



The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

New FDM/COA Governance Process Delayed

You may recall in our [summer edition](#) of *The Connection* we communicated that beginning January 1, 2025, agencies will no longer have the ability to make changes to the AFRS tables. Due to the recent decision to re-evaluate the Workday go-live date we plan to postpone this change until further information is received from One Washington.

Statewide Accounting and One Washington will continue to work together to develop a new process that agencies will follow to add new FDM/COA values. We plan to work with a group of pilot agencies to test the new process to ensure a smooth transition for all agencies. We will share more information once the plan is closer to final.

For questions, please contact sara.rupe@ofm.wa.gov.



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A Message from One Washington

The One Washington Executive Steering Committee (ESC) voted to support the program's recommendation to assess the Phase 1A go-live date to address comprehensive risks and issues, and implement strategies to support the successful implementation of Phase 1A core financial functionality for the state. What does this mean?

- We are not stopping, pausing, or delaying work – work that is happening now in testing, cutover planning, and agency readiness is critical to continue – it will be needed even if there is a change to the go-live date.
- We are only evaluating the work from now until go-live. This is not a full program reassessment.
- This is a result of industry-standard and best-practice project management, as well as lessons learned from other recent ERP implementations.
- This is a natural time in the project for these risks to emerge; it means that we have good information coming out of key activities and that our risk management process is working.
- We anticipate the assessment to last 4-5 weeks. We will present findings and recommendations for an alternative go-live date at the November 13, 2024, OneWA ESC meeting.
- We are committed to transparency and timeliness in communicating any changes as a result of our assessments with key partners and stakeholders.

Workday Training

We know many of you are anxious and excited to know more about the plan for Workday training. Here is what we know so far.

One Washington is currently developing Workday training and will provide the initial web-based training to agency staff beginning in January 2025. Instructor led training will begin in spring 2025. There will be some prerequisite training courses providing general training on Workday functions and reporting. After the prerequisites, the training will be geared toward each user's needs. See below for more details.

Statewide Accounting also has a role in Workday training. In addition to providing the accounting refresher courses (Accounting 101-103), we have been actively reviewing all Workday training classes as they are developed by One Washington. After go-live, the Phase 1A training will transition from One Washington to Statewide Accounting. And Statewide Accounting will provide ongoing Workday training after go-live to ensure current and new staff receive the training they need to be successful.

The summary of training curriculum that will be offered can be found [here](#). In addition to the training courses, each topic will have supplemental job aids that list detailed steps for each process, including Workday print screens.

Beginning in January 2025, the first set of training courses will be available. One Washington is developing **learning journey maps** which will offer each employee a visual guide showing which courses will be required and the total time the training should take based on the employee's Workday security roles and job functions.

Statewide Accounting will continue to share information in *The Connection* as we learn more about upcoming Workday Training.

Introducing Workday Services

Do you ever wonder what will happen after Workday Core Financials (One Washington Phase 1A) goes live? Where will we get support? Well, there's a team for that!

Introducing Workday Services, the newest division at the Office of Financial Management (OFM). This division will sustain Workday success enterprise-wide, starting with the financial module and adding each module as they go live. The division's responsibilities will include:

- Support day-to-day operations and sustainment.
- Provide customer support for users.
- Manage governance of the operations and continuous improvement of the state's Workday implementation.
- Administer security roles and Workday access.
- Manage Workday configuration including changes to the Foundation Data Model (FDM) and business processes.
- Develop a strategy for implementing future Workday product releases in collaboration with stakeholders.
- Voice state needs to Workday corporate.

Workday Services will support the platform and the Washington state employees who use it. The team will provide direct "help desk" services to users. They will also address technical issues and business needs. They'll work in close coordination with OFM's Information Technology Services Division (ITSD), Workday corporate offices, One Washington, state business owners for finance (OFM Statewide Accounting) and budget, and, in later releases, business owners for payroll, procurement, and human resources.

Debbie Hoxit leads the Workday Services Division as its director. Her invaluable experience includes previous roles in IT leadership and as Deputy CIO at DES, WATech, and OFM.

Since accepting the role in May, Debbie has been partnering with One Washington, working on governance, developing go-live processes with transition plans, and preparing to serve. Stay tuned for more information.

