Interagency Receivables and Payables

Each year statewide accounting (SWA) publishes an interagency receivables and payables contact list. The purpose of this list is to identify contacts within each agency to be used when balancing the interagency due to/due from general ledgers at fiscal year close. This list is published in June so be on the lookout in May for an email requesting updated contact information. If your agency has contact changes after the list is published, please let us know as soon as possible to ensure up-to-date information is available throughout year-end close.

This year we plan to make a few changes to the information this list provides. First, we plan to remove fields that are no longer needed (i.e., fax number). Second, we plan to provide agency internal deadlines or early close dates. Our hope is that adding this information will improve the usefulness of the list and help prioritize work when balancing between agencies.

The End (of the Biennium) is Near – NOW is the Time to Prepare

There are many things in our lives for which we try to prepare in advance. For example, you might carry an emergency kit in your car and keep extra jugs of water at home, just in case. If you were going to run a marathon or do a 10-mile hike, most of us wouldn't just show up. We would work out and practice so, on the day of the event, we would be ready. You know where this is leading …

The end of the biennium will be here soon, and there are actions you can take now to prepare and make the close-out process much easier. Here are just a few possibilities:

- **Reconciliations**. If you're caught up on your GL reconciliations, that's awesome. If not, there is no better time to start working on them than NOW. Remember that the reconciliations are not done until any needed corrections have been made. Getting these up to date will eliminate many of the exceptions you see every month and, we promise it will make year-end close go smoother.

  o If you're not caught up and need help getting started, reach out to your OFM accounting consultant and/or sign up for **virtual office hours** for some one-on-one assistance.

Important Dates and Year-end Information

We don't know about you, but each year seems to speed by faster and faster and here we are with fiscal year-end close just around the corner! Below are the important fiscal year 2023 year-end dates to keep in mind as you plan your internal activities. For a calendar to print out, go to https://ofm.wa.gov/accounting/administrative-accounting-resources/year-end-closing.

Due Date	Reporting Item
June 30	Last working day of the fiscal year; cash cutoff (refer to OST's closing schedule memo)
July 10	Disclosure Form application opens
July 24	Mail out interagency billings (whether based on actuals or estimates)
July 31	**Phase 1 Close** Agency accruals recorded. Prioritize interagency receivable/payable reconciliations as many agencies have an early internal close date.
August 18	**Phase 1B Close** • Certain state disclosure forms are due • Interagency receivable/payable balancing is due • Pollution remediation site status report is due • Asset retirement obligation report is due
September 1	**Phase 2 Close** • Agency adjustments completed • Remaining State and Federal Disclosure Forms are due (not including certifications) • Disclosure Form application closes All agency adjusting entries made after Phase 2 require OFM approval.
September 13	State Financial Disclosure Certification form, including attachments, is due
February 29, 2024	Federal Assistance Certification form is due

If your agency cannot complete some or all of the Phase 1B disclosure forms and tasks by August 18, you will need to request an extension by sending a memo to your assigned OFM Accounting Consultant. The memo should list the items for which an extension is needed and the date by which your agency can complete the forms and tasks. The requested date can be no later than the end of Phase 2 close, September 1, 2023. Remember, to complete the disclosure forms, all AFRS entries related to those forms must be entered first.

Chapters 90, State Reporting, and 95, Federal Assistance Reporting, in the *State Administrative and Accounting Manual* are updated every year to reflect changes in reporting requirements. The Chapter 90 update will be issued in May and Chapter 95 will be updated following the issuance of the federal Office of Management and Budget's Uniform Guidance. **Please note there are again some significant changes to the Lease Disclosure Form this year, as well as changes to the Miscellaneous, Capital Assets, and Liabilities by Major Class forms, due to the implementation of GASB Statement No. 94,** *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, **and Statement No. 96,** *Subscription-Based IT Arrangements*. **Watch for our updated trainings prior to the opening of the Disclosure Form application in July.** If you have any questions, please contact your assigned OFM Accounting Consultant.

