

**ITEMS OF INTEREST FOR
COMPTROLLER’S DIRECTIVE NO. 1-18
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, a glossary, and a frequently asked questions (FAQ) document are provided on DOA’s website at www.doa.virginia.gov. Click on the “Financial Statement Directives” link.
- 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:
 - Attachment Analyst – AttachmentAnalyst@doa.virginia.gov
 - 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
- Comptroller’s Directive No. 1-18, Directive Compliance Guidelines for State Agencies, replaces and rescinds the prior year’s Comptroller’s Directive No. 1-17.

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General, Continued

- AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit*, states 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*.

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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 12, then the subject line would read “**Agy 151, Due Date July 12, 2018, 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.**

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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.

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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, 2018, for Cardinal Vouchers and Cardinal Expense transactions, respectively, processed in July, August, or September relating to prior fiscal year activity. DOA’s fiscal year 2018 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 “Fiscal 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 2018:
 - **GASBS No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of **GASBS No. 45**, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and **GASBS No. 57**, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*.
 - **GASBS No. 81**, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets and deferred inflows representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if certain criteria are met. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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- **GASBS No. 85**, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

- **GASBS No. 86**, *Certain Debt Extinguishment Issues*, seeks to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. It also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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Attachments with Changes

Attachment 1, Checklist to Determine Information Required by Comptroller’s Directive:

- Added a question to the Attachment 14 question regarding intangible assets.
 - In the General Information section, removed question 4 regarding intangible assets and added question 16 regarding irrevocable split-interest agreements.
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Attachments 9 through 12, Financial Statement Templates:

- **Tab 1A-GASB 3-40**, Part 4 was revised to accommodate LGIP Extended Maturity (EM).
 - Several questions on the **Miscellaneous** tab have been streamlined for easier completion.
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Attachment 10, Enterprise Fund Financial Statement Template:

- Revised section on Lag Pay.
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Attachment 11, Internal Service Fund Financial Statement Template:

- New Internal Service Fund was added for DHRM for Personnel Management Information System (PMIS).
 - Revised section on Lag Pay.
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Attachment 12, Private-purpose Fund Financial Statement Template:

- **Financial Statement Template** tab, has new lines for “Payables for Security Transactions” and “Assets Held Pending Distribution.” Additionally, the “Mutual and Money Market Funds” line was removed.
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Attachment 13, Agency Fund Financial Statement Template:

- **Agency Fund Template** tab, a new line was added, “Assets Held Pending Distribution,” for items that do not meet the **GASBS No. 72** definition of investment.
 - **Tab 1A-GASB 3-40**, Part 4 was revised to accommodate LGIP Extended Maturity (EM).
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Attachments with Changes, Continued

Attachment 14, Capital Asset Accounting and Control System (FAACS) Analysis:

- **CIP Questions – Part 3** tab, will now auto populate the beginning balance for CIP (PY ending balance) for each agency and ask that the agency to confirm the balance.
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Attachment 15, Federal Schedules:

- The questionnaire has been expanded to obtain information about the process used to capture expenditures by CFDA number.
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Attachment 19, Internal Service Funds – Conversion to Government-wide Statement of Activities:

- New Internal Service Fund was added for DHRM for Personnel Management Information System (PMIS).
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Attachment 23, Schedule of Cash, Cash Equivalents, and Investments as of June 30:

- **Detail** tab, Part 3 was revised to accommodate LGIP Extended Maturity (EM).
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Attachment 27, GASBS No. 33 Federal Fund Analysis – Nonreimbursement Grants:

- Step 7 should be the Cardinal balance, which is Assets minus Liabilities (should include Cardinal account 205025). Additionally, Cardinal account 205025 should no longer be included in step 9c.
 - Revised section on Lag Pay.
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