



# FMC Presentation

Tuesday, September 12<sup>th</sup> 2023

*Kris Martins*



# Agenda

- WSI
- FY23 Reporting
- FY24 Dashboard Reporting
- Policy for comment
- Internal Controls
- Questions

# Workforce Strategy Initiatives( WSI)

# Workforce Strategy Initiatives

Still soliciting resources to help with:

- Speaker Bureau for High School classes
- Attendees for Job Fairs
- Workgroup lead volunteers (A/P, A/R, Capital Assets, etc.)
- *Email [Kris.martins@sao.ga.gov](mailto:Kris.martins@sao.ga.gov) if interested or*
- *Sign up on blue sheet at FMC*

# FY23 Year-end Reporting

# FY23 Changes to Forms...Thoughts?

- New SharePoint collection process for forms (excluding the Interorg and Appropriations Receivable)
  - *Confirmation of receipt added later*
- Allowance for Doubtful Accounts - \$10M threshold
- SBITA - \$100K threshold (sum of total payments)
- Leases – exclude copiers, postage meters, water colors
- Service Concession Arrangement (SCA) – not its own form, now part of Questionnaire
- Interorg form – added the information on the corresponding agencies
- PCA embedded into the Fund Balance Form (BCR)
- Provided year-end forms training on:
  - Leases
  - SBITA
  - Capital Assets

# SAO Survey Results - Training

Survey results for question: What are the TOP 3 forms for which you would like to receive training?

Answer Choices	#1 Choice	#2 Choice	#3 Choice	Total
GASB 96: Subscription Based Information Technology Agreements (SBITA)	27	6	4	37
Lease Agreement Data	3	10	10	23
Capital Assets	5	9	5	19
SEFA Reconciliation	8	3	8	19
Tie beginning fund balance (BCR)	11	5	2	18
Fund Balance (Appropriated) [BCR]	4	3	9	16

Survey results for question: How would you like to receive assistance on year-end forms?

Answer Choices	Response Percent	Responses
Training videos (watch on demand)	61.97%	44
Virtual training at set day/time	59.15%	42
SAO "Open House" via Microsoft Teams at select days/times where SAO will be available for agencies to ask questions about year-end forms	30.99%	22

# FY23 Forms Training

Date	Topic	Survey responses	Registered
8/9/2023	GASB 96: Subscription Based Information Technology Agreements (SBITA)	53	110
8/2/2023	Lease Agreement Data	42	80
8/8/2023	Capital Assets	32	104



# Year-end Form Submission

- If your agency has data that needs to be communicated to SAO, select yes and attach Year End form and/or enter in a description

## Year End Form Submission

Agency (required)

40700 Accounting Office, State

Year End Form (required)

Revenues Based on Encumbrances

Does your organization have Revenue Based on Encumbrances that need to be communicated to SAO?

Yes

Please Attach your file

Choose File No file chosen

UPLOAD

One file only.  
256 MB limit.  
Allowed types: xls, xlsx.

SUBMIT

- If your agency does NOT have data for specific form, select **No** and **DO NOT** attach Year End form.

## Year End Form Submission

Agency (required)

40700 Accounting Office, State

Year End Form (required)