- o **Interagency payables/receivables.** There is really no way to soften this. Balancing interagency payables and receivables in FY22 was painful for many agencies. Let's avoid a repeat on that! If your agency has not resolved issues from last year, please reach out NOW to the other agencies and, if needed, include both agencies' OFM accounting consultants. (Check out the interagency article on page 1.)

- o **Unbalanced In-Process**. This report should be reviewed and worked on daily or, at a minimum, weekly. We have a special report that shows transactions that have been on the unbalanced report for over 60 days. There are currently 29 agencies on that report. If you are one of them, NOW would be a great time to start working on cleaning this up.

- **Schedule/assignments.** Many agencies already have a detailed schedule of all the year-end activities and deadlines including staff who are responsible for each task. If you are one of those agencies, NOW is a good time to update that schedule and ensure any new requirements are added. If you don't have a schedule, NOW is a great time to develop one or reach out to a peer in another agency and ask if they will share theirs as a starting point.

  - o **New staff/new duties.** If you have new staff or individuals with new job duties, be sure they are each aware of their areas of responsibility at year-end. Knowing in advance gives them an opportunity to get training, read up on SAAM policies, or review last year's work so they are ready when the time comes.

- **Communications**. There may be communication tasks on your schedule/assignment list, but it bears calling out. In addition to communicating with your own fiscal staff, you may need to communicate before year-end with program staff within your agency, employees who travel, contractors, and other agencies and vendors. Set clear expectations and deadlines for anyone from whom you need something, be it information, invoices, or travel vouchers.

We understand that everyone is very busy. Many of us have recently spent hours participating in One Washington information sessions and preparing for the AFRS table roll on top of regular job duties. It's a lot! However, we really believe that doing the work NOW to prepare for year-end will absolutely be worth it.

AFRS Table Roll Schedule

Information about the final AFRS table roll was sent to fiscal officers and designated table roll contacts on March 15, 2023. The table roll will occur in the following four phases:

April 22	Phase 1 – Organization Index and most descriptor tables
May 13	Phase 2 – Program Index and related descriptor tables
June 3*	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, a detailed user guide, and a listing of the tables that roll during each phase. There is also information about AFRS table cleanup related to Workday Foundation Data Model mapping along with files for review.

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 Jorgenson (julie.jorgenson@ofm.wa.gov), or Sara Rupe (sara.rupe@ofm.wa.gov).

In addition to the changes described above, SWA will provide a special training tailored to the interagency year-end process. This will include a brief overview of the process and the importance of agencies being balanced at year-end. We will discuss common issues and pain points that have historically caused frustration for agencies. Finally, we will end the training with a Q&A session.

We plan to hold this training sometime in June. Meeting invitations will automatically go out to individuals listed on the published interagency contact list. If you are not on the list and would like to attend, please contact OFMAccounting@ofm.wa.gov.

For any questions regarding the interagency process or training, please contact Julie Jorgenson at julie.jorgenson@ofm.wa.gov.

CAMS Reconciliation Overview

Focus on State Parks

Capital Asset Management System (CAMS) reconciliations should be done monthly or quarterly to check for errors and ensure reliable data. At State Parks, assets are being added, disposed, and adjusted in CAMS each month. It is much easier to remember what you did within a 3-month period versus a year later when it could take days to track down documents or find the staff member who entered the data. This can also help to make sure the same errors are not being repeated.

There are two parts to the CAMS reconciliation: 1. Reconciling AFRS object J expenditures to the CAMS entries. 2. Reconciling and updating the capital asset general ledgers in Account 997 to CAMS.

Here are some tips for a successful reconciliation:
- Monthly or quarterly, run an Enterprise Report (ER) for object J (excluding JA) expenditures. Compare this with CAMS activity for the same period. Review vendor, dollar amount, cost center, and fund for accuracy.

  o If there are discrepancies, determine which side – AFRS or CAMS – is in error. If AFRS, a JV should be created now to match AFRS to CAMS. If CAMS is wrong, update to match AFRS.

  o If multiple co-workers use CAMS, work as a team on this reconciliation. For example, one person could be responsible for subobject JC activity and another for the other subobjects.

