

**ITEMS OF INTEREST FOR
COMPTROLLER’S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

If the information requested in the supplemental section is also provided on an attachment, contact the individuals listed in the Questions section of this Directive.

General

- The Directive is formatted to facilitate identification of specific agency requirements. Informational authoritative literature/guidance and the glossary are provided as a web link on DOA’s website at www.doa.virginia.gov. Click on the “Financial Statement Directives” link. In addition, a frequently asked questions (FAQ) document has been prepared and provided.
- If an agency has an earlier version of Microsoft Excel or Microsoft Word and has problems opening a file, DOA can provide the attachment in an earlier version. Please contact those listed in the Questions section.
- Agencies must comply with the requirements contained in the [Authoritative Literature/ Guidance for Preparation of GAAP Basis Fund Financial Statement Templates](#), which can be found on DOA’s website at www.doa.virginia.gov. Click on the “Financial Statement Directives” link.
- Any questions related to the Directive should be addressed to the following individuals:
 - John Sotos, Assistant Director – Financial Statements, (804) 225-2111 or john.sotos@doa.virginia.gov
 - Susan Jones, Assistant Director – Financial Statements, (804) 225-4426 or susan.jones@doa.virginia.gov
 - Matthew Wiggins, Assistant Director – Financial Statements, (804) 225-2438 or matthew.wiggins@doa.virginia.gov
 - Sharon Lawrence, Director of Financial Reporting, (804) 225-2414 or sharon.lawrence@doa.virginia.gov
 - Attachment Analyst – AttachmentAnalyst@doa.virginia.gov
- The Comptroller’s Directive No. 1-17, Directive Compliance Guidelines for State Agencies, replaces and rescinds the prior year’s Comptroller’s Directive No. 1-16.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- Statement on Auditing Standards No. 122, *Statements on Auditing Standards: Clarification and Recodification (SAS 122)* and AU-C 265 *Communicating Internal Control Related Matters Identified in an Audit*, state that the identification by the auditors of a material misstatement, identification of fraud by senior management, and ineffective oversight of an entity's financial reporting are indicators of a material weakness in internal control. This also includes restatements of previously issued financial statements to reflect a correction of a material misstatement. This applies regardless of whether the auditors or the agency discovers the restatement.
Note: This does not apply to a change in accounting principle to comply with a new accounting principle or a justifiable voluntary change from one GAAP to another. Agencies must ensure controls are in place to avoid material misstatements and/or misclassifications in the attachments and other financial information submitted to DOA.
- Online training on this directive is available at no charge to agencies. Several directive training modules are available to meet the diverse experience levels of agency fiscal staff. Participation **is strongly encouraged** for agencies that must complete information contained in this Directive. To register for any of the training modules, login to the **Learning Center (COVLC)** at <https://covlc.virginia.gov> and click on the "Training Catalog" link. Search using the keyword "Directive" and click the course/reference you wish to access. If you have difficulty accessing the training, contact your agency COVLC site administrator, or email doatraining@doa.virginia.gov for guidance.
Note: Some agencies are not members of the Learning Center and will be unable to access this online training. In these instances, please contact DOA. The training can be provided as a PDF document for those nonmember agencies.
- DOA will have open training in July for any agencies that are interested in more detailed training or have specific questions. This training will be available for all agencies that would like to attend for additional, in-person guidance on specific attachments and open Q&A. Email AttachmentAnalyst@doa.virginia.gov to request detailed training.
- Agencies will be notified within a few days of submission due dates if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. Original submissions should be materially correct. Multiple submissions and/or failure to provide corrected information within the specified time frame may result in a citation in the Comptroller's *Quarterly Report on Statewide Financial Management and Compliance*.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- As in previous years, e-mail submissions are required for all submissions unless an individual submission indicates otherwise. Agencies should only submit **one** copy of each submission to DOA. Please note the e-mail addresses below:
 - For attachments only – finrept-agyatt@doa.virginia.gov
 - For supplemental information only – finrept-agysupp@doa.virginia.gov
 - For questions or detailed directive training - AttachmentAnalyst@doa.virginia.gov
 - All other correspondence – finrept@doa.virginia.gov

Agencies should remember to copy the Auditor of Public Accounts (APA) on all e-mail submissions at: APAFinRept@apa.virginia.gov.