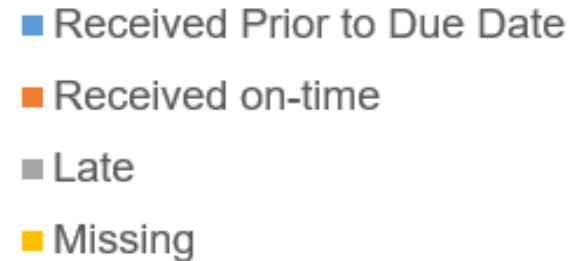
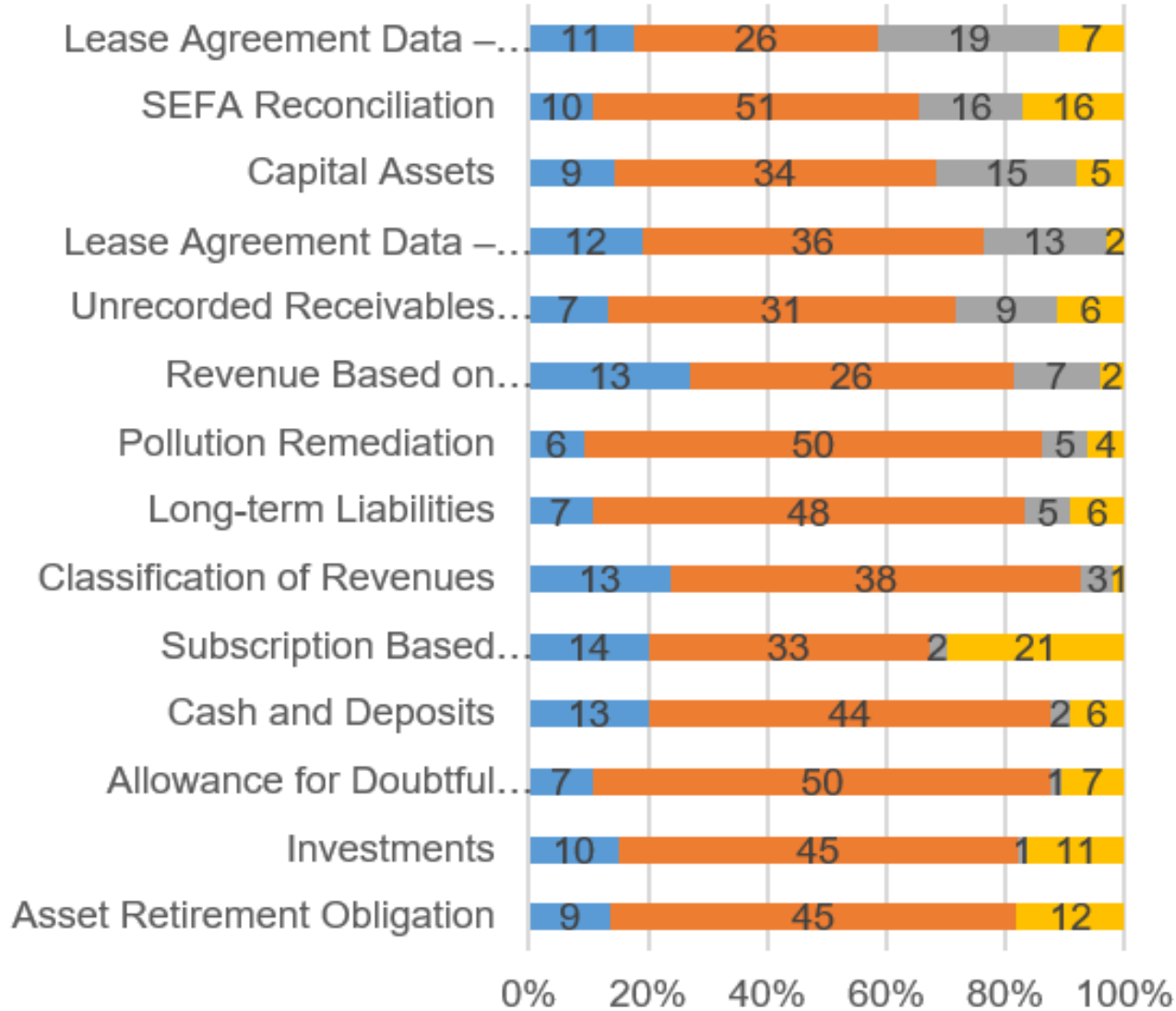
Revenues Based on Encumbrances

Does your organization have Revenue Based on Encumbrances that need to be communicated to SAO?

