

The Connection

A QUARTERLY NEWSLETTER REPORTING NEWS & INFORMATION FROM STATEWIDE ACCOUNTING

Comprehensive Annual Financial Report Acronym Is Changing

In a recent press release, the Government Finance Officers Association (GFOA) announced that the organization would stop the use of the four letter acronym associated with the Comprehensive Annual Financial Report, effective immediately. They are asking that all industry affiliates follow their lead. It has been recommended that the full name of the report or a shortened format such as the “Annual Report” be used as an alternative to the acronym.

The change came about when it was brought to the attention of the GFOA leadership that the acronym sounds the same as a derogatory term historically used in other parts of the world such as South Africa where this term has ties to Apartheid and is used as a racial slur towards Black South Africans. More information regarding these policy changes can be found on the GFOA’s [End the Acronym](#) webpage.

The Governmental Accounting Standards Board (GASB) is moving forward with a proposal to formally change the name of the report to the “Annual Comprehensive Financial Report” or “ACFR.” The GASB statement is expected to be finalized this summer. Early application is encouraged, and OFM plans to implement the GASB guidelines with the FY21 annual report.



in this issue

AFRS Table Roll – 1

ACFR Acronym – 1

Fiscal Year-end Training – 2

Federal Update – 3

CMIA – 4

OneWA Resource Site – 5

Payee Registration Unit – 6

AFRS Table Roll Schedule

Information about the AFRS table roll was sent to fiscal officers and designated table roll contacts on March 10, 2021. The table roll, which will be the last one for AFRS, will occur in the following four phases:

April 17	Phase 1 – Organization Index and most descriptor tables
May 8	Phase 2 – Program Index and related descriptor tables
May 29*	Phase 3 – Appropriation Index and related descriptor tables
June 14	Phase 4 – Cost Allocation tables

* If Expenditure Authority schedules are not completed by this date, phase 3 will be run one or more additional times. Check webpage for dates.

Our [AFRS Table Roll](#) webpage contains a more detailed timeline along with a user guide, a detailed listing of the tables that roll during each phase, and other resources. Key upcoming dates will be updated frequently on this webpage. Questions about the table roll can be addressed to Cheryl Hainje (cheryl.hainje@ofm.wa.gov), Julie Girard (julie.girard@ofm.wa.gov), or Sara Rupe (sara.rupe@ofm.wa.gov).

Upcoming GASB Standards

Listed below are new accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB) that become effective for fiscal year 2021 and 2022 reporting. In May 2020, the implementation dates of all these statements were delayed one year after GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, to provide temporary relief to governments in light of the COVID-19 pandemic.

GASB Statement No. 84, *Fiduciary Activities*. Effective for fiscal year 2021, this statement provides specific criteria for determining if a fiduciary activity exists. In addition, agency funds will be renamed custodial funds and governments will report additions and deductions on the Statement of Changes in Fiduciary Net Position and net position on the Statement of Fiduciary Net Position.

OFM has finished analyzing all fiduciary accounts to ensure they still meet the criteria of fiduciary activities under the new standard. We are in the process of implementing changes for the upcoming annual financial report. In the coming months, we will reach out to agencies that operate out of certain fiduciary accounts to gather information and provide guidance on specific accounting transactions needed for this year and on an ongoing basis.

GASB Statement No. 87, *Leases*. Effective for fiscal year 2022, this statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. Lessees will recognize a lease liability and an intangible right-to-use asset, and lessors will recognize a lease receivable and a deferred inflow of resources.

OFM is expanding the capabilities of the Facilities Portfolio Management Tool (FPMT) to comply with this statement. Beginning in October 2021, agencies must record all leases that meet the requirements in FPMT. FPMT will send GASB 87 accounting transactions, including lease payments, to AFRS. Training on FPMT will be available in September 2021.

Visit the [Leases Accounting Resources website](#) for more information, including:

- Overview and steps to prepare
- Timeline and checklist for implementing GASB 87
- Lease Administrative & Accounting Policy e-Learning for policies effective 7/1/2021
- Interactive decision trees for determining whether a contract meets the GASB 87 lease definition – one for lessees and one for lessors.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Effective for FY 2022, this statement requires that interest cost incurred during the construction period be recognized as an expense as it is incurred. As a result, interest cost incurred before the end of a construction period will no longer be capitalized by enterprise and trust funds.

This statement will be applied prospectively, meaning all future interest costs incurred on the construction of a capital asset starting July 1, 2021, should be expensed. No adjustment is required for assets that have already been capitalized. We will be updating the applicable sections in the *State Administrative & Accounting Manual* (SAAM) to reflect these changes.