Washington Administrative and Accounting Manual (WAAM)

As mentioned in the [summer edition](#) of *The Connection*, Statewide Accounting is in the process of drafting the Washington Administrative and Accounting Manual (WAAM). WAAM will replace the current State Administrative and Accounting Manual (SAAM) when the state moves to Workday.

We have created a [new website](#) that will be used to share the draft versions of the new WAAM chapters as they are completed.

The following chapters are posted on the website and are ready for agency review:

- Chapter 20 – Fiscal Responsibilities and Accounting Principles
- Chapter 40 – Internal Control
- Chapter 50 – Internal Audit
- Chapter 60 – E-Commerce Policy
- Chapter 230 – Travel

Agencies are encouraged to review these chapters and submit questions or comments to us so updates can be considered prior to finalizing WAAM and before Workday go-live.

Additional chapters including Workday specific information will be provided in coming months. We will continue to provide updates in *The Connection*, but we also recommend checking the website occasionally to see if new chapters have been posted.

Please submit questions and feedback to kennesy.cavanah@ofm.wa.gov.

General Ledger Certifications

AFRS general ledger (GL) balances for “real” (i.e., balance sheet) GLs will be converted to Workday. Our goal is to convert only accurate, reconciled balances.

By **December 31, 2024**, all agencies must certify that:

1. All general ledgers for all accounts/funds have been reconciled as of the close of fiscal year 2024, and any adjusting entries have been posted to AFRS as of the current date.
2. There are no documents on the unbalanced in-process report older than one month (based on the document date) as of the current date.
3. All agency systems that will continue to be used when Workday is implemented have been reconciled to the AFRS fiscal year 2024 balances at the account/fund and general ledger level.

Between now and then, we expect that your agency will spend time reconciling and recording adjustments for your GLs.

What resources are available to help reconcile the GLs?

- [General Ledger Reconciliation Resources](#)
- [Payroll Reconciliation Resources](#)
- Training:
 - In-Process [[Instructor-Led](#)] and [[On-Demand](#)]
 - General Ledger Basics [[On-Demand](#)]
 - Additional [Accounting courses](#) listed on our website.
- [Your agency’s statewide accountant or payroll consultant.](#)

What happens after your agency submits the certification?

1. Your OFM statewide accountant will review your response and:
 - a. Reach out to assist with exceptions or questions noted, and
 - b. Request copies of specific reconciliations to review for completeness and to verify it is an effective reconciliation.
2. Your agency must continue to keep general ledgers reconciled and work toward having any noted exceptions cleared.
3. Your agency should secure funding, if needed, to make any necessary adjustments or write-offs.
4. OFM will ask your agency to recertify prior to conversion.
5. AFRS balances will be loaded into Workday on a date to be determined.

Training Update

Below is a list of courses that OFM Statewide Accounting will offer during the remainder of fiscal year 2025. We are focusing on courses that will help agency staff prepare for Workday Phase 1A Go-live.

| Course | Nov | Dec | Jan | Feb | Mar | Apr | May | June 2025 and Beyond |
|-----------------|--|--|--|-----|-----|-----|-----|---------------------------------------|
| | 2024 | | 2025 | | | | | |
| Acctg 101 | In-person class every other month 1-2 virtual classes per month | | | | | | | Provided ongoing, but less frequently |
| Acctg 102 | In-person class every other month 1-2 virtual classes per month | | | | | | | |
| Acctg 103 | | 2 in-person classes per month Starting Jan, 2 virtual classes per month | | | | | | |
| In-Process | 1 In-person class per month | | | | | | | |
| GL Recon Basics | | 1 virtual class per month + office hours | | | | | | Every other month |
| Fiscal Year-End | | | 2-3 classes per month (virtual & in-person) | | | | | |

| Course Title | Course Description | Course Length | Target Audience |
|--|---|---------------|---|
| Accounting 101: Basic Accounting | <p>This course provides an overview of the basics of general accounting, such as: the accounting equation, debits and credits, GL accounts, how to read financial statements, and journal entries.</p> <p>After completing the course, take the Accounting 101 Assessment in the Learning Center or on our website to determine your readiness to move on to the next course in the accounting training.</p> | 3 hours | Staff that need an overview or refresher on basic accounting concepts |
| Accounting 102: Intermediate Accounting | This training continues to build on foundational accounting information concepts learned in Accounting 101. | 3 hours | Staff that need an overview or refresher on basic accounting concepts |