No

SUBMIT

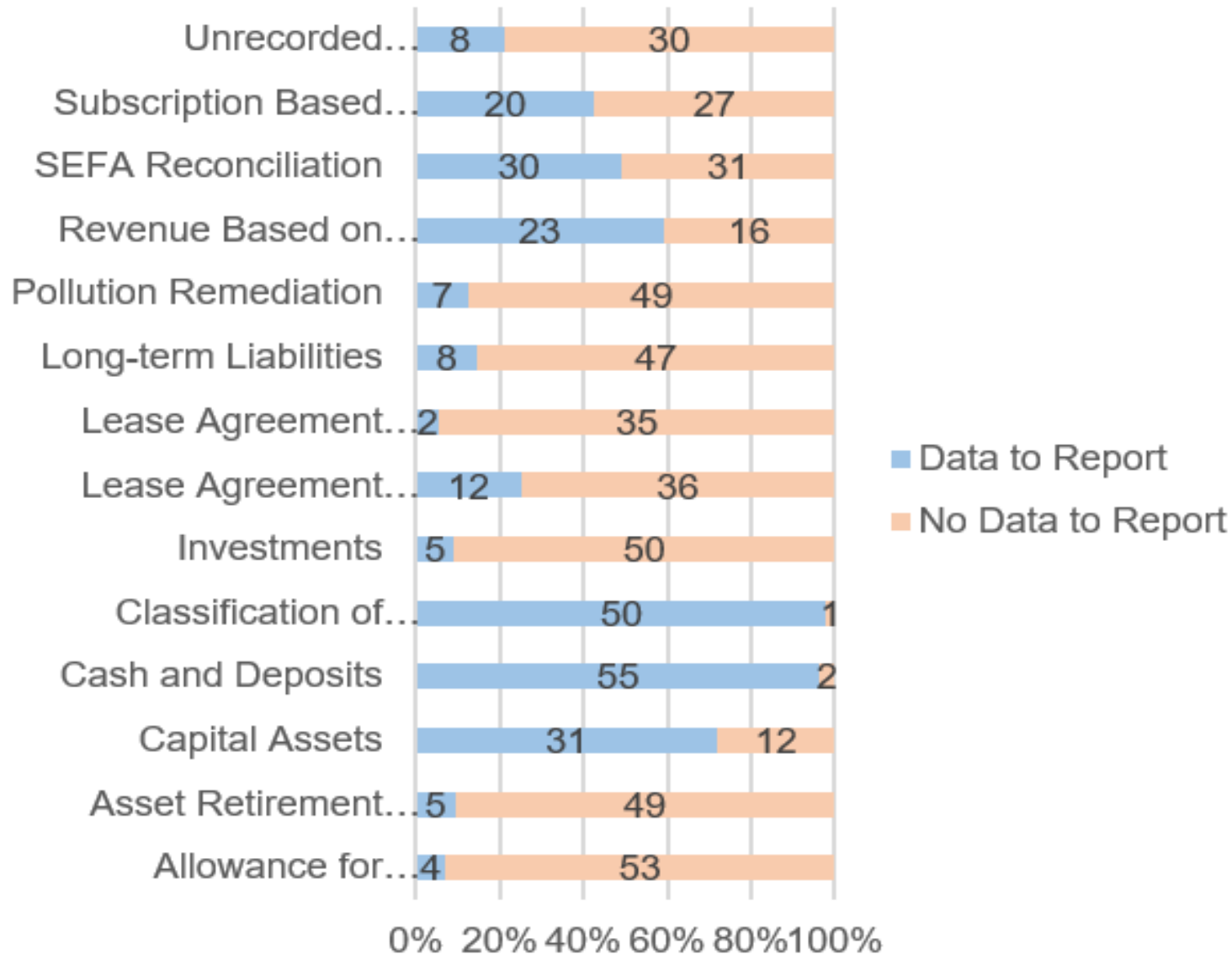
# FY23 Year-end Forms Status (as of 9/7/23)



## Excludes

- Fund Balance Approp
- Interorg
- Approp Rec
- SEFA portal
- Form Extensions granted
- Forms due after 9/7/23

