliation is key for DOR's taxes receivable disclosure and is completed after all year-end entries are made right before disclosures are due. Once all the fiscal year-end entries that affect taxes receivable are processed, such as the Gross Receipts JV, they are entered into the data input tabs on the reconciliation spreadsheet. A FY Disclosure tab displays all the six general ledgers broken out by fund and disclosure tax type such as sales, property, business & occupation, public utility, real estate, etc. which can be entered into the disclosure system with ease. Last, but not least, qualitative analysis is essential when completing a reconciliation. The five-year comparison tab has all balances for each tax type in each general ledger for the current and previous four years. This allows DOR to ask the questions: why is there a difference and how did we get there? If there is such an unexpected variance, this comparison allows us to clearly pinpoint where it is as a first step in researching.

Thank you to Andrew Arnold of DOR for sharing their processes and his insights. We especially appreciate the emphasis put on using templates, performing the reconciliation monthly, and including comparisons and analysis at year-end.

If your agency has a reconciliation process you would like to share in *The Connection* or suggestions for reconciliation topics you would like to see, please contact [Cheryl Hainje](#).

Coming soon - Accounting 101: Foundations of Accounting

We are happy to announce that development is complete on the first training in our new accounting curriculum, and we are preparing to launch enrollment. Accounting 101: Foundations of Accounting is a virtual instructor led course that covers the basics of general accounting, such as: the accounting equation, debits and credits, GL accounts, how to read financial statements, and journal entries.

In early spring, this training will be open for enrollment on The Learning Center for all state finance staff, including higher education staff. In the following months, staff will also be able to enroll in the next training in the series, which is also virtual instructor led, Accounting 102: Implementing Foundational Accounting. This training covers many of the same topics, but in more detail, along with normal balances, real and nominal GLs, and staff will practice completing transactions.

As learners progress through the trainings in the new curriculum, they will learn general accounting skills, then governmental accounting, and finally the specifics of governmental accounting here in Washington state. As new trainings become available, you will find updates on the Statewide Accounting [training website](#).

For questions or for more information contact mo.golden@ofm.wa.gov.

Payee Registration Unit News

Welcome to Scot Anderson

Please join us in welcoming Scot Anderson, our newest member of the payee registration team! Scot spent the last 12 years in progressively senior positions at LNI in their Fraud Prevention and Labor Standards division. Prior to working at LNI, Scot attended Washington State University. He is married to Shawna who also went to WSU (they are both die-hard Cougs). Scot and Shawna have two young children, a boy and a girl, Asher (6) and Rudy (3). He is an exercise enthusiast and especially likes hiking and the outdoors. Currently he spends time coaching young children in various sports. Scot is a “cat-person,” and says that’s all you need to know about him. Scot is a welcome addition to the team.

Improving Accessibility

The payee registration unit is working to make registration more accessible. We recently released new forms that are more user-friendly for those with low or impaired vision. The new forms are designed for use with a screen reader. We are also in process of providing forms in 15 languages that are most commonly spoken in Washington. We hope to have these forms up and available on our [website](#) by early February.

Continuing the effort to make registration more efficient, the unit is putting together a video which will guide vendors in their efforts to obtain a statewide vendor number. The video will be available this quarter and, once completed, will be found on OFM’s payee registration website.

Reminder to Register Contractors

When contracting with vendors, please make sure they are set up as a vendor in AFRS. If they are not, please send them payee registration forms with the contracting materials. You can find the forms at ofm.wa.gov/payee. This will help to get vendor payments processed more timely and efficiently, and will reduce frustration for the payees.

New Vendor Type D

It recently came to the attention of the payee registration unit that RCW 42.56.640, “Vulnerable individuals, in-home caregivers for vulnerable populations,” impacts how the payee registration unit conducts business. The intent of this RCW is to protect seniors and vulnerable individuals from identity theft and other financial crimes by preventing the release of public records that could be used to victimize them. Sensitive personal information about in-home caregivers for vulnerable populations is protected because its release could facilitate identity crimes against seniors, vulnerable individuals, and other vulnerable populations that these caregivers serve.

Accordingly, the payee registration unit has created a new vendor type “D” which is assigned to caregivers. This new vendor type is connected to the [vendor look-up](#) tool. In order to protect sensitive personal information, providers and other caregivers who have been designated with a “D” vendor type will no longer be displayed on the statewide vendor number look-up tool.