- The **Supplemental Information** requirements are numbered for each agency. When submitting the required information, the subject line of the e-mail should include the agency number, due date of the submission, and item number. For example, if the Department of Accounts is submitting items due on July 13, then the subject line would read “**Agy 151, Due Date July 13, 2017, Submissions, Item #.**”
 - When naming the actual file, include the Item # in the file name.
 - **DO NOT include different due date submissions within the same e-mail.**
 - When submitting revisions, include “**REVISED – date**” in the **subject line** of the e-mail as well as in the **file name**.
 - If revisions are made to previously submitted supplemental information, submit a completed **Attachment 32 – Supplemental Information – Revision Control Log**.
 - A fluctuation analysis is required for all supplemental submissions. For additional information, please see the **Supplemental Information** section of the Directive.
- For your convenience, the contact information in all but the first tab in each attachment/template continues to be auto filled with the information from the first tab, but the cells remain unlocked to allow for more than one preparer to complete the attachment.
- Only cells highlighted in yellow allow for data entry. Error messages in cells are intended to alert preparers that established parameters are not being followed. **Failure to correct Errors or provide answers to all required questions prior to submission will prohibit acceptance of the attachment. All cells requiring a response will be populated with an “Answer Required” message until a response is entered.**

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- **Certification** is required for most submissions. This certification step requires the names of all preparers and reviewers to be included on all applicable submissions. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any submission. **By typing a name, the preparer is certifying that all of the questions have been completed and are accurate; the reviewer is certifying that the attachment has been reviewed and is complete and accurate; the preparer and reviewer were not the same individual for any tab; and the preparer and reviewer have read and understood the instructions for the attachment. If agency staffing does not allow for a different preparer and reviewer, please contact DOA.**

- Revision control logs are included in the majority of the attachment workbooks. These logs require the agency to identify the specific worksheets and tabs that have been modified **after** DOA's original acceptance. These logs should also provide a cumulative listing of changes to each attachment. The individual attachment instructions indicate whether the revision control log is applicable. **Failure to adhere to the revision instructions specified for each attachment will prohibit acceptance of revisions. Include "REVISED – date" in the subject line of the e-mail as well as in the file name.** Each time a revision is submitted, the **Certification** tab should be updated with new signatures and dates. DOA will notify agencies if problems are encountered with revision submissions.

- For CAFR reporting purposes, the Commonwealth capitalizes all equipment that has a cost or value greater than or equal to \$50,000 and an expected useful life of greater than two years. In addition, for CAFR reporting purposes, the Commonwealth capitalizes all other assets that have a cost or value greater than or equal to \$100,000 and an expected useful life of greater than two years. Proprietary agencies/funds will be able to specify the fund's individual capitalization limits in the financial statement template capital asset footnote tab.

- As a reminder, DRES administered leases are reported by the Department of General Services (DGS) and not the line agency.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- If an agency is required to prepare financial statements for purposes other than the Comptroller's Directive, the affected agencies will still have to prepare those financial statements. However, unless otherwise specified in the **Supplemental Information** section of the Directive, these financial statements will not have to be submitted to DOA. For those agencies that are audited by the APA, the APA will audit the template for CAFR purposes.
- Agencies must ensure that the "Goods or Services Receipt Date" or "Transaction Date" is less than or equal to June 30, 2017, for Cardinal Vouchers and Cardinal Expense transactions, respectively, processed in July, August, or September relating to prior fiscal year activity. DOA's fiscal year 2017 year-end agency closing instructions provide additional guidance. These instructions are available for download from DOA's web site at www.doa.virginia.gov. Click on "Year-End Closing Procedures." If any questions remain after reviewing the instructions, please contact DOA.
- The following GASB statements are effective for the Commonwealth for FY 2017:
 - **GASBS No. 73**, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, addresses accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of **GASBS No. 68**.
 - **GASBS No. 74**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces **GASBS No. 43**, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and **GASBS No. 57**, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in **GASBS No. 25**, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, **GASBS No. 43**, and **GASBS No. 50**, *Pension Disclosures*.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- **GASBS No. 77**, *Tax Abatement Disclosures (TADs)*, requires state and local governments to disclose commitments that reduce taxes and commitments other than reducing taxes. This statement defines tax abatements, the scope, and information that should or should not be reported. The reporting period should commence when the TAD is entered into and remain until the agreement expires.
- **GASBS No. 78**, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of **GASBS No. 68**, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described in the pronouncement.
- **GASBS No. 79**, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. It lists criteria for an external investment pool to qualify for measuring all of its investments at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, those investments should be measured at fair value, as provided in paragraph 11 of **GASBS No. 31**. This Statement also provides additional note disclosure requirements for qualifying external investment pools and for governments that participate in those pools.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- **GASBS No. 80**, *Blending Requirements for Certain Component Units*, adds a blending criterion for a component unit that is a not-for-profit corporation by which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity pursuant to the provisions in paragraphs 21-37 of **GASBS No. 14**, as amended. It is not applicable to component units that are a discrete component unit pursuant to **GASBS No. 39**.
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Continued on next page

