

**ITEMS OF INTEREST FOR
COMPTROLLER’S DIRECTIVE NO. 1-20
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
 - Matthew Wiggins, Assistant Director – Financial Statements, (804) 225-2438 or matthew.wiggins@doa.virginia.gov
 - Susan Jones, Assistant Director – Financial Statements, (804) 225-4426 or susan.jones@doa.virginia.gov
 - John Sotos, Assistant Director – Financial Statements, (804) 225-2111 or john.sotos@doa.virginia.gov
 - Sharon Lawrence, Director of Financial Reporting, (804) 225-2414 or sharon.lawrence@doa.virginia.gov
- Comptroller’s Directive No. 1-20, Directive Compliance Guidelines for State Agencies, replaces and rescinds the prior year’s Comptroller’s Directive No. 1-19.

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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>. Click on the "Catalog" link and search using the keyword "**DOA Directive.**" Click the course/reference you wish to access. If the agency has difficulty accessing the training, contact your agency COVLC site administrator, or e-mail doatraining@doa.virginia.gov for guidance. Please note that if an agency is not a member of the Learning Center, users will not be able to access the training. However, a PDF copy of the PowerPoint slides can be made available to those 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, failure to provide corrected information or respond to DOA inquiry 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 9, then the subject line would read “**Agy 151, Due Date July 9, 2020, 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. Most 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, BRES 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, 2020, for Cardinal Vouchers and Cardinal Expense transactions, respectively, processed in July, August, or September relating to prior fiscal year activity. DOA’s fiscal year 2020 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 fiscal year 2020:
 - **GASBS No. 84**, *Fiduciary Activities*. This statement establishes criteria for identifying and reporting fiduciary activities of state and local governments. Generally, the criteria are focused on whether the assets of the activity meet certain criteria including the following: controlled by the government, not derived from certain types of revenues/transactions, and the beneficiary is not the government itself. Separate criteria are provided to identify fiduciary component units and postemployment benefits that are fiduciary activities. This statement also provides guidance for the recognition of a liability to the beneficiaries.

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General, Continued

- **GASBS No. 90**, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The statement defines a majority equity interest and specifies that a majority interest in a legally separate organization be reported as an investment if a government's holding of the equity interest meets the definition of an investment and should be measured using the equity method, unless held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, an endowment fund or a permanent fund. Those governments and funds should measure using fair value.

All other holdings of a majority equity interest in a legally separate organization should be reported as a component unit and the asset related to the majority equity interest be measured using the equity method.

This statement also requires that a component unit in which the government has a 100 percent equity interest account for that interest using the acquisition value at the date a 100 percent equity interest was acquired. Flow statements should report only transactions that occurred subsequent to the acquisition.

- **GASBS No. 92**, *Omnibus 2020*, only paragraphs 11 and 13, clarifies public entity risk pool claims reporting and changes derivative terminology.
 - **GASBS No. 87**, *Leases*, is effective for fiscal year 2022. Separate implementation communications have been sent to fiscal officers and LAS contacts over the past several months. These communications have included CAPP topic updates for LAS 87 on April 1, 2020 and various communications with agencies during the Fall of 2019 and Spring of 2020. Additional training and other information is still forthcoming. The new LAS 87 system will open in July of 2021.
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Selected Attachments:

Some attachments will be impacted by Federal funding received due to COVID-19. This will impact the fund listings, revenue accounts, and the attachments that involve Federal fund activity. DOA is updating the attachments impacted to the extent possible for the new fund codes and revenue accounts needed for COVID-19 reporting. Instructions have been built into the attachments for agencies to follow if either a fund code or revenue account does not populate appropriately for COVID-19 activity.

Attachments with Changes

Attachment 3, GASBS No. 14 Checklist Modified through GASBS No. 90:

- Renamed and revised for **GASBS No. 84** and **GASBS No. 90** implementation.
 - Questions added regarding the financial benefit/burden relationship, majority equity interests in a legally separate organization, and fiduciary component unit.
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Attachments 9, Governmental Fund Financial Statement Template:

- Revised for **GASBS No. 84** implementation.
 - Beginning net position restatement amount, if any, for **GASBS No. 84** implementation required on **Tab 6-Restatements**.
 - **Tab 7-Fluctuation Analysis**, no prior year amounts will populate for new funds added per **GASBS No. 84**. No explanation will be required for the current year.
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Attachments 9 through 11, Financial Statement Templates:

- **GASBS No. 88** questions on the Miscellaneous tabs were expanded to collect more detailed information relating to unused lines of credit that are external to the Commonwealth.
 - **GASBS No. 88** questions on the Miscellaneous tabs were modified to clarify to exclude lines of credit with the Department of Treasury.
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Attachment 12, Fiduciary Fund Financial Statement Template:

- Revised for **GASBS No. 84** implementation and includes both Private-purpose Trust Funds and Custodial (previously Agency) Funds. Accordingly, prior year Attachment 13, Agency Fund Financial Statement Template, is no longer required.
 - Two new questions added to **Tab 3-Miscellaneous** for **GASBS No 84** regarding liabilities and administrative expenses. In addition, the Cardinal fund(s) and administrative expense amount(s) must be provided for amounts reported in a different non-fiduciary fund on Cardinal.
 - Beginning net position restatement amount, if any, for **GASBS No. 84** implementation required on **Tab 4-Restatements**.
 - **Tab 5-Fluctuation Analysis**, no prior year amounts will populate for new funds added per **GASBS No. 84**. No explanation will be required for the current year.
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Attachment 13, Capital Asset Accounting and Control System (FAACS) Analysis:

- In fiscal year 2019, this was Attachment 14.
 - On **Question - Part 2** tab in regards to question 7 (Payables), added verbiage to only include payables that will result in assets above CAFR threshold (\$100,000-Land, Bldgs, Infrastructure and \$50,000 for equipment).
 - Added columns for useful life and salvage value under question 7a and added a salvage value column under 7b.
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Attachment 14, Capital Asset Impairment:

- In fiscal year 2019, this was Attachment 14A.
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Attachment 15, Federal Schedules:

- Federal reporting requirements have substantially changed due to COVID-19 funding. Please see pages 9 through 10 for more information.
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Attachment 17, GASBS Nos. 38 and 88 - Debt:

- Questions were updated to clarify that activity reported on this attachment should not include Department of Treasury Debt.
 - Only agencies identified as having debt (including unused lines of credit) with parties external to the Commonwealth on Attachment 1 must complete this attachment.
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Federal Audit Requirements:

As a result of new and increased Federal funding to address COVID-19, this section sets the expectation and provides instructions for Commonwealth entities that are included in the Commonwealth's [Single Audit](#) to notify the Auditor of Public Accounts when it is known or likely that statewide fiscal year expenditures for a Federal program or a cluster of programs, not in Appendix A, will exceed **\$30 million**.

- 1) Commonwealth entities receiving Federal resources that are subject to [31 U.S.C. Chapter 75: Requirements for Single Audits](#) (Single Audits) are responsible for arranging for the audit required by Title 2 U.S. Code of Federal Regulations (C.F.R.) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) ([§200.508\(a\)](#)). While Commonwealth entities included in the annual [Single Audit](#) of the Commonwealth of Virginia do not need to arrange their own separate Single Audit, management is expected to notify the Auditor of Public Accounts if it is known or likely that the current statewide fiscal year (2020) expenditures for a Federal program or a cluster of programs will exceed **\$30 million** for the first time in three fiscal years (the current fiscal year plus the two immediate prior fiscal years). [Appendix A](#) contains the programs that have exceeded \$30 million at least once in the prior two immediate fiscal years (2018 and 2019), and therefore, no notification to the Auditor of Public Accounts is expected for the programs or cluster of programs in [Appendix A](#).
- 2) When determining if Federal expenditures will exceed \$30 million, Uniform Guidance [§200.502](#) provides the **basis for determining Federal awards expended** that are subject to Single Audit. (*For example, such as: expenditure transactions, disbursement of funds to subrecipients, use of loan proceeds, receipt of property or surplus property, use of program income, distribution or use of food commodities, etc.*) Commonwealth entities should contact the Federal awarding agency, if it is unclear if the Federal resources are subject to Single Audit and/or which basis should be used for determining Federal awards expended. Appendix III of the current year Compliance Supplement on the Office of Management and Budget's Office of Federal Financial Management [website](#) provides Federal Agency Single Audit, Key Management Liaison, and Program Contacts that may be able to address questions about Federal programs.
- 3) Commonwealth entities are expected to notify the Auditor of Public Accounts using the email address, APAFederal@apa.virginia.gov, when it is known or likely that statewide Federal awards expended for a fiscal year for an individual Federal program or a cluster of programs **not** listed within [Appendix A](#) is expected to exceed **\$30 million**.

Appendix A: Listing of individual Federal programs and cluster of programs that have had statewide expenditures exceeding \$30 million in at least one of the prior two fiscal years (2018 and 2019), and therefore, no notification to the Auditor of Public Accounts is expected for these programs and clusters. **Note:** The Federal programs listed below are in order by

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Catalog of Federal Domestic Assistance (CFDA) number. The first CFDA number in a cluster is used to determine the cluster's placement within the list.

CFDA Number	Name of Federal Program or Cluster (Common Acronym)
10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.553/10.555/10.556/10.559	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
16.575	Crime Victim Assistance
17.225	Unemployment Insurance
17.258/17.259/17.278	WIOA Cluster
20.205/20.519/20.224	Highway Planning and Construction Cluster
66.458	Clean Water State Revolving Fund Cluster
84.007/84.033/84.038/84.063/84.268/84.379/84.4 08/93.264/93.342/93.364/93.925	Student Financial Assistance (SFA) Programs Cluster
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
84.367	Improving Teacher Quality State Grants
93.268	Immunization Cooperative Agreements
93.558	Temporary Assistance for Needy Families (TANF) Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance (LIHEAP)
93.575/93.596	CCDF Cluster
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775/93.777/93.778	Medicaid Cluster
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Disability Insurance/SSI Cluster
VARIOUS	Research and Development Cluster (R&D)