If you have questions, please contact your assigned OFM Accounting Consultant.

Federal Update

Single Audit Compliance Supplement – Part 2

The Federal Office of Management and Budget (OMB) issues the Compliance Supplement each year to provide updated guidance on federal program objectives, procedures, and compliance requirements. In August 2020, OMB issued the first part of the 2020 Compliance Supplement covering pre-COVID-19 changes. On December 22, 2020, OMB issued the second part of the Supplement as an Addendum that covers new COVID-19 and CARES Act federal programs.

During our last Federal Grants Community of Practice meeting, we shared some [highlights](#) of the recent Uniform Guidance revisions and the Compliance Supplement Addendum. Several webinars related to these topics have also been posted to the federal group SharePoint site. If you are interested in accessing these trainings and are not currently on our SharePoint member list, please contact us.

2020 Statewide Single Audit Update

In the last issue of *The Connection*, we communicated about the delay in the fiscal year 2020 Single Audit. The Compliance Supplement Addendum provides an extension for up to three months beyond the normal due date for the completion and submission of the Single Audit reporting package. Currently, Statewide Accounting is anticipating a filing date of May 31, 2021, barring any unexpected delays in the audit process. Please also be reminded that the Federal Assistance Certification was due on April 16, 2021.

The State Auditor's Office (SAO) is currently conducting audits of selected federal programs. Statewide Accounting has been working on different components of the 2020 Single Audit Report and assisting agencies in developing corrective actions plans to address their findings. In our continued efforts to ensure the state meets federal reporting deadlines, we appreciate your cooperation and support of this process by providing timely responses to SAO requests.

Federal Stimulus Funding

With the recent passage of the coronavirus relief bill, new federal stimulus funding has already been or will be received by different state agencies. OFM continues to clarify federal requirements and develop consistent standards for accounting and reporting of the federal stimulus funds. Please reach out to Statewide Accounting if you have questions regarding the proper recording and reporting of federal assistance.

For more information, please contact:

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

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

Cash Management Improvement Act

The federal government enacted the Cash Management Improvement Act (CMIA) of 1990 to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states, territories, and the District of Columbia.

The CMIA requires each state to enter into an agreement, the Treasury State Agreement (TSA), with the Secretary of the U.S. Treasury that specifies how federal funds transfers will take place. The agreement includes covered programs, funding (draw) techniques, clearance pattern methodologies, interest calculation methodologies, and types of interest calculation costs. Funding techniques are intended to be interest neutral.

All federal fund transfers to the states are covered under the CMIA; however, only major assistance programs are included in the TSA. The threshold used in the current TSA is based on the greater of .30 percent of total expenditures reported in the Schedule of Expenditure of Federal Awards (SEFA) from two years prior or \$60 million. States also have the option to use a lower threshold for reporting if they choose to do so. Washington State reported approximately \$17.7 billion dollars in federal expenditures for fiscal year 2018. Inclusion of federal programs for fiscal year 2020 was based on the state-determined threshold of \$30 million. The [TSA](#) is amended annually; therefore, the number and types of major federal assistance programs included will vary from year to year based on expenditures and the state's determined threshold.

Following the close of each fiscal year, the state must submit an annual report to the federal government to account for the interest liabilities related to the state's most recently closed fiscal year. If federal funds were not available to draw in accordance with the draw technique, then the federal government owes the state interest. If the state draws funds too early, then the state owes the federal government interest. In December, we submitted the annual report for fiscal year 2020 and owed the federal government a net state interest liability of \$26,731.

OFM also worked with agencies that had qualifying programs to gather information for the state's 2021 TSA. Based on the state-determined threshold of \$50 million, nine state agencies and 19 programs were included in the 2021 agreement.

Agencies with federal grants that do not meet the threshold are still responsible for complying with the CMIA, which establishes minimum cash management standards, and should review and ensure that current methods used to draw federal funds incorporate good cash management.

If you have questions concerning cash management related to federal assistance programs, please contact Kennesy Cavanah at (360) 725-0229 or kennesy.cavanah@ofm.wa.gov.

New Statewide Accounting One Washington Resource site

Statewide Accounting has recently launched a new [One Washington accounting resource site](#) as a supplement to the official [One Washington website](#). The resource site focuses on the work Statewide Accounting is doing to prepare for the transition to Workday, and provides links to resources, such as:

- [One Washington Organizational Change Management Video](#)
- [Workday Basics Video](#)
- [Foundation Data Model Overview](#)

The website will be updated as major accounting related decisions are made, such as final decisions on changes to the existing chart of accounts (Foundation Data Model).