- On a quarterly basis, reconcile by class code to Account 997. Run ER reports CM810 and GL Trial Balance for the quarter. Using the GL to Class Code crosswalk, sort and summarize the CM810 data by GL. Reconcile CAMS balances with Account 997 GL balances and determine entries needed to record additions, disposals, and adjustments in AFRS.

- After the JV is entered, run a report the next day using the current fiscal month to make sure that you balance now.

- Treat every quarter end as if it were a fiscal year end.

- Have your supervisor review and approve the reconciliations.

A big thanks to Julie Steingrebe and Ken Gunther from State Parks for taking the time to share their CAMS reconciliation strategies and advice. Note that the GL to Class Code crosswalk mentioned above can be found on our Capital Assets resource site. There are other useful resources too, such as a list of AFRS transaction codes specifically for capital asset entries.

If your agency has a reconciliation process you would like to share in *The Connection* or suggestions for reconciliation topics, please contact Cheryl Hainje at cheryl.hainje@ofm.wa.gov.

Update on General Ledger Reconciliations

Last spring, we asked agencies to take a general ledger (GL) reconciliation survey to help us answer several questions we had. In addition to analyzing the results of the survey, we have been working on a variety of related tasks. We want to share some highlights from the survey and some of the work we have been doing.

Question	Non-Payroll	Payroll
Number of respondents*	58	42
1. Current state of GL reconciliations		
Up to date through: • prior fiscal month or quarter • prior fiscal year	37 (64%) 13 (22%)	28 (67%) 6 (14%)
2. Biggest pain points	Payables (GL 5111, 5154) Receivables In-Process	GL 5181 GL 5180 Other GLs (1324, 5124)

* Some responses represent multiple agencies.

Prior to this survey, we had no statistics on the current state of reconciliations, so we really didn't know what to expect. Now we know around two-thirds of agencies are keeping up with their reconciliations, and the other one-third may need some additional help. The responses about the biggest pain points were not much of a surprise, but they did confirm our assumptions.

The third question on the survey was "How can we help most effectively?" We provided various options around training, templates, etc. and also asked you to propose other possibilities. Again, with a diverse group of respondents, there was not a single preferred resource. The one resource that was clearly the least favorite was full-day in-person classes. Some of the top vote getters were:

- eLearning classes (take on your own schedule)
- Detailed step-by-step written instructions with examples on specific account/GL reconciliations
- Specific account/GL reconciliation templates/examples
- Reconciliation Lab/Workgroup

A number of respondents also suggested other resource options, several of which were around having labs, mentoring, and utilizing your OFM accounting consultants. We want to thank everyone who took the time to respond to the survey. We appreciate your detailed comments.

After our analysis of this information, we started getting to work! First, you may have noticed various reconciliation articles in our previous issues of *The Connection*. Each quarter we have worked with a different agency to bring you specific reconciliation information from the agency perspective. This quarter, State Parks contributed an article with tips on reconciling CAMS – see page 4. If your agency would like to contribute to a future newsletter, please contact us.

Second, we recently started offering **virtual office hours**. This allows individuals or small groups to sign up for one-on-one time with a Statewide Accounting consultant for assistance on non-payroll reconciliations. Prior to the meeting, we will contact you to find out what topic(s) or issue(s) you would like to discuss.