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Training Update - continued from page 5

| Course Title | Course Description | Course Length | Target Audience |
|--|---|---------------|--|
| Accounting 103: Introduction to Government Accounting | This training introduces governmental accounting concepts. This course covers topics such as the differences between accounting principles for governments and private companies, how governments use fund accounting, and how to record and report financial transactions based on governmental accounting principles. | 4 hours | Staff with basic accounting knowledge, but need an overview or refresher on governmental accounting concepts |
| In-Process | This class provides an overview of the In-Process general ledgers (GL 7110-7140), Current Period Clearing Account general ledger (GL 9920) and the reports used to monitor them. The class covers the types of transactions included on the In-Process reports, examples of common In-Process problems, and tools for identifying and correcting the problems. The last part of the class provides time for participants to review their own agency's unbalanced In-Process reports, identify the likely action needed, and prepare correcting journal entries. An On-Demand version of this course is also available here . | 2.5 hours | Staff reconciling the in-process report and their managers |
| GL Reconciliation Basics | This class provides an overview of basic reconciliation concepts. Emphasis will be placed on the purpose of reconciliations, which reconciliations should be performed and how often, and available tools. | 2 hours | Staff preparing or reviewing reconciliations |
| Fiscal Year-End | More details about the classes will be provided as year-end gets closer. | 2-4 hours | All staff that assist with the close process |

Refer to the "Upcoming Training Classes" article on page 7 for the currently scheduled classes.

Upcoming Training Classes, Fall Quarter

Below is a list of the currently scheduled training classes for fall quarter offered by Statewide Accounting.

Accounting 101 – Basic Accounting (virtual, 9:00 a.m. - noon)

November 5
November 19
December 3
December 17

Accounting 102 – Intermediate Accounting (virtual, 9:00 a.m. - noon)

November 14
November 20
December 10
December 18

Accounting 103 – Governmental Accounting (in-person, 9:00 a.m. - 2:00 p.m.)

December 10
December 17

In-Process Report Training (in-person, 9:00 a.m. - noon)

October 23
November 20
December 11

Accounting for Payroll (virtual, 9:00 a.m. - noon)

November 12 and 13

Payroll Revolving Account Reconciliation (virtual, 9:00 a.m. - noon)

October 29 and 30

Many On-Demand training courses are available on [our website](#).

All in-person courses are at the 1500 Jefferson Building in Olympia.

To register for instructor-led classes (in-person or virtual), visit the [Learning Center](#). The On-Demand eLearning classes do not require registration.

Additionally, the Association of Government Accountants (AGA) is sponsoring a number of webinars. The schedule is posted on the [Olympia AGA Training and Events](#) website.

Travel Rate Updates

Effective October 1, 2024, we updated the reimbursement rates for meals and lodging to reflect changes adopted by the U.S. General Services Administration. In addition, we revised the meal allocation percentages listed in SAAM 10.40.10.c to reflect the following:

- The breakfast portion is 26% of the set daily meals entitlement.
- The lunch portion is 29% of the set daily meals entitlement.
- The dinner portion is 45% of the set daily meals entitlement.

The state Per Diem Rate maps and tables were updated to reflect these changes. The revised maps and rate tables are available on OFM's Travel Resources website at: [Travel | Office of Financial Management \(wa.gov\)](#).

For questions on travel, please contact your assigned OFM Statewide Accountant or Toni Smith at toni.smith@ofm.wa.gov.

HRMS Remediation Update

Accounting Interface Testing

Over the last couple months, OFM has been testing the accounting interface from HRMS to Workday. Testing has included verifying:

- Payroll costs in operating accounts.
- Accruals in the state payroll revolving account.
- Journal payments made through the payroll process to other agencies (DRS, HCA, SEC, and SAC).
- Accounting and payments to the IRS and OR/ID state taxes.
- Accounting and payments to other third-party vendors.
- Accounting data populating HRMS from Workday.

Throughout this process, many improvements were made based on efficiencies and bugs that were identified during testing. There will be additional testing this spring.

Upcoming Data Conversion

The One Washington Program will be updating the Conversion Lookup and Crosswalk Table with the latest Foundation Data Model (FDM) values in mid-October. OFM will update the IT1018 (position) and IT0027 (employee) data conversion reports and share with agencies in early November.