# FY23 Year-End Forms Status (as of 9/7/23)

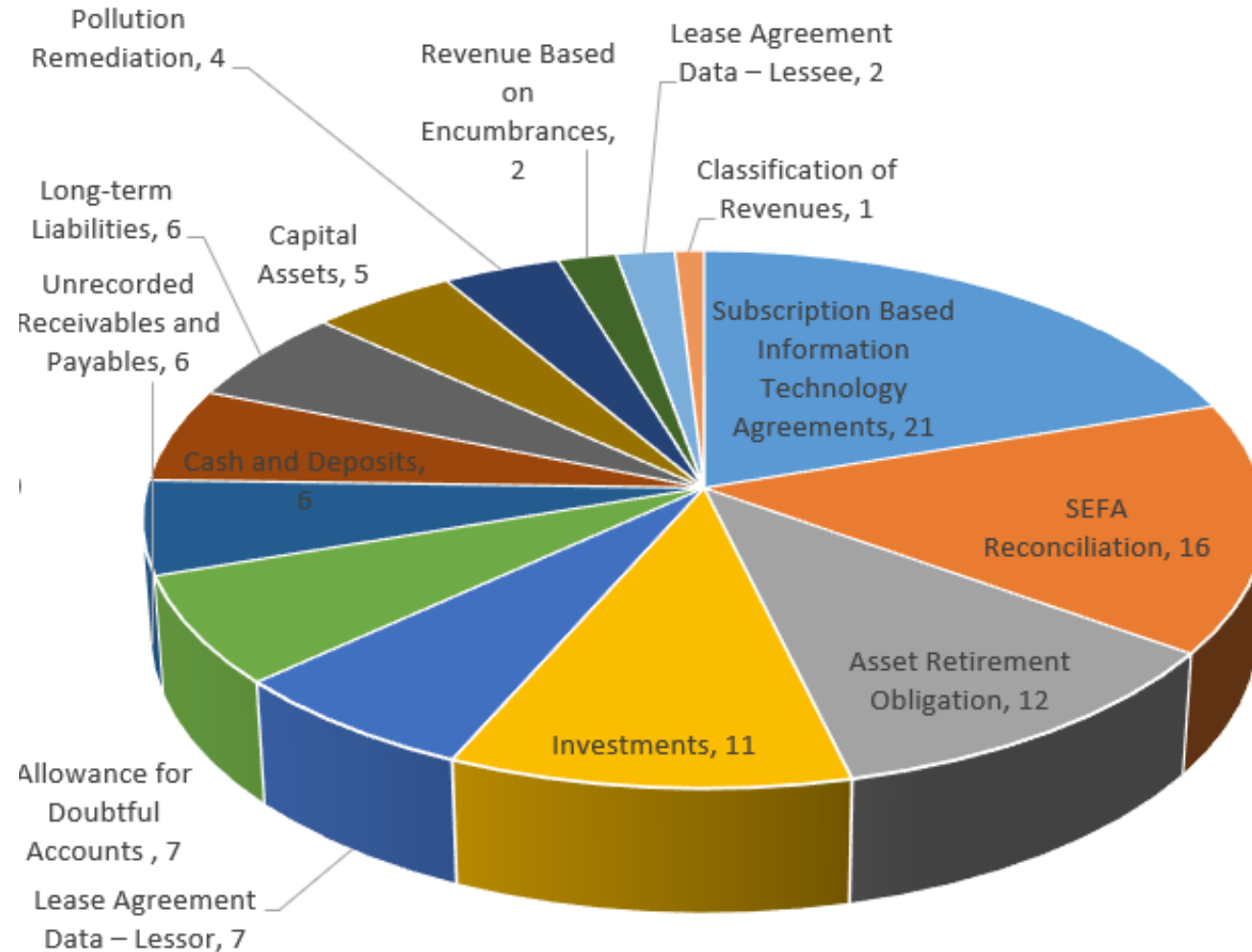


## Excludes

- Fund Balance Approp
- Interorg
- Approp Rec
- SEFA portal
- Form Extensions granted
- Forms due after 9/7/23

# FY23 Year-End Forms Status (as of 9/7/23)

## Forms due before 9/7/23, but not received yet



### Excludes

- Fund Balance Approp
- Interorg
- Approp Rec
- SEFA portal
- Form Extensions granted
- Forms due after 9/7/23