Implementation of GASB Statement Nos. 94 and 96

GASB Statement No. 94, *Public-Private and Public-Public Partnerships* (PPPs) and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) are both effective for fiscal year 2023 reporting. While different agencies are at different stages within the implementation process, here is a reminder of the general steps required:
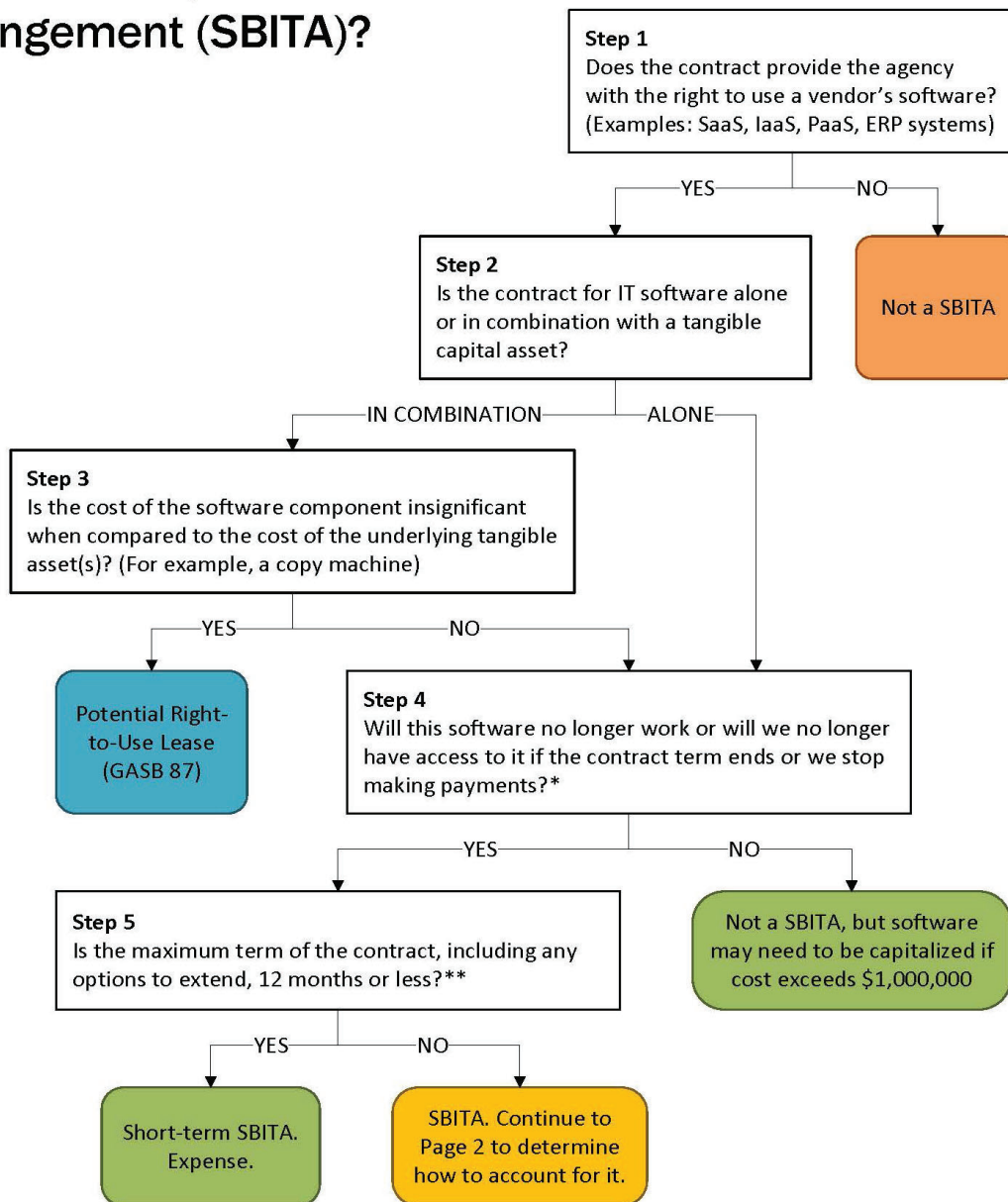
1. Submit the Initial Agreement Inventory to anna.quichocho@ofm.wa.gov and copy your agency's OFM accounting consultant.

