



The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Fiscal Year 2020 CAFR Progress

As we approached 2020 fiscal year close, we emphasized that it was our intent to close AFRS to agency entries at the end of Phase 2. However, we postponed the deadline due to the furloughs, one of many challenges this year presented. Then, we extended the deadline for agencies working on FEMA reimbursements and agencies working on using CARES Act funds.

We appreciate all your hard work to get us to this point. We are attempting to have the state's CAFR published by November 30.



in this issue

CAFR Progress – 1
Travel Policy Update – 1
IRS Form W-2 – 2
IRS Form 941 – 2
Federal Update – 3
1099-Misc Training – 4
OFM Training – 5

Travel Policy Update

We revised Chapter 10: Travel (<http://www.ofm.wa.gov/policy/10.htm>) of the *State Administrative and Accounting Manual* (SAAM), effective October 1, 2020.

The maximum meal and lodging rates for several Washington state locations were revised as a result of changes adopted by the U.S. General Services Administration. The state per diem rates map reflects these changes. The map is available on OFM's travel resources webpage at: <http://www.ofm.wa.gov/resources/travel.asp>.

Direct questions regarding policy content and proper interpretation to Sandy McGough at (360) 725-0194 or sandy.mcgough@ofm.wa.gov.

FFCRA: Guidance on reporting qualified leave wages

IRS Notice 2020-54 provides guidance to employers on the requirement to report the amount of qualified sick leave wages and qualified family leave wages paid to employees under the Families First Coronavirus Response Act. Employers are required to report these amounts either on Form W-2, Box 14, or on a separate statement. This required reporting provides employees who are also self-employed with information necessary for properly claiming qualified sick leave equivalent or qualified family leave equivalent credits under the Families First Act.

There are three wage types in the Human Resource Management System (HRMS) that are affected:

- 1379 Emergency Paid FMLEA
- 1380 Emergency Paid SLA
- 1381 Emergency Paid SLA Care

What does my agency need to do?

Nothing at this time. OFM is aware of the requirement and is working to ensure compliance with the IRS guidance.

For more information, please contact Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.

IRS Form 941 Revised Based on CARES Act and FFCRA

The IRS has published a new version of [Form 941](#) to be used for the rest of calendar year 2020. The form is effective for second quarter (April – June) filing. The new form is revised for changes based on the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Families First Coronavirus Response Act (FFCRA).

Although government agencies are not eligible for tax credits, there is a provision that affects all employers, including government employers: *Qualified sick and family leave wages are not subject to the employer cost for Social Security.*

On pages 9 and 10 of the [Form 941 instructions](#), the tip states the following: *Government employers aren't eligible for the credit for qualified sick and family leave wages; however, as with any employer, government employers aren't liable for the employer share of the social security tax on the qualified sick leave wages paid to employees.*

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- 1380 Emergency Paid SLA
- 1381 Emergency Paid SLA Care

At this time, these wage types are charging the employer cost of social security taxes and including the amounts in the deposits sent to the IRS each payday.

Note: The employee still owes their portion of social security. Employees are not due a refund. Their Forms W-2 are correct as it pertains to these wage types.

What does my agency need to do?

Complete instructions for payroll offices can be found on Statewide Accounting's [COVID-19 accounting resources](#) site. Under other guidance and communication, look for Payroll/HR: [IRS Form 941 revised based on CARES Act and FFCRA](#).

For more information, please contact Steve Nielson at (360) 725-0226 or steve.nielson@ofm.wa.gov.

Federal Update

Single Audit Compliance Supplement

The Compliance Supplement, which is updated each year by the federal Office of Management and Budget (OMB), identifies the existing important compliance requirements that the federal government expects to be considered as part of a single audit. It is one of the most important pieces of guidance used by the auditors in performing single audits. It includes federal program objectives, procedures, and compliance requirements, as well as audit objectives and suggested audit procedures for determining compliance with these requirements.

For 2020, the OMB is issuing the Compliance Supplement in two stages – the first edition covers pre-COVID-19 changes and the final edition will cover changes in light of the COVID-19 pandemic. OMB released the first edition of the [2020 Compliance Supplement](#) on August 6, 2020. Appendix V of the supplement provides a comprehensive list of changes from the [2019 Compliance Supplement](#).

The revisions reflect the focus of the OMB on enhanced results-oriented accountability for grants. In addition, some existing federal programs have been granted significant flexibilities and/or waivers of compliance requirements by federal agencies in response to the pandemic.

