

Items of Interest for Comptroller's Directive No. 2-18 Directive Compliance Guidelines for Higher Education Institutions

General:

- The Comptroller's Directive No. 2-18, Directive Compliance Guidelines for Higher Education Institutions, is available on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- 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 institution 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. **Institutions must ensure controls are in place to avoid material misstatements and/or misclassifications in the attachments and other financial information submitted to DOA.**
- Institutions will be notified if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. An integral part of the financial and administrative management standards include "substantial compliance with all financial reporting standards approved by the State Comptroller." **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** In addition, failure to provide complete and accurate information by the required due dates may result in citation in the Comptroller's *Report on Statewide Financial Management and Compliance* (Quarterly Report).
- The following GASB statements are effective for the Commonwealth for fiscal year 2018 and thereafter:
 - **GASBS No. 75**, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,
 - **GASBS No. 81**, *Irrevocable Split-Interest Agreements*,
 - **GASBS No. 85**, *Omnibus 2017*, and
 - **GASBS No. 86**, *Certain Debt Extinguishment Issues*.
- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. DOA's e-mail submission address is as follows: finrept-HE@doa.virginia.gov. Institutions must copy the Auditor of Public Accounts (APA) on e-mail submissions to: APAFinRept@apa.virginia.gov.
- Only cells highlighted in yellow allow for data entry. If a cell requires an amount to be entered, only whole numbers are allowed. Messages that appear should provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.** Certain yellow input cells are prepopulated with "Answer Required" or a formula to populate "Answer Required" or

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“N/A” based on answers to prior questions. The “Answer Required” messages must be cleared before submission. If you cannot determine why there is an “Answer Required” message in a cell, contact DOA.

- **Certification** tabs require all preparers and reviewers to answer questions, type their name, and check applicable boxes. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any tab. **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 are certifying they were not the same individual for any tab; and the preparer and reviewer are certifying they have read and understood the instructions for the attachment.**
- DOA will notify institutions during the CAFR preparation and throughout the year if additional information is needed and provide a due date via e-mail correspondence. DOA will also notify institutions as needed of reporting issues. **Institutions must read and comply with separate communications from DOA.**
- In previous years there were additional informational documents available on DOA’s website regarding various GASB statements. Institutions should refer to the GASB website at www.gasb.org for information regarding GASB statements.
- A summary of **attachment changes** are in this document rather than in the instructions to the individual attachments.
- For **due date changes** refer to the Comptroller’s Directive No. 2-18, Directive Compliance Guidelines for Higher Education Institutions.

Attachment HE-10b, [GASBS No. 75 Entries](#): This **new** attachment is to provide the GASBS No. 75 entries for the other postemployment benefit (OPEB) plans administered by the Virginia Retirement System (VRS) and the Virginia Department of Human Resource Management (DHRM) as listed below. The information provided in the attachment must include the beginning and ending long-term liabilities for the state-sponsored plans as well as any other OPEB plans not administered by VRS or DHRM.

Administered by VRS:

- Retiree Health Insurance Credit Program
- Virginia Sickness and Disability Program, also known as the Virginia Disability Trust Fund,
- Group Life Insurance Program
- Line of Duty Act Program

Administered by DHRM:

- Pre-Medicare Retiree Healthcare

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Instructions to Attachment HE-10, Financial Statement Template: Revised to address the following GASB requirements for the HEI (excludes foundations):

- Use the **effective interest method** for premiums/discounts on taxable debt.
- For FY 2018 advance refundings, **expense interest accrued on the old debt** up until the date of the refunding.

Revised to include the following guidance for foundations:

- Report **increase/decrease in split-interest agreements** on Attachment HE-10 as Investment Earnings, if unrestricted, or on the applicable revenue line item, if restricted.

Changes to Attachment HE-10, Financial Statement Template: Below are some of the changes made to the Attachment HE-10.

- Several questions or parts have been streamlined or removed for easier completion.