2. Discuss potential PPPs and availability payment arrangements (APAs) identified on your agency's Initial Agreement Inventory with OFM to make the final determination for how to record the arrangement.

3. By April 30, 2023, add all SBITAs that meet the state's capitalization threshold in the Facilities Portfolio Management Tool (FPMT).

    - Follow instructions on the Job Aid for How to Add a New Subscription Based IT Arrangement (which is considered an 'Other Asset' in FPMT). These steps can only be performed by someone with the Agency Editor – Accounting role.

    - For any software that was placed into service before 7/1/2022, you will only enter payments remaining on or after that date and 7/1/2022 will be the lease start date since that is the date of implementation of GASB 96.

4. For any contracts that started prior to 7/1/2022, notify anna.quichocho@ofm.wa.gov after you have entered them in FPMT. OFM will review and enter beginning balance adjustments for the value of the subscription IT liability and asset as of 7/1/2022.

5. At year-end,

    - In AFRS, record (1) subscription information technology liability and asset for any capitalizable SBITA contracts placed into service during FY23, and (2) entries for the FY23 SBITA activity. We will be adding a worksheet with the illustrative entries on the Leases, SBITAs, PPPs Resource website.

    - Reconcile to verify that the AFRS balances match what FPMT says the balances should be as of June 30, 2023; and

    - Complete the Disclosure Form questions. We will be adding questions to the Lease Disclosure Form similar to those that already exist for right-to-use lease agreements. We will provide more detail on this as we get closer to year-end.

All agencies must develop a process for identifying any future SBITAs. The process needs to ensure the necessary information gets to the appropriate people who can evaluate and determine if the contract needs to be capitalized. Cloud computing and software as a subscription is becoming more and more common, so we do expect to see more of these arrangements in the future.

What is a Subscription-Based IT Arrangement (SBITA)?

GASB Statement No. 96 defines a SBITA as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The following decision tree may help you determine if the contract is a SBITA.

Is it a Subscription-Based IT Arrangement (SBITA)?

Step 1
Does the contract provide the agency with the right to use a vendor's software? (Examples: SaaS, IaaS, PaaS, ERP systems)

- YES → Step 2
- NO → Not a SBITA

Step 2
Is the contract for IT software alone or in combination with a tangible capital asset?

- IN COMBINATION → Step 3
- ALONE → Step 4

Step 3
Is the cost of the software component insignificant when compared to the cost of the underlying tangible asset(s)? (For example, a copy machine)

- YES → Potential Right-to-Use Lease (GASB 87)
- NO → Step 4

Step 4
Will this software no longer work or will we no longer have access to it if the contract term ends or we stop making payments?*

- YES → Step 5
- NO → Not a SBITA, but software may need to be capitalized if cost exceeds $1,000,000

Step 5
Is the maximum term of the contract, including any options to extend, 12 months or less?**

- YES → Short-term SBITA. Expense.
- NO → SBITA. Continue to Page 2 to determine how to account for it.

Perpetual software licenses and internally generated software are excluded from GASB 96.

**The maximum term should not include periods where both parties have the option to terminate without permission from the other party or periods where both parties have to agree to extend.*

PAGE 1

Finally, we are working on updating the General Ledger Reconciliation resource site. Starting at the top of the webpage, we are reviewing and either updating each item or replacing it altogether. We're also adding notes on the webpage for each link and topic, so users have a better idea of the purpose of each item. Check out our work in progress.

As we get to the 'Templates' section of this webpage, we are trying to ensure instructions are included since many of you indicated on the survey that this would be a useful resource. We are also planning to include some additional templates and instructions in this section, and we could use your help in two ways: If your agency has templates with instructions that you think others could use, we would love to get copies. If there is a specific account or GL for which you would like a template and/or written instructions on reconciling, we would like to hear about that. We can't promise we will be able to accommodate every request, but we will do our best. Please send templates, requests for templates/instructions, and newsletter article suggestions to cheryl.hainje@ofm.wa.gov. Keep up the great work on reconciling!