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COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes

Selected Attachments:

- Some attachments have added a prepopulated fund name based on the fund number entered. This is to assist agencies with verifying that correct fund numbers have been entered. If the fund name does not populate correctly, please verify the fund number that was entered and then contact AttachmentAnalyst@doa.virginia.gov.
 - Attachments have been updated for Cardinal wording and information, as appropriate, now that Cardinal is the official system of record.
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Attachment 1, Checklist to Determine Information Required by Comptroller's Directive:

- On the **Checklist** tab, a question was added related to **Attachment 3 – GASBS No. 14** Checklist Modified to Reflect **GASBS Nos 39, 61, and 80** to identify a blended component unit pursuant to **GASBS No. 80**.
 - On the **Checklist** tab, a new question 15 was added to identify multi-year fees to be reported as unearned revenue.
 - On the **Checklist** tab, a new question 16 was added that asks the agency to certify if accounts payables are (or will be) recorded with a goods and services receipt date of June 30, 2017 or prior.
 - On the **Certification** tab, sections that previously showed incomplete or complete were removed.
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Attachment 3, GASBS No. 14 Checklist Modified to Reflect GASBS Nos. 39, 61, and 80:

- The attachment name has changed from the prior year. In addition, section J, Component Unit Presentation, has an additional blended component unit criterion based on the implementation of **GASBS No. 80**.
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Attachment 6A, Leave Liability Statement – CIPPS Users:

- On **Tab 2-CIPPS**, CARS fund coding should be entered.
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Attachment 6B, Leave Liability Statement – TAL Users:

- On **Tab 2-TAL**, CARS fund coding should be entered.
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Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes, Continued

Attachments 9 through 13, Financial Statement Templates:

- **Tab 1A-GASB 3-40**, Part 6 was expanded to include a new sub-question Part 6b related to investment derivative instruments.
- **Tab 1B-CE & Inv Not w Treas**, a new debt investment type category “Supranational and Non-U.S. Government Bonds and Notes” was added to allow agencies to classify debt investment holdings of supranational or non-U.S. government entities. A new column was added to ensure both Rating Agency and Credit Rating columns are completed as applicable.
- **Tab 1C-Foreign Currency Inv**, a new question was added to obtain information related to foreign deposit or investment policy in accordance with **GASBS No. 40**.
- **Tab 1D-GASB 31**, new questions Part 1g and Part 1h were added related to investments that are reported at other than fair value.

In addition to the above, Attachments 9 through 13, Financial Statement Templates, were updated as follows:

Attachment 9, Governmental Fund Financial Statement Template:

- **Tab 4-Miscellaneous**, Part 15 was expanded to include two new questions, Part 15a and Part 15c, to obtain information in accordance with **GASBS No. 72**.
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Attachment 10, Enterprise Fund Financial Statement Template:

- **Tab 7-Miscellaneous**, Part 16 was expanded to include two new questions, Part 16a and Part 16c, to obtain information in accordance with **GASBS No. 72**.
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Attachment 11, Internal Service Fund Financial Statement Template:

- **Tab 7-Miscellaneous**, Part 16 was expanded to include two new questions, Part 16a and Part 16c, to obtain information in accordance with **GASBS No. 72**.
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Attachment 12, Private-purpose Fund Financial Statement Template:

- **Tab 3-Miscellaneous**, Part 14 was expanded to include two new questions, Part 14a and Part 14c, to obtain information in accordance with **GASBS No. 72**.
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Attachment 13, Agency Fund Financial Statement Template:

- **Tab 1A-GASB 3-40**, Part 12 was expanded to include two new questions, Part 12a and Part 12d, to obtain information in accordance with **GASBS No. 72**.
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Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes, Continued

Attachment 15, Federal Schedules:

- On the **Questionnaire**, a question was added to determine whether other identifying numbers assigned by the pass-through entity have been provided on the **DISBURSED TO NONSTATE** and/or **RECEIVED FROM NONSTATE** tabs of the Federal Schedules template.
 - On the **Certification** tab, an “Answer required” question was added to ensure the applicable other identifying numbers have been provided.
 - A new column has been added to the **DISBURSED TO NONSTATE AND RECEIVED FROM NONSTATE** tabs. Agencies should report any other identifying numbers assigned by the pass-through entity in this column. If there are multiple other identifying numbers, please report each number in this column. Do not use this column to report identifying numbers assigned by the federal grantor agency. Agencies must contact pass-through entities prior to leaving these columns blank.
 - If an unknown CFDA number is used, you must provide a program name and an identifying number associated with the grant. You will be contacted by DOA if an identifier is not supplied.
 - Please ensure pass-through amounts reported on the SEFA and **RECEIVED FROM NONSTATE** tabs do not exceed the total direct and/or indirect amounts reported by CFDA number. Amounts provided to subrecipients are now reported on the face of the Final SEFA schedule and pass-through amounts cannot exceed the total of direct and indirect expenditures reported. DOA will contact you if the pass-through amounts exceed the total of direct and indirect costs.
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Attachment 18, Insurance Recoveries:

- There are now separate tabs to record Insurance Recoveries received via Expenditure Refunds (Tab 2) and Revenue (Tab 3).
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Attachment 21, Receivables as of June 30:

- Questions relating to amounts reported on Cardinal (previously CARS) are now on the Cardinal Tab (previously CARS Tab) only and must be answered.
 - Step 16, the question relating to federal funds reimbursing non-federal funds now must be completed for **ALL** receivables and will populate “Answer Required.” If the receivable is not a federal receivable, please select N/A.
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Continued on next page

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COMPTROLLER'S DIRECTIVE NO. 1-17
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes, Continued

Attachment 23, Schedule of Cash, Cash Equivalents, and Investments as of June 30:

- **Detail** tab, Part 5 was expanded to include a new sub-question Part 5b related to investment derivative instruments.
 - **Detail** tab, Part 11 was expanded to include two new questions, Part 11a and Part 11c, to obtain information in accordance with **GASBS No. 72**.
 - **Cash Equiv. & Inv. Not w Tr**, a new debt investment type category “Supranational and Non-U.S. Government Bonds and Notes” was added to allow agencies to classify debt investment holdings of supranational or non-U.S. government entities. A new column has been added to ensure both Rating Agency and Credit Rating columns are completed as applicable.
 - **Foreign Currency** tab, a new question was added to obtain information related to foreign deposit or investment policy in accordance with **GASBS No. 40**.
 - **Recordation** tab, new questions Part 1g and Part 1h were added related to investments that are reported at other than fair value.
 - Clarified guidance related to the credit risk to be used when there are multiple ratings.
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Attachment 26, Pollution Remediation:

- Changed Contact information to have the agencies enter the Control Agency number and added a drop down for Projects that completed the attachment in the prior year.
 - Removed sections on the Certification tab that previously showed incomplete or complete.
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Attachment 27, GASBS No. 33 Federal Fund Analysis – Nonreimbursement Grants:

- Clarified instructions to include Account 205025 in step 9c
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Attachment 29, Government-wide Payables and Other Accruals as of June 30:

- There are now separate tabs to record payables and other accruals as they relate to expenditures and revenue.
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