TAB 1A, GASBS 3, for HEI & TAB F2, SNAP & LGIP, for Foundations: Revised to provide information regarding LGIP Extended Maturity (EM).

TAB 5, LT Liabilities, for HEI: Requests a breakdown of **tax supported** (paid from state appropriations) and **non-tax supported total capital lease obligations**.

TAB 7, Miscellaneous, for HEI:

- Revised Part 11 for the implementation of GASBS No. 75, as amended by GASBS No. 85. This part is to provide information on OPEB plans **not** administered by the VRS or DHRM, if any.
- Parts 17a and 17b have **new deferred outflows of resources** and **deferred inflows of resources** categories for the implementation of GASBS No. 75 and GASBS No. 81.

TAB F5, LT Liabilities, and TAB F9 Short-Term Debt, for Foundations: Revised as follows: Only indicate if **payee** is the **HEI or another foundation** & only provide a description/purpose if **not** primarily for construction or property acquisition.

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Changes to Other Attachments:

The following are some of the changes that have been made to other attachments:

Attachment HE-1, Attachments and Survey:

- **TAB 1, Attachments:** Expanded question 2 to also indicate if on-behalf payment activity will not be eliminated.
- **TAB 2, Survey: Part 1** has **new deferred outflows of resources and deferred inflows of resources** categories. Additionally, **new parts** have been added regarding majority equity interest in a legally separate organization and GASBS No. 81.

Attachment HE-3, Beginning Net Position: TAB 1, HEI: Beginning net position restatements for the implementation of GASBS No. 75, GASBS No. 81, GASBS No. 85, and/or GASBS No. 86 must be listed separately.

Attachment HE-14, Subsequent Events: Revised to only require subsequent events for the HEI (excludes foundations).

Online Training:

- DOA will offer online training to cover directive changes and other topics thus avoiding travel time and costs. It is anticipated that the sessions will be available in June and can be accessed at anytime. DOA will notify the institution's directive contacts when the sessions are available. Participation **is strongly encouraged** for individuals 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>, click on the "Catalog" link. Search using the keyword "Directive" and click the higher education course/reference you wish to access. If you have difficulty accessing the training, contact your institution COVLC site administrator, or email doatraining@doa.virginia.gov for guidance.

Note: Some institutions 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 institutions.

Directive Contact Information:

You can contact any of the individuals listed below and on the next page to answer questions regarding the directive*. In addition, if you would like to schedule a meeting at DOA to meet one-on-one with individuals from DOA to discuss any specific topics and ask questions regarding the directive, contact any of the individuals listed below.

- Christy Tuck, CAFR Project Lead
Christy.Tuck@doa.virginia.gov or (804) 225-3180,
- John Sotos, Assistant Director – Financial Statements,
John.Sotos@doa.virginia.gov or (804) 225-2111, or

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- Sharon Lawrence, Director of Financial Reporting,
Sharon.Lawrence@doa.virginia.gov or (804) 225-2414.

*For questions regarding Attachment HE-7, contact the following:

- Penny Williams, Indirect Cost Coordinator,
Penny.Williams@doa.virginia.gov or (804) 225-3804.

Other Contact Information:

If institutions that use CIPPS would like Optional Retirement Plan 1 and Plan 2 information for FY 2018, send an email request to payroll@doa.virginia.gov.

For questions regarding the GASBS No. 75 OPEB entries to be provided by the VRS, contact the following:

- Barry Faison, Chief Financial Officer
BFaison@varetire.org or (804) 344-3128

For questions regarding the GASBS No. 75 OPEB entries to be provided by the DHRM, contact either of the following:

- Elizabeth Hurst, Fiscal Officer
Elizabeth.Hurst@dhrm.virginia.gov or (804) 225-2361
- Ricky Whitfield, Jr., Director – Contracts and Finance
Richard.Whitfield@dhrm.virginia.gov or (804) 371-7990