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 funds transfers to the states are covered under the CMIA; however, only major assistance programs are included in the TSA. Inclusion of federal programs for the 2022 TSA were based on the state's threshold of $75 million and the most recently audited Schedule of Expenditure of Federal Awards (SEFA). 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 reported in the SEFA and the state's determined threshold.

Following the close of each fiscal year, the state is required to submit an Annual Report to the Bureau of the Fiscal Services, U.S. Department of the Treasury, 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 2022 and reported a net zero liability meaning there was neither a state interest liability owed to the federal government nor a federal interest liability owed to the state.

The 2023 TSA was based on the state's threshold of $75 million and the 2020 SEFA. A total of nine state agencies and 18 programs are include in the 2023 agreement. The Annual Report is due to fiscal services in December 2023. OFM will work with agencies to determine the amount, if any, due to or from the federal government.

OFM is currently working with agencies that have qualifying programs to gather information for the state's 2024 TSA. Based on the state's threshold of $60 million and the 2021 SEFA, a total of nine state agencies and 18 programs will be included in the 2024 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 kennesy.cavanah@ofm.wa.gov .

Federal Update

Single Audit Report Delay:

In the winter edition of *The Connection* newsletter, we reported that the Office of Management and Budget has not granted an extension for the fiscal year 2022 Single Audit Report. Due to the increased number of grant programs to be audited and additional compliance requirements, the State Auditor's Office (SAO) will not be able to submit the complete audit package for the report to the Office of Financial Management (OFM) before June 23, 2023.

We are anticipating filing the fiscal year 2022 Single Audit Report to the Federal Audit Clearinghouse by June 30, 2023. Since the state was unable to meet the March 31, 2023, filing deadline (per 2 CFR § 200.512), we encourage agencies to reach out to federal grantors, who may need access to the Single Audit Report, about the delay and the timeframe when the report is expected to be available in the federal audit report repository.

Please be reminded that the Federal Assistance Certifications are due by May 31, 2023.

Update in Audit Resolution Requirement:

We want to bring your attention to changes in SAAM Chapter 55 - Audit Tracking. Previously, state agencies were required to submit a Certification of Completion of Corrective Action to the OFM Accounting Division when the audit resolution process for accountability, federal, financial, and fraud findings was complete. Subsection 55.10.70.a was recently updated to remove this requirement for federal and fraud findings.

Federal findings are excluded from the above process because OFM publishes the Summary Schedule of Prior Audit Findings as part of the annual Single Audit Report. The schedule reports the status of corrective actions of unresolved prior audit findings, which is determined by the auditor performing the Single Audit.

Fraud findings are also excluded from the above process because state law (RCW 43.09.185) requires agencies to notify SAO regarding any potential loss of public funds. SAO issues fraud reports which contain the results of the auditors' investigation to determine if a misappropriation has occurred.

If you have questions or concerns, please contact Stacie Boyd at stacie.boyd@ofm.wa.gov.

What is a Subscription-Based IT Arrangement (SBITA)? *- continued from page 7*

Other commonly asked questions:
- Q – What are some examples of SBITAs?
  A – Workday, Microsoft Enterprise Agreement and Azure, Thompson Reuters West Law, ESRI Arc GIS software. Note, these are examples of SBITAs that many agencies have or would be familiar with. You will need to review your agency's agreements to determine if they meet the capitalization threshold of $1,000,000 in total payments over the contract term.

- Q – Do we need to review contracts with other state agencies?
  A – No, any agreements between state agencies should be excluded and would not be a SBITA.

- Q – Do we need to review software purchased off a master contract?
  A – Yes, you do need to review software purchased off a master contract held by another state agency as well as purchases from software resellers such as SHI. For these situations, you will likely need to review both the master contract and the individual purchase or field orders to gather the information necessary to determine if it meets the definition of a SBITA and the details on the subscription term and payments.

Please reach out to anna.quichocho@ofm.wa.gov or refer to GASB Statement No. 96 for further guidance.

