# OA-Accounting Updates

FMAC Meeting

June 8, 2022

FY22 ACFR

- FY22 ACFR request letters mailed to the applicable entities by OA/DOA.

- FY22 ACFR responses due to OA/DOA by **August 15, 2022**.

  - Please submit the information timely to ensure the ACFR is completed on-time!

  - Preparing the ACFR for entities across the State takes a significant amount of time.

  - Plus the SAO has to audit the ACFR prior to the report being issued.

  - Receiving the information on-time, complete and accurate from your Agency is critical.

- ACFR Questions: contact Jessi Prater or Krista Porter
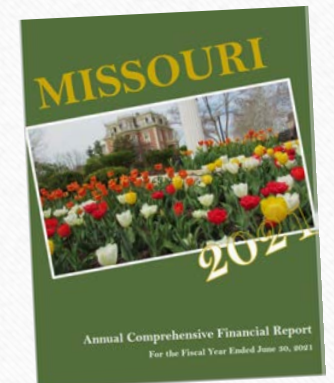
ACFR – Upcoming Key GASB Implementations

- GASB Statement No. 87, *Leases,* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD.

ACFR – GASB 87 FAQ's

- **If we have leases through FMDC, do we still need to fill out an amortization schedule?**

  - No, any leases through FMDC would have the survey completed by FMDC

- **If a lease is cancelable at any time by either party, would it still need to be reported?**

  - No, per GASB 87 paragraph 12, periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party (or if both parties have to agree to extend) are cancellable periods and are excluded from the lease term.

- **Our lease has a fiscal funding clause that allows the lease to be cancelled if the funding is not available. Would this exclude the lease from being reported?**

  - A fiscal funding clause would only affect lease reporting if it were reasonably certain that the government was going to exercise that clause and not extend the lease. Then that period would be excluded from the lease term. Otherwise, GASB 87 paragraph 13.

- **Do financed purchases under the Master Lease contract need to have the GASB 87 amortization schedule filled out?**

  - No, those should already have an amortization schedule from the bank. When the lease was booked, OA should have been sent the schedule.

- **I've turned in my amortization schedules, is there anything I need to be looking out for on the leases that I've already turned in?**

  - Per paragraph 71, a lease may be amended. Some examples of things that would cause an amendment would be changing the contract price, lengthening or shortening the lease term and adding or removing an underlying asset. A lease modification or termination would need to be submitted. In addition if a there is the presence of an impairment with respect to the underlying asset (paragraph 34), then this would also need to be reported.

ACFR – GASB 96 FAQ's

- **If we have SBITA's that go through ITSD, do we need to report those?**
  - No, ITSD will be reporting those.
- **How do I know if my SBITA is going through ITSD and if they will report it or if I will need to?**
  - You can send an email to ITSDITCOBudget@oa.mo.gov and ask.

ACFR – GASB 96 FAQ's (cont.)

- **If the amortization schedule is <u>one year or less</u> in length, including renewal periods for the entire subscription, should I submit this amortization schedule to OA?**

  - When evaluating these contracts, please look at the lease term to make sure that it does not fall under the short-term exception. Below is the GASB 96 paragraph number, but a similar paragraph exists in GASB 87 (paragraph 16)

  - Short-Term exception:

Short-Term SBITAs

13. A short-term SBITA is a SBITA that, at the commencement of the subscription term, has a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. As discussed in paragraph 9, periods for which both the government and the SBITA vendor have an option to terminate the SBITA without permission from the other party (or if both parties have to agree to extend) are cancellable periods and should be excluded from the maximum possible term. For a SBITA that has cancellable periods, such as a rolling month-to-month SBITA or a year-to-year SBITA, the maximum possible term of that SBITA is the noncancellable period, including any notice periods.

ERP Status

- Software RFP has been awarded to Mythics, Inc. - Oracle Fusion Cloud
  - **Free** learning opportunities for Oracle products - https://education.oracle.com/learning-explorer
    - **Only select the free training videos**

- Services Implementer RFP in initial evaluation

- Coming Soon:
  - Oracle product demonstrations for everyone to view

ORACLE

ERP Staffing

- TAFP Budget for FY23 includes 43 FTEs across Finance, Budget, Procurement, IT, Organizational change management (OCM) and Communications
  - PS TO EE FLEXIBILITY REQUESTED