HRMS Collaborative Work Group

Thank you to agencies that participated in this work group over the last few months. Your involvement is much appreciated! The HRMS Remediation Team continues to meet with the Department of Retirement Systems and the Department of Revenue as they have unique processes that are in scope for HRMS and One Washington cross-agency testing.

To learn more, visit the [HRMS Remediation SharePoint site](#) and, if needed, follow the prompts to request access.

If you have any questions, please contact OFMmiHRMSRemediation@ofm.wa.gov.

Direct Pay Update (Elective Pay Tax Credits)

The first tax filing deadline for Direct Pay tax credits is November 15, 2024, for agencies with eligible projects placed in service from July 1, 2023, to June 30, 2024 (state fiscal year 2024). In order to file the tax return, agencies need to complete the pre-filing process as soon as possible to allow time for review and approval by the Internal Revenue Service (IRS).

Agencies have had many questions about these tax credits, so we are happy to announce that tax advice related to Direct Pay is now available through the Office of the Attorney General. Please contact Rachel Knutson (rachel.knutson@ofm.wa.gov) for further information or if you have questions concerning elective pay tax credits or the pre-filing process.

Agencies are required to send a copy of the completed pre-filing document and tax return to Rachel Knutson in OFM Budget for tracking and reporting to the Legislature.

The IRS continues to offer office hours for help with the pre-filing registration process. Please note the following upcoming sessions (via Microsoft Teams):

| Date | Time | Register |
|-------------------|---|--------------------------|
| October 30, 2024 | 1-2:30 p.m. Eastern time (10-11:30 a.m. Pacific time) | Register |
| November 13, 2024 | 1-2:30 p.m. Eastern time (10-11:30 a.m. Pacific time) | Register |

Below are links with additional information:

- [For preparer to create an account with ID.me](#)
- [Start the pre-filing process with the IRS once an ID.me account is created](#)
- [IRS tutorial video to navigate the pre-filing portal](#)
- [IRS frequently asked questions](#)
- [Clean Energy Tax Navigator](#)

The National Association of State Auditors, Comptrollers and Treasurers (NASACT) issued a recent [communication](#) to states which also contains helpful information for Direct Pay.

We added new information to the [Direct Pay](#) resource webpage. It now includes frequently asked questions and a timeline for how this work will be carried out throughout the year. Please check out the website for more information.

Federal Updates

Uniform Guidance – 2024 Updates

On April 22, 2024, the Office of Management and Budget (OMB) published the most significant updates of the Uniform Guidance since its establishment in 2013, with an intent to reduce administrative burden on recipients and subrecipients in many key areas, as well as incorporating federal policy changes into the requirements. The 2024 updates are effective October 1, 2024, and apply to awards of federal financial assistance made to a recipient or subrecipient on or after that date. Although not many federal agencies elected to do early implementation, it is an option for them. Agencies should pay close attention to new federal awards, so you are aware of what requirements are applicable.

Below is a summary of key changes the state auditors felt were most significant to you, as state agencies, receiving the statewide single audit.

- Terminology
 - OMB transitioned from the term “non-Federal entity” and now primarily uses “recipient” and “subrecipient.”
 - “Federal awarding agency” is now “Federal agency.”
 - “Cost share and matching funds” is now “cost share.” (Cost share includes matching.)
- Increasing the single audit threshold from \$750,000 to \$1 million. This will not impact the State’s single audit, but hopefully will eliminate some burden for pass through agencies as far as how many audit reports need to be reviewed. The new threshold will be applicable as follows:
 - State of Washington with fiscal year starting July 1 – effective for fiscal year 2026 single audit.
 - Subrecipients with fiscal year starting October 1 to January 1 – effective for fiscal year 2025 single audit.
- The de minimis indirect cost rate will increase from 10% to 15%. The increased rate is beneficial for entities who don’t have the capacity to undergo a formal rate negotiation process. Federal agencies won’t be able to compel recipients and subrecipients to use a lower indirect rate unless they have a negotiated rate already in place.
- The dollar threshold for capitalizing equipment and supplies was increased to \$10,000. Federally funded equipment valued under this new threshold may be used, managed, or disposed of without any additional responsibility to the federal agency. The state’s capitalization threshold has been updated in SAAM to reflect this change.

The new capital equipment threshold will be applied to all new, renewal, and supplemental awards with a start date on or after October 1, 2024. It is important to note that federally funded equipment which were budgeted at the lower capitalization threshold for awards issued before this date will remain in effect until the end of the current grant period of performance. Agencies should track activities of these awards separately until expiry of the grant awards.