Payee Registration Unit News

Welcome to Nikki Meador

Please join us in welcoming Nikki Meador, our newest member of the payee registration team! Nikki comes to us from the Office of the Insurance Commissioner where she worked for 25 years. She has two beautiful daughters, Tristyn (25), and Hannah (18), and two handsome and very busy grandsons whom she loves to spend time with.

In recent years Nikki has devoted time to renovating her home and in her spare time she competes professionally on dart leagues. On a personal note, she started her weight-loss journey in December 2021, and is currently down approximately 100 pounds!!! Congratulations Nikki!!! According to her daughters, she is selfless and always doing something to help others. Nikki is a welcome addition to the team.

One-Day Turn-around Time

Over the last two years, the payee registration unit has maintained a one-day turn-around time for processing forms. During this time, the form volume was lower than normal, presumably due to the COVID-19 pandemic. Our volume has been steadily increasing with March volumes back to normal at nearly 6,000 forms this month. Our turn-around time for properly completed forms remains one day. Kudos to the team for their hard work!

Improving Accessibility and Efficiency for Payees

The payee registration unit is working to make vendor registration more accessible. As reported in the previous edition of The Connection, we recently released new forms that are user-friendly for those with low or impaired vision, designed for use with a screen reader. We are in the process of transitioning from the old forms to the new accessible forms, which can be found on the payee registration web page. Effective June 30, 2023, please dispose of any old forms and begin using the new accessible forms. Older forms will no longer be accepted beginning July 1, 2023.

Also as previously reported, we will be providing forms in the 15 languages most commonly spoken in the Pacific Northwest. The translation process was completed in March and the forms will be on our payee registration web page in the near future. The languages we will be providing include: Amharic, Arabic, Burmese, Chinese (simplified and traditional), Farsi, Khmer, Korean, Lao, Punjabi, Russian, Somali, Spanish, Tigrinya, Ukrainian and Vietnamese.

Continuing the effort to make registration more efficient, the unit is putting together an instructional video which will guide vendors in their efforts to obtain a statewide vendor number. Production of the video has been rescheduled and we hope to have it completed in June. We plan to post a link to the video on our website and will share it in the next issue of The Connection.

One Washington Update

Focus Group Sessions Completed, What's Next?

The One Washington Functional Team (OneWa) just completed our first round of focus group information sessions on March 28. The team started these sessions on February 21 with supplier payments and ended with the session on projects. The goal of these sessions was twofold: to introduce state fiscal staff to the designed workflows in Workday and to receive feedback needed to help the OneWa team begin the iterative process of improving the business workflows and approval steps.

So, what's next for the OneWa team? We are in the process of completing the Q&A documents for each session. We are also building out the plans for our next design sprints and continuing to update the configuration and business workflows in the current Workday tenant, which should help answer those detailed questions brought up during the information sessions.

For the next several months, the OneWa team has additional design work incorporated into our project plan. We will further define, document, configure, and update business workflows in the Workday tenant based on the feedback we received from agencies, along with design considerations we are still working through. As we build out the configuration and business workflows for the different Workday functional areas, the OneWa team plans to hold a next round of information sessions to demonstrate the updated Workday functionality based on the input from the first focus group information sessions. We look forward to your continued feedback as it is vital to the success of the program.

New Unclaimed Property Laws Effective for 2023

Effective January 1, 2023, the Revised Uniform Unclaimed Property Act (RCW 63.30) requires agencies to report all property to the Department of Revenue Unclaimed Property one year after it becomes distributable (as opposed to two years).

In addition, due diligence notification requirements have changed:

- Notification requirements now apply to property totaling $75 or more, and the content of the due diligence letter is more specific.
- You must send letters via mail *and email* if the owner has consented to email communication.
- Notifications must be sent within 60-180 days of your annual due date, October 31.

For more information, view this flyer on the reporting changes, attend an Unclaimed Property Holder Workshop, or visit ucp.dor.wa.gov.