# FY23 Year-End Forms Status (as of 9/7/23)

## Fund Balance Appropriated Form (FBAF):

	Fund Balance Appropriated Form ( FBAF) Received	Fund Balance Appropriated Form ( FBAF) Not Received
Tier A (18)	18	0
Tier B (15)	15	0
Tier C (4)	4	0
TB Shells (7)	4	3
Non TW (6)	2	4

Not received yet are CPA organizations and organizations preparing their own GAAP statements (not due yet)

# SEFA Issues

- SEFA - Schedule of Expenditures of Federal Awards (SEFA)
  - Remember there are two steps
    - Completion of year-end form (Reconciliation of Schedule of Expenditures of Federal Awards (SEFA) to Federal Revenues)
    - Submission via SEFA System portal
  - Both steps must be completed even if no federal amounts were expended

# FY24 Dashboard Reporting

# Dashboard Reporting FY2024

- SAO is implementing dashboard to monitor status from each agency on various items:
  - Year-end forms
    - SAO will be able to see when a form was submitted(on-time vs late), which forms are outstanding,
  - Bank reconciliation status
  - Monthly/Quarterly close
  - Interagency reconciliation
  - Clearing accounts
  - Etc.
- These dashboards will also help with data clean-up as we get closer to converting data for new ERP.



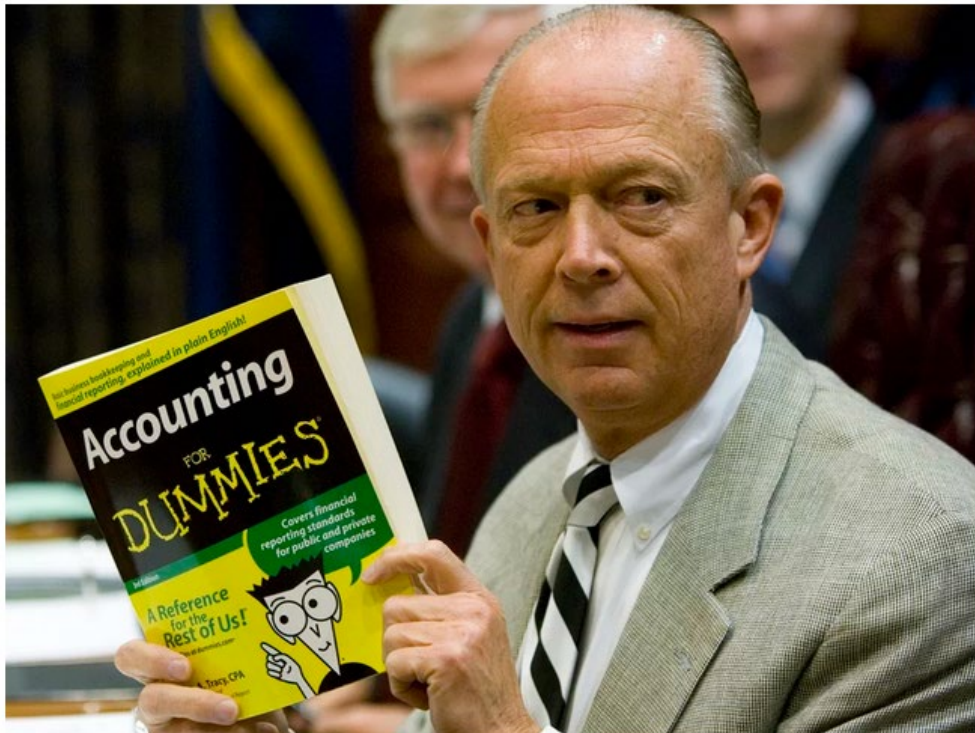
# Dashboard Reporting FY2024

NATIONAL

## A \$3.5 billion accounting error puts the South Carolina comptroller's job on the line

March 16, 2023 · 5:26 PM ET

By The Associated Press



### It all started as a \$12 million coding error

The error started as a \$12 million coding error in 2007 and was compounded when the state switched accounting systems in 2011, Eckstrom told senators at hearings in the past few weeks.