- **Current team:**
  - Lynn Cannon, Tracy Farris, Chris Surface, Mark Swartz, Suzette Kempker, Nancy Holtschneider, Amanda Shortal, and Zheng Zeng
  - Cabinet IT Governance Council (CITGC) representatives for the steering committee: Dru Button (DNR), Anna Hui (DoLIR), and Val Huhn (DMH)

- **Upcoming Additions:**
  - Communication staff member
  - Hired Program Manager awarded to BerryDunn (7 additional members)

DRAFT: Preliminary ERP Implementation Timeline
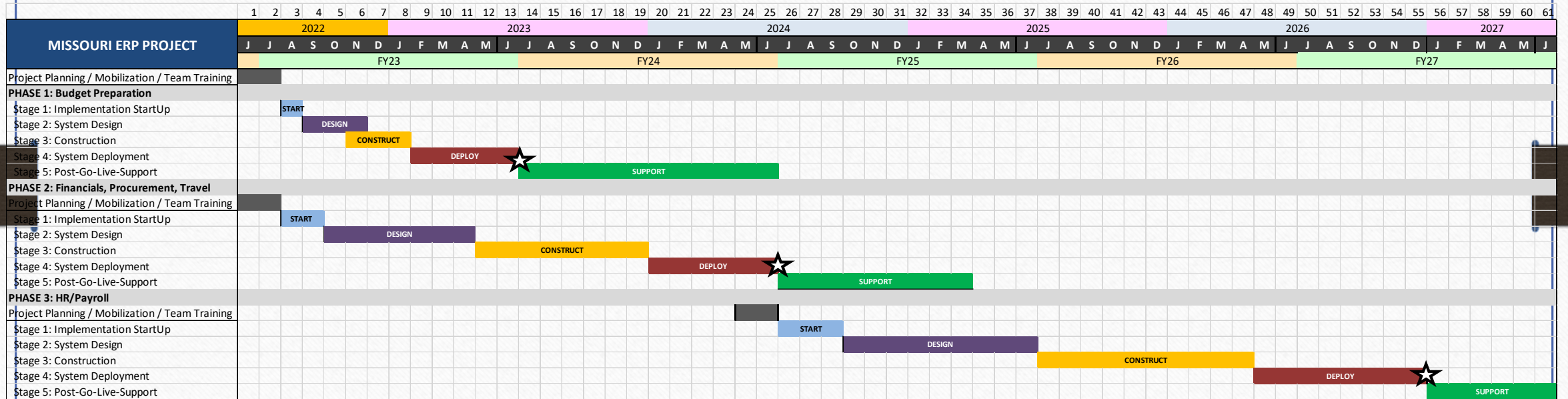
Estimate expected to change once Services Implementer RFP awarded and they develop an implementation plan

ERP Readiness

- **Department's Special Reporting Needs:**
  - Copy of Special reports requested – several received but not all?
    - Received from DESE, DMH, DNR, DOLIR, DSS and MDC
    - No special reports required for your department, please just send an email to let us know so we know your department has been accounted for appropriately
    - Email copy(s) of reports and/or report criteria to ERPCommunications@oa.mo.gov and cc: Lynn.Cannon@oa.mo.gov
- **Business Processes:**
  - Submit all documented business processes for financial (grants, projects, AP, AR, cost allocation, etc.), human resources, payroll, budget, procurement and any other process that can be supported by the new ERP – **Requested by June 30th**
  - Critical business processes not documented need to get documented and sent also **– Requested by July 31st**
  - Email business processes to ERPCommunications@oa.mo.gov and cc: Lynn.Cannon@oa.mo.gov

- **Chart of accounts:**
  - Survey will be sent to Departments to confirm what fields are being used and how

ERP Readiness – Purchase Orders Outstanding and Progress Made

Calendar Year	Transaction Count as of June 6, 2022	Outstanding Amount as of June 6, 2022	Change in # of Transactions since January 27, 2022	$ Value Change since January 27, 2022
2011	2	$311,324.48	0	($206,776.06)
2015	8	81,276.19	0	(0)
2016	7	122,989.59	(3)	(10,507.25)
2017	20	973,167.20	(3)	(5,887,364.97)
2018	44	953,977.17	(15)	(116,982.83)
2019	155	6,360,641.72	(35)	(3,033,445.99)
2020	451	27,875,839.97	205	(1,461,817.15)
2021	549	76,318,130.98		

