

Commonwealth of Virginia Fiscal Fundamentals

# Financial Statements Directives Training

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Department of Accounts

# Training Objectives

- Familiarize you with overall purpose of financial statement directives
- Help you find directives on the web
- Describe the importance of information that directives require
- Tell you about upcoming detailed directives training

# Background

- There are three types of financial statement directives:
  - State Agencies
  - Higher Education Institutions
  - Component Units
- All three directives include attachments and related instructions that can be downloaded individually from [www.doa.virginia.gov](http://www.doa.virginia.gov).

# State Agency Directive

DOA uses the Commonwealth's cash-basis accounting system (CARS) to report amounts for the remaining agencies.

However, generally accepted accounting principles (GAAP) requires the modified accrual and full accrual bases of accounting in the comprehensive annual financial report (CAFR).

So, DOA designed the templates to gather accrual data (receivables, payables etc.) that, although not in CARS, is required in the CAFR. DOA notifies those agencies that must prepare and submit these templates.

# Higher Education and Component Unit Directives

GAAP requires these entities to be reported on the full accrual basis of accounting in the CAFR. For that reason, higher education institutions and component units must submit stand-alone financial statements and footnotes or financial statement templates to provide the accrual data needed.

# Important Information!

- Directive information is used to generate Virginia's CAFR.
- The CAFR is required by statute and used to:
  - Meet bond resolution requirements
  - Qualify the Commonwealth for the Government Finance Officers Association (GFOA) certificate program (certificate has been received for the last 19 years through fiscal year 2004)
  - Retain the Commonwealth's AAA bond rating which allows the Commonwealth and its localities to issue debt at the most favorable rates
- DOA updates directives annually and releases them in May or June on [www.doa.virginia.gov](http://www.doa.virginia.gov).

# Internal Controls – Agencies and Institutions

- Ensure assignments are made based on staff's knowledge of information being requested
- Ensure staff understand directive requirements.
- Ensure supervisory review by someone who understands the directive's requirements, as well as the agency's or institution's data
- Maintain adequate documentation for the Auditor of Public Accounts and DOA.

# Internal Controls – DOA

- Incorporates numerous data validations into the templates to ensure that submitted data meets desired parameters.
- Performs cursory reviews of submissions to ensure information appears reasonable.
- Verifies that submissions do not violate the data edit rules.
- Initiates dialog to clarify items as needed.
- Assigns Quality Assurance Analyst to review supporting documents.

# Detailed Directives Training

- Each year, training is held in May and June. Dates appear on [www.doa.virginia.gov](http://www.doa.virginia.gov) under the “Training” link.
- DOA trainers host four sessions.
  - One for agencies with governmental funds that do not prepare financial statement templates.
  - One for agencies that prepare templates.
  - Two sessions for agencies with proprietary funds.
- Agencies that fail to send representatives to training sessions are cited in the Comptroller’s Quarterly Report.

# References

## DOA Directives

- Comptroller's Directive No. 1-XX, "Financial Statement Template Preparation for Higher Education Institutions"
- Comptroller's Directive No. 2-XX, "Financial Statement Preparation for State Agencies"
- Internet
  - [Directives](#)

# Contacts

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