The error wasn't in actual cash, but in the way the state reports its balance sheets. It could affect South Carolina's credit rating and destroyed any

### KEY TAKEAWAY –

**As we work towards NextGen conversion, we really need to have clean books to convert over to Workday.**

# Dashboard Reporting FY2024

- 2 step process

## Report on SAO data, such as:

1. Year-end forms
  - a) Late forms
  - b) Missing forms
  - c) Common form errors
2. Internal Control Submission status

Internal Controls team will review data on agency evaluation

## Collect self-reported data from agencies on topics, such as:

1. **Bank Reconciliations:** Does your Organization (including attached agencies) have cash accounts recorded in your accounting records?
2. **Other Reconciliations:** At end of the most recently completed fiscal quarter, are there reconciliations not yet performed (such as control account to subsidiary accounts for receivables, etc.)?
3. **Clearing Accounts:** At end of the most recently completed fiscal quarter, were there balances in the clearing accounts that did not net to zero by fund type?
4. **Inter-Agency:** At end of the most recently completed fiscal quarter, were interunit receivables and payables balances not reconciled to the corresponding Organization(s)?
5. **Data Governance:** At end of the most recently completed fiscal quarter, are there data governance steps from SAO's checklist not yet performed (<https://sao.georgia.gov/swar/year-end-forms>)?
6. **Fund Balance Tie:** Do your current year fund balance(s) not yet agree to prior year ending fund balance(s)?
7. **Monthly/Quarterly Close:** Do you have a "hard-close" at quarter-end?

# Dashboard Reporting FY2024

- Sample Bank Recon for Dashboard reporting (agency to complete):

SAO is performing additional review of internal controls for key material areas in the Annual Comprehensive Financial Report (ACFR) via SharePoint Collection process? - if yes remove Kiteworks reference										
Therefore, SAO is reviewing bank account activity at selected State Organizations that are significant to the ACFR.										
<b>Please provide the following for ALL bank accounts (including attached Agencies or other Divisions) as of :</b>										
Note: SAO will be working with OST to ensure all known State bank accounts are reported.										
	Organization (Business Unit) Number	Bank Account Descriptor (such as bank name or GL reference)*	Other Bank Account Descriptor (such as payroll, operating, benefits, etc.) - Optional	Beginning Balance	Amount of Deposits for the month (ins)	Amount of Interest earned for the month	Amount of Payments for the month (outs) - enter as negative	Amount of Fees/Charges for the month - enter as negative	Month End Balance	Last Date Account Reconciliation Completed^
1									\$0.00	
2									\$0.00	
3									\$0.00	
4									\$0.00	
5									\$0.00	
6									\$0.00	

# Monthly/Quarterly Close: (items could include)

## PURCHASE ORDERS

- Review all open PO's – 0PO013KK\_OUTSTAND\_ENCUMB\_BY\_BU – Have all the appropriate invoices been received and processed.
- Review receipts not vouchered

## ACCOUNTS PAYABLE

- Review invoices – example: at 2nd QTR – make sure you have 6 utility invoices (billed monthly) for each location – make sure you have 2 GBA rent invoices (billed quarterly).
- Review your interunit – 0AP057C\_INTERUNIT\_PAYABLES\_LOC – Make sure you have processed all interunit invoices.
- Review all outstanding checks - this helps prevent the escheatment process.
- Review Recycled Errors – 0AP002\_ALL\_RECYCLED\_TRANS\_BU
- Review AP vouchers on hold – 0AP014\_VOUCHERS\_ON\_HOLD

## ACCOUNTS RECEIVABLE

- All revenue collections transferred to Treasury and recorded.
- Review agencies billings - 0AR008\_VERIFY\_REV\_CUST

## GENERAL LEDGER

- Revenue equals expenses on federal and other funding sources.
- Bank reconciliations – no reconciling items at quarter end.
- Review 215xxx PR liability accounts – should net to zero after monthly payroll processed.