ERP Readiness – Purchase Orders Outstanding by Agency

AGENCY	June 6, 2022 NUMBER OF TRANSACTIONS	June 6, 2022 AMOUNT OUTSTANDING
100	11	$22,905.64
221	2	398.50
231	23	200,532.24
251	2	630.16
272	5	699.05
300	135	1,992,103.93
350	7	12,173.88
375	7	68,189.60
400	1	1,000.00
419	1	2,494.29
555	7	8,947.03
580	92	7,390,415.68
605	372	38,855,424.05
625	71	22,335.24
780	140	62,714,076.47
812	340	1,556,211.16,
886	2	20,375.10
931	18	128,434.98
Total	**1,236**	**112,997,347.30**

ERP Readiness - Fixed Assets

- Sizable task still remains to reconcile Fixed Assets
  - As of June 1, 2021:
    - Funds out of balance: 90
    - Amount out of balance: $31,029,379.17
    - Department range from 0.00% to 8.59% out of balance

  - As of June 1, 2022:
    - **Funds out of balance: 81**
    - **Amount out of balance: $25,725,904.55**
    - **Department range from 0.00% to 4.30% out of balance**
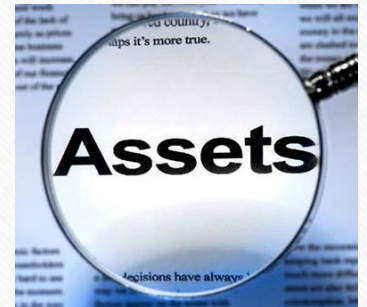
ERP Readiness – Fixed Asset Dispositions

- Ensure fixed asset disposition documents are completed timely in SAM II for all types of assets (including software). This is most efficient after your annual inventory is completed.

Fiscal Year	Number of Transactions	Asset Amount
2016	9,767	($101,083,118.40)
2017	9,613	(92,632,818.52)
2018	7,112	(78,508,004.25)
2019	9,336	(109,317,568,.19)
2020	7,989	(72,562,176.82)
2021	7,313	(72,137,153.02)
2022 (through May 31)	8,045	($68,432,967.69)

ERP Readiness – Next Steps Underway

- Continue to identify and clean up all these erroneous codes and bad data in SAM II and Legacy systems – This needs to be done **now** not later

- Maintain reconciled fixed assets monthly

  - Ensure documents are processed asap

  - Need Help contact OA - Accounting

- Reconcile summary receivables

- Chart of accounts:

  - Survey will be sent to Departments to confirm what fields are being used

American Rescue Plan Act (ARPA) Update

- ARPA website: https://moarpa.mo.gov/

- Upcoming Goal:
  - Add financial information to the ARPA portal by July 1, 2022
  - Send updated Matrix information to Agencies

- ARPA procedures letter: https://samii.mo.gov/sites/samii/files/SAM-II-Tracking-of-Receipts-and-Expenditures-Agency-Memo_1.pdf

Travel Rates

- Effective July 1, standard mileage rates will increase from 49¢ to 55¢ (assuming the Governor approves the FY23 budget)

- Meal per diem rates - we understand there are concerns

Out-of-State Travel

To: Department Directors

From: Kenneth J. Zellers, Commissioner
        Office of Administration

Date: June 2, 2022

Re: Rescission of Out-of-State Travel Restriction Policy

On June 15, 2010, the Office of Administration issued a travel restriction on all out-of-state travel unless certain exceptions applied. The restriction was renewed on April 10, 2014. Effective immediately, the Office of Administration hereby rescinds the out-of-state travel ban.

While the Office of Administration continues to encourage agencies to utilize technology as a possible cost-saving alternative for incurring out-of-state travel costs, Department Directors are in the best position to evaluate and determine whether out of state travel is in the best interest of the state and within their budget limits. Consistent with 1 CSR 10-11.010(4), all travel outside the State requires prior approval by the director, head of the department, or their authorized representative.

SAM/UEI

- If your agency receives (or plans to receive) federal monies or is a subrecipient required to report on subcontracting dollars, ensure your agency has an active SAM/Unique Entity Identifier (UEI) registration.

    - SAM/UEI registrations are required to be renewed annually.