Speaking of major decisions, the One Washington Team has made their first major decision on the development of the Foundation Data Model (FDM).

The Workday “Company” FDM dimension is generally a legal entity that has a separate legal tax identification number. Company is the primary organization type used by Workday Financials and is required on all transactions.

Currently, each state agency has a separate legal tax identification number and is considered a separate legal entity. So, one of the biggest questions that arose during the first discussions of the creation of the FDM was, “Will the state have one company or multiple companies?”

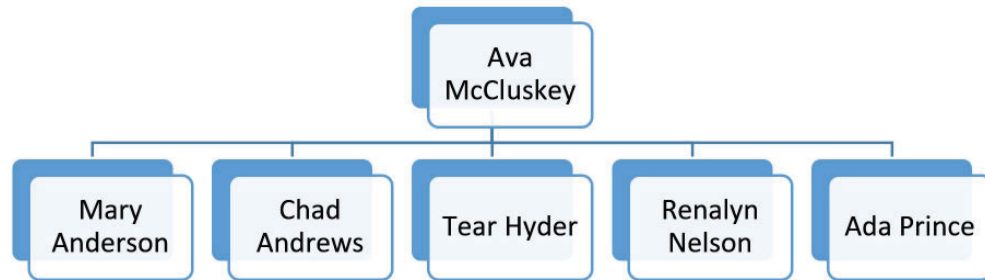
The project team has made the decision that the state will have multiple companies, one per agency, within Workday. The final decision on how many companies the state will have will be made at a later date after design and testing are complete.

As a reminder, this project is following a hybrid agile methodology, which means that designs will be iterative and will continue to evolve throughout the design and development phases. What does this mean? Designs that are being considered today may change as new requirements come into focus. It will be important for us all to be flexible and adaptable to these shifting system needs.

Questions related to the website can be directed to OFMAccounting@OFM.WA.GOV.

Statewide Accounting Welcomes the Payee Registration Unit!

As of December 1, 2020, the Payee Registration unit moved from Information Technology Services to the Accounting Division. Please welcome the newest members of SWA:



The payee registration unit manages and maintains a central vendor file for Washington state agencies to use for processing vendor payments. This allows vendors to receive payments from all participating state agencies. This also allows vendors to receive payments by direct deposit, the state's preferred method of payment. The payee registration unit provides the primary defense for prevention of fraudulent payments, while maintaining excellent customer service.

MISSION

Maintain a statewide vendor database for agencies and payees so they can process and subsequently receive payments for goods and services.

VISION

Provide a streamlined vendor registration process with a watchful eye to fraud protection while promoting collaborative interagency communication.

VALUES

- **Transparency:** As custodians of sensitive information, we strive for fair, open and honest communication with our stakeholders.
- **Collaboration:** We work together with agencies and customers to provide a more efficient registration process.
- **Integrity:** We are trusted to uphold the highest ethical standards while communicating sensitive information.
- **Excellence:** We consistently provide knowledge and expertise in the most professional manner.

Continued on page 7

Statewide Accounting Welcomes the Payee Registration Unit!

- continued from page 6

USEFUL INFORMATION FOR AGENCIES

There are three forms used to establish a payee/vendor record with Washington State: The vendor/payee registration for new vendors, the change form to update an existing record, and the direct deposit form to set up, terminate, or change electronic funds transfers. Each form has a complete set of instructions on the reverse side. Please ensure the forms are signed with a “wet-ink” signature.

Registration Form	Change Form (for active records)	Direct Deposit Form
Establish a new vendor number	Change the authorized contact person	Set up direct deposit payments
New legal name	Change (or add) the DBA	Modify direct deposit payments
New taxpayer identification number	Change of telephone number	Cancel direct deposit and reinstate payment by warrant
	Change (or add) an email	
	Change the mailing address	
	Add or delete a location	

Tips on how to make the process easier:

Do:

- ✓ Encourage submission of forms directly to OFM
- ✓ Encourage use of the vendor number lookup
- ✓ Encourage provision of an email and telephone

Don't:

- ✓ Submit duplicate forms (it slows the process)
- ✓ Use a generic contact such as accounts receivable

Other Tips

- ◆ Vendors who submit forms via email will get a notification that we have received the forms, and they will be notified when their record has been set up.
- ◆ Vendors who provide email will be notified promptly if there are problems with the forms.
- ◆ Vendors who provide a telephone number will be contacted via phone when confirming changes.
- ◆ Vendors must provide their statewide vendor number (SWV) when changing an active record.
- ◆ There are instructions as well as questions/answers on the payee registration website ofm.wa.gov/payee
- ◆ Urgent forms will be processed in one to two business days.