## BUDGET

- Be sure to collaborate with budget

## TRAVEL

- Ensure all travel has been processed - review Unsubmitted Expense Reports and Unassigned CC & Itineraries (Concur reports).
- Reconcile the travel clearing accounts.
- Make sure reports are including the Concur fee of \$4.27
- Make sure to be utilizing travel credits

# Accounting Policies

# Accounting Policies for Comment

The screenshot shows the State Accounting Office website. The main navigation menu includes: TeamWorks, Statewide Reporting, Shared Services, Policies and Procedures, Travel, Training & Calendars, Internal Controls, and Career Opportunities. The breadcrumb trail is: Home > Policies and Procedures > Accounting Policy Manual > Policy Drafts for Comments. The page title is 'Policy Drafts for Comments'. Below the title, it states: 'As part of our policy process, we encourage feedback from State of Georgia organizations.' A table lists the policy drafts:

Policy Name	Due Date	Comments
<a href="#">Leases - Lessee, Lessor Accounting</a>	October 2, 2023	<a href="mailto:sao_reporting@sao.ga.gov">sao_reporting@sao.ga.gov</a>
<a href="#">Subscription Based Information Technology Agreements</a>	October 2, 2023	<a href="mailto:sao_reporting@sao.ga.gov">sao_reporting@sao.ga.gov</a>

<http://sao.georgia.gov/policy-drafts-comments>:

1. *Leases - Lessee & Lessor Accounting* - this policy was updated to include accounting and reporting relating to lessor transactions.
2. *Subscription Based Information Technology Agreements Accounting* - this is a new policy relating to accounting for Subscription Based Information Technology Agreements (SBITAs).

Feedback on these policies is due back to SAO by **October 2, 2023**. Comments on this policy should be submitted to [SAO\\_reporting@sao.ga.gov](mailto:SAO_reporting@sao.ga.gov).

# Internal Controls

# Internal Controls Update

- Reminder will be in a new software
  - Still being configured
  - Will still have CFO certification step(s)
  - Control activities will be only answered once (not for each risk as done prior)
- But don't worry...
  - Will be essentially the same questions
  - Prior year answers should be carried forward
  - No longer limited to one user
- Current deadline for submissions will be end of October
  - SAO will let you know if date changes due to delays in software build



# Internal Controls Self-Assessment

Only answer once for control activity

## Control Assessments

### ALL1

Written Procedures - Written procedures are established and regularly updated to ensure that knowledge is shared and retained. Procedures are included for all aspects, such as: accounting for transactions, financial close, reporting, etc.

Is this control utilized? (ONLY CHOOSE OPTIONS DISPLAYED ON THE RIGHT ==>) ▼

Below are the approved options for this control

N/A  
No

Control activity details now are directly linked to that specific control activity

Please provide context for your assessment. Prior year's responses can be seen in the report linked below.

### ALL2

Cross-Training - Cross-training of staff to ensure there is backup for critical departmental functions.

Is this control utilized? (ONLY CHOOSE OPTIONS DISPLAYED ON THE RIGHT ==>) ▼

Below are the approved options for this control

N/A  
No  
Yes

Read only

Please provide context for your assessment. Prior year's responses can be seen in the report linked below.

Note this is only a draft image, as software is still being configured.

Questions?

# Issues with Lease/SBITA forms

- Lease form – what is wrong with this form?

A	C	D	H	M	N	Q	V	AA	AB	AE	AF	AG	AJ
Lease	Begin Date	End Date	Incremental Borrowing Rate	Current Economic Life	Guaranteed Residual	Initial Direct Costs	Lease Incentives	Ownership Transfer (F)	Bargain Purchase Option (F)	Payments in Advance (T)	Lease description	Asset class	Lessee Name
11ATL40	4/1/2023	3/31/2024	2.26	60								Building	Sofa Produce Company, LLC
11ATL29	12/1/2022	11/30/2023	2.26	60								Building	Mountain Tomatoes
11ATL48	9/1/2022	8/31/2023	2.26	60								Building	Bud's Atlanta

ANSWER: These leases meet the Short-term exclusion as they are less than 12 months (unless renewal periods were missed in the end date column). Therefore, remove leases from form. *But keep records for Audit purposes.*

# Issues with Lease/SBITA forms

- SBITA form – what is wrong with this form?