Some highlights of the first edition of the *2020 Compliance Supplement* are:

- Continued use of the “Pick Six” for each federal program to limit the number of requirements identified as being subject to the compliance audit to six.
- Part 2 (Matrix of Compliance) featured some changes and corrections.
- Part 3 is no longer broken down into sections 3.1 and 3.2 for funding received prior to the Uniform Guidance effective date and funding received after that date.
- Appendix VII addresses COVID-19 reporting, including guidance on separately identifying COVID-19 expenditures on the SEFA by CFDA number.

The final edition of the 2020 Compliance Supplement, which will include an Addendum that will discuss new COVID-19 and CARES Act federal programs, is expected to be issued in the fall. Based on volatility of the current environment, the OMB decisions about timing and content of the 2020 Supplement could change. OFM will provide timely communication to agencies for changes that may have significant impact on the grant reporting process. We encourage agencies to keep current on federal rules, regulations, and guidance related to their grant programs as an integral part of their federal grant management process.

Continued on page 4

Change to IRS 1099 Forms Training

This year has brought about many changes in not only how we do our work, but also how we approach training. The 1099-Miscellaneous/1099-NEC training is no exception. This class was previously offered as an in-person three-hour instructor led training. This year, however, it will be available as an e-learning course accessed from OFM Statewide Accounting's webpage. The course is currently in development, with a publishing goal of December 1, 2020. Participants will learn about reportable and non-reportable payments and vendors, who is responsible for what, important dates to remember, and how to use the tools available for reporting. This course will also cover key changes to the reporting forms (such as the addition of the 1099-NEC form) and how these changes may affect your data analysis and preparation. The course is perfect for those new to the 1099 reporting process for state agencies, as well as those who are looking for a refresher.

For more information, please contact Laura Lopez at (360) 725-0177 or laura.lopez@ofm.wa.gov.

Federal Update - *continued from page 3*

Federal Stimulus Funding

The last issue of *The Connection* talked about the quick inflow of federal stimulus funding coming through to the state in response to the COVID pandemic. With the varying nature and requirements of the funding streams, OFM continues to clarify federal requirements and develop consistent standards for accounting and reporting of the federal stimulus funds. The following resources are currently available on the OFM website:

- [Federal COVID-19 Funding - An Overview](#)
- [Federal coding EA Types flowchart](#)
- [Setting up Appropriation Index Codes for Federal Stimulus Awards](#)
- [Federal COVID-19 Year-end Reporting](#)

2020 Statewide Single Audit Update

The State Auditor's Office (SAO) is currently conducting audits of selected federal programs, and OFM Statewide Accounting has started working on different components of the 2020 Single Audit Report.

After Phase II and the disclosure form application closed on September 11, the preparation of the Comprehensive Annual Financial Report (CAFR) and the Schedule of Expenditures of Federal Awards (SEFA) is in full-gear. SAO will perform audits of the CAFR and SEFA in November, after which the two reports will be incorporated into the financial section of the 2020 Single Audit Report.

We want to thank agencies for your efforts in completing this year's federal disclosure forms to help facilitate the preparation of the SEFA.

Finally, yet importantly, please note that the FY20 Federal Assistance Certification Form is due on February 26, 2021.

For more information, please contact:

Sara Rupe at (360) 725-0189 or sara.rupe@ofm.wa.gov.

Marina Yee at (360) 725-0221 or marina.yee@ofm.wa.gov

Training Offered on a Variety of Subjects

For the near future, all training classes **will be via eLearning**. These classes can be accessed from our [training](#) page under Online Training. Agency staff are not required to sign up through LMS for the eLearning classes. Simply click on the course link and go through the training at your own pace.

The following online training, as well as training from fiscal year-end, is available:

Class Name	Approximate Duration
Accounting for Capital Assets	60 minutes
Capital Assets Policy Review	60 minutes
Single Audit Overview	60 minutes
GASB 87 Overview and Scope	5 minutes
GASB 87 Implementation Timeline	5 minutes

Additionally, the Association of Government Accountants (AGA) and Financial Management Advisory Council (FMAC) are sponsoring a number of audio conferences. The schedules are posted on the [Olympia AGA](#) and [FMAC](#) websites.

For assistance or additional information, please contact your assigned OFM Accounting Consultant.