- To obtain a SAM/UEI registration, please go to https://sam.gov/content/home

- Questions:

    - Federal Service Help Desk at 866-606-8220
    - Amanda Locke at 573-751-1894

Policies/Helpful Guidance

- Preapproval of Claims and Accounts Regulations: https://s1.sos.mo.gov/cmsimages/adrules/csr/current/1csr/1c10-3.pdf

- Statewide Policies: https://oa.mo.gov/commissioners-office/policies/statewide

- Travel Portal: https://oa.mo.gov/travel-portal

- P-Card Policies: https://oa.mo.gov/accounting/state-employees/purchasing-and-travel-cards/related-documents

- Purchasing: https://oa.mo.gov/purchasing

- Procurement Manual and Contract Management Guide: Office of Administration Purchasing Intranet – Office of Administration Purchasing Intranet (state.mo.us)

- Fleet/Rental Cars/Wex Fuel Card: https://oa.mo.gov/general-services

Distribution Lists

- Would you like to be added to a Distribution List?

    - SAM II Financial: https://lists.mo.gov/mailman/listinfo/samii-fin

    - SAM II HR/Payroll: https://lists.mo.gov/mailman/listinfo/samii-hr

    - MissouriBUYS: https://lists.mo.gov/mailman/listinfo/missouribuys

- SAM II Financial and HR/Payroll Bulletins: https://samii.mo.gov/
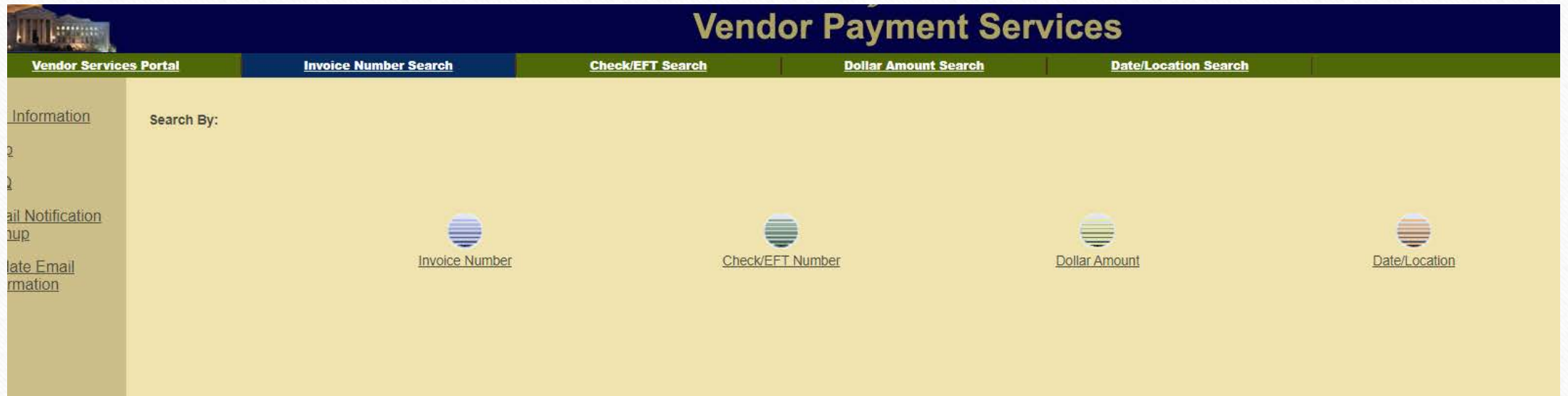
Bulletin

and Announcements

Vendor Service Portal

- Purpose/Benefits
  - The Vendor Service Portal allows the vendor to view information about payments made to them.
  - Vendors may receive email notifications each time a payment is made to their FEIN/SSN.
  - State agencies are not required to notify the vendor when a payment is made.

- How does a vendor register?
  - Go to https://www.vendorservices.mo.gov/vendorservices/Portal/Default.aspx (Select the "Vendor Payment" tab)
  - Multiple users from the vendor may register to view the payment information if they utilize a "FEIN" number.

Vendor Service Portal (cont.)

- Once the FEIN information is entered, below are the payment search options:

Vendor Service Portal (cont.)

- If the vendor searches by Invoice Number, the following payment information is available:

Vendor Service Portal (cont.)

- A vendor may also register to receive email notifications for each time a payment is made to their FEIN/SSN.

Meeting Wrap up

- **FMAC attendance:**
  - Participation – who, why and how
  - Contact Felicia.Hubble@oa.mo.gov
- **Communication:**
  - Make sure it is happening
    - Top down
    - Bottom up
    - Back and forth (within and across departments)
- **Feedback:**
  - Critical to successful project
    - Give it
    - Ask the questions
- **FMAC Topics:**
  - If you have any questions/topics/issues you would like addressed on a future FMAC call, contact Felicia.Hubble@oa.mo.gov