For more information about the 2024 updates, the Council of Federal Financial Assistance published a [Uniform Grants Guidance 2024 Revision: Evaluation](#) document. There is also a training webinar posted on the Federal Grant Community of Practice SharePoint entitled [Exploring the Revisions to the Uniform Guidance](#).

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Statewide Single Audit

OFM Statewide Accounting has started working on different components of the 2024 Single Audit Report.

After Phase 2 and the disclosure form application closed in September, the preparation of the Annual Comprehensive Financial Report (ACFR) and Schedule of Expenditures of Federal Awards (SEFA) began. The SEFA was submitted to the State Auditor's Office (SAO) on October 1, 2024, for review. Any material misstatements will be corrected before the final audited SEFA is incorporated into the 2024 Single Audit Report.

SEFA expenditures for fiscal year 2024 totaled \$27.4 billion which was a decrease of almost \$2 billion from the prior year. Pandemic funding accounted for \$4.5 billion, 16% of the total SEFA expenditures. We expect the federal funding levels to continue decreasing in fiscal year 2025 as pandemic funding winds down.

The following table shows the ten state agencies with the highest federal expenditures in fiscal year 2024:

| Agency Name | FY24 SEFA Expenditures |
|--|------------------------|
| Health Care Authority | \$ 9,198,378,371 |
| Department of Social and Health Services | \$ 7,226,675,672 |
| Employment Security Department | \$ 2,148,630,419 |
| Office of Superintendent of Public Instruction | \$ 1,927,786,834 |
| University of Washington | \$ 1,664,744,540 |
| Department of Transportation | \$ 1,085,515,061 |
| Department of Children, Youth, and Families | \$ 736,432,068 |
| Military Department | \$ 614,874,261 |
| Department of Health | \$ 595,039,003 |
| Department of Commerce | \$ 371,084,723 |

SAO is currently conducting audits of selected federal programs. The expenditure threshold used by SAO to select major programs for the fiscal year 2024 audit is \$41.2 million. There are 27 programs selected for audit, and SAO will finalize their audit plan and select additional Type B programs after finalizing their review of the SEFA.

We want to thank agencies for your efforts in completing this year's federal disclosure forms early to help facilitate the preparation of the SEFA. This is important to help drive the flow of audit work and the progress of the Single Audit Report.

Finally, please note that the FY24 Federal Assistance Certification Form is due on February 28, 2025.

For more information, please contact Stacie Boyd at stacie.boyd@ofm.wa.gov.

Statewide Accounting is Changing!

Our division has expanded to manage our increasing workload and allow us to continue providing excellent service to our customers. As a result, our division now has multiple units.

The Financial Reporting Unit, which is led by Anna Quichocho, provides financial direction through state accounting policies and supporting state agencies with administering those policies through training and consulting services. This unit is also responsible for preparing statewide financial reports such as the Annual Comprehensive Financial Report, Statewide Cost Allocation Plan, Treasury-State Agreement, Statewide Single Audit Report, and others. The Financial Reporting Unit continues to grow, and recently added two additional statewide accountants, Teresa Andrews and Kara Blaise.

Elizabeth Smith is leading our brand-new Payroll Unit, which now includes two statewide payroll advisors, Louisa (Wilkes) Green and Sheila Meyer. The Payroll Unit will focus on payroll accounting, HRMS remediation, training, and working with agencies on their payroll needs.

With the addition of this new unit, each agency will be assigned both a statewide accountant and a statewide payroll advisor who can address payroll-specific questions. You can find your assigned statewide accountant and statewide payroll advisor on our [website](#).

The Statewide Registration Unit (Statewide Vendor/Payee Services), led by Ava McCluskey, is responsible for maintaining a central vendor file for Washington state agencies to use for processing vendor payments. With the transition to Workday, this unit will be responsible for maintaining both a central supplier (i.e., vendor) file as well as a central customer file that will be used by agencies utilizing the Workday Accounts Receivable Module. The registration unit has added five new staff: Kristen Anderson, Corinne Higdon, Anita Hinojosa, Joelynn (Joe) Pangelinan, and Audrey Shewmaker. In addition, Susan Murphy and Ada Prince were newly promoted to supervisors.

Stay tuned for information about additional changes coming to Statewide Accounting in future editions of *The Connection*.