C	D	H	Q	V	AE	AF	AJ	AV	AW	AX
Begin Date	End Date	Incremental Borrowing Rate	Initial Direct Costs	Incentives	Payments in Advance (T)	Description	Vendor Name	Attached Agency number	SWC number	in service at end of fiscal year?
2/1/2020	1/31/2023	2.26				Microsoft Licensing	Dell Marketing LP			Yes
2/1/2023	1/31/2026	2.26				Microsoft Licensing	Dell Marketing LP			Yes

ANSWER: Because GASB 96 is effective beginning 7/1/22 (FY23), the agreement in yellow meets the Short-term exclusion as the period from 7/1/22 through 1/31/23 is less than 12 months (unless renewal periods were missed in the end date column)

*But keep records for Audit purposes.*

Record in green is a valid SBITA and belongs on form.

# SBITA Quiz

- How do I report costs for “cloud” software that is still being developed in FY23 (i.e., SBITA software is not in service yet, for example, Next Gen)?

**ANSWER: On the Year-End Questionnaire. Only SBITAs that are placed into service on/before 7/31/23 are on the SBITA form.**

- SBITAs NOT yet in service – Questionnaire

31

Are there any software subscriptions in the process of being implemented (but where the software is not yet in service), where subscription and/or labor costs were incurred that were not reported on your agency's SBITA form? If yes, provide the amount of subscription payments and labor costs (separately) made during the year.



# SBITA Quiz

- Do I need to include both payments made to the SBITA vendor, as well as internal costs (including contractors) as part of my SBITA costs?

SBITA number	Payment	Payment Start Date	Payment End Date	Frequency
4xxxxSBITA06	100,000.00	07/01/2022	06/30/2023	Yearly
4xxxxSBITA06	110,000.00	07/01/2023	06/30/2024	Yearly
4xxxxSBITA06	121,000.00	07/01/2024	06/30/2025	Yearly
4xxxxSBITA06	133,100.00	07/01/2025	06/30/2026	Yearly
4xxxxSBITA06	146,410.00	07/01/2026	06/30/2027	Yearly
<b>Internal staff and consultant costs: \$399,999</b>				

**ANSWER: YES.  
However.....**


# SBITA Quiz

First need to determine if the SBITA was in service at 6/30/23 or not....


## SBITAs in service at year-end

- Report on SBITA form (in two places)

### Primary Tab – indirect costs

 EZLease	Begin Date	End Date	Incremental Borrowing Rate	Initial Direct Costs
SBITA Number				
40700SBITA06	7/1/2022	6/30/2027	2.26	399,999.00
40700SBITE07	7/1/2022	11/28/2025	2.26	
40700SBITA08	1/31/2023	7/1/2042	3.42	
40700SBITA09	7/1/2022	6/30/2024	2.26	

### Payments Tab– SBITA payments

 EZLease	Payment	Payment Start Date	Payment End Date	Frequency
SBITA Number (choose related SBITA from Primary tab)				
4xxxxSBITA06	100,000.00	07/01/2022	06/30/2023	Yearly
4xxxxSBITA06	110,000.00	07/01/2023	06/30/2024	Yearly
4xxxxSBITA06	121,000.00	07/01/2024	06/30/2025	Yearly
4xxxxSBITA06	133,100.00	07/01/2025	06/30/2026	Yearly
4xxxxSBITA06	146,410.00	07/01/2026	06/30/2027	Yearly

# SBITA Quiz

First need to determine if the SBITA was in service at 6/30/23 or not....

**SBITAs NOT in service at year-end** (i.e., SBITA in progress)

- Report on Year-end Questionnaire

31 Are there any software subscriptions in the process of being implemented (but where the software is not yet in service), where subscription and/or labor costs were incurred that were not reported on your agency's SBITA form? If yes, provide the amount of subscription payments and labor costs (separately) made during the year.

Yes

FY23 \$100,000 payment to SBITA vendor, \$399,999 indirect costs (agency labor and contractor costs)