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Accounting Insights

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Director's Message

Welcome to another edition of Division of Accounting's newsletter, Accounting Insights.

First, I would like to thank all the Organizations for their support and cooperation during year end close and startup.

In this edition, we have included a summary on Statewide wage overpayments and information on where to find answers to the Grant process. Do not forget to check out our K12 Korner and as always we have our Famous Accountants and Accounting Fun Facts.

My Summer with the Division of Accounting

By
Christine Eliassen

Two months ago, I had never been on the State of Delaware's website, I had never heard of a PCard, and I certainly never thought I would be writing an article for the DOA Newsletter (since I didn't know there was such a thing)! Having no prior experience in the public sector, I will be the first one to admit that I had no idea what I was getting into. Luckily, it turns out there is much more to accounting than debits and credits; and what a sigh of relief that is!

My internship experience at the Division of Accounting has been transformative. The rotational set-up kept me involved from morning to afternoon each day. Each week I experienced a different sector, a different project, and a different perspective. Moving from team to team kept things exciting and I was able to learn a lot more about each section within the division than if I had been limited to one assignment.

As much as I loved the variety, my most rewarding project was an ongoing one that I worked on for all eight weeks of my time here. Every three years, the Division of Accounting makes a projected strategic plan and lays out objectives to be achieved going forward. It was my responsibility to formulate and modify this plan. This was certainly a challenge for me because I had to meet with the managers of each team and discuss past approaches as well as impending goals. With assistance, I was able to successfully update the division's strategic plan for the next several years.

What I have found most challenging during the start of my career, as a young professional, is my lack of experience. Moving forward, I no longer have to worry about this. My time with the Division of Accounting far exceeded my expectations. As much as I enjoy working on debits and credits throughout the school year, I am looking forward to my future career in the business world. Working at the Division of Accounting has shown me how much more there is to accounting. A subject that I had originally thought of as one dimensional and monotonous has turned out to be lively and fascinating.

Statewide Wage Overpayment Summary

Currently, the Payroll Compliance Group is tracking and working with Organizations to recover an outstanding balance of nearly $180,000 in wages that have been paid to State employees in error for calendar years 2011 to 2015. When you consider the administrative costs of recovering these funds incurred by the employing Organizations and central Organizations, the overall costs of wage overpayments is quite steep. In addition to the administrative burden to Organizations, when the repayment process crosses calendar years, employees are required to file amended tax returns when they receive a corrected Form W-2.

Wage overpayments occur for a variety of reasons, some unavoidable; but, many can be prevented when effective controls are in place and followed in the life cycle of HR, Benefit, and Payroll processes. Examine processes. Determine where checks and balances can be added to ensure accurate paychecks.

Communication

As Aristotle said, the whole is greater than the sum of its parts. A successful payroll is the result of work performed by HR, Benefits, Accounting and Payroll teams. Ensure the lines of communication are unimpeded among these critical areas. Breakdown the walls, either physically or figuratively and establish a collaborative culture where everyone involved in the process takes responsibility for generating accurate paychecks.

Controls

Take a look at your workflow. Identify another set of eyes that can look at calculated checks against source documents. Scrutinize exceptions to regular recurring employee wages. Take advantage of reports on DocumentDirect that reflect results of data entry through the pay period. (i.e., Payroll Registers, Other Earnings Registers, Funding Reports, etc.)

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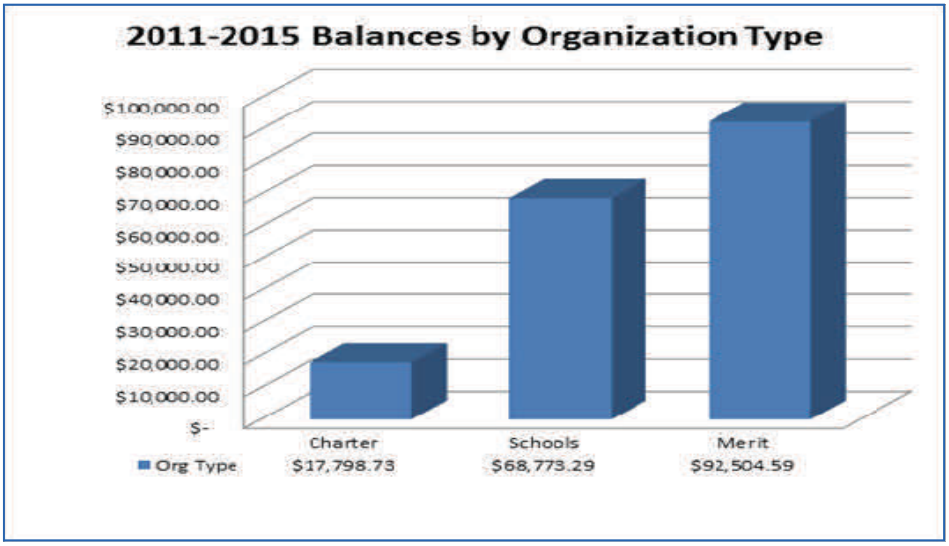
Stop the Bleeding

More often than you might think, there are scenarios when overpayments are not caught for several pay periods. Perhaps a salary increase was entered wrong or a supplemental payment is not removed from Additional Pay. When this happens, the debt the employee owes the State increases. Each pay period it goes unnoticed makes it more difficult to recover the funds timely. When you become aware of an overpayment, make the first step the correction of the record for the next pay period.

Contact the Payroll Compliance Group if you would like to discuss ways to enhance internal controls in the payroll process.



Grant Overview Document

Do you know what items need to be considered when applying for Grants??

If not, Division of Accounting has posted a comprehensive document, answering a lot of questions needed when applying for a Grant.

For this document, please see the link below:

http://extranet.fsf.state.de.us/jobaids/gm/GM100/1_1.pdf

Financial Accounting and Reporting

The recent state of the economy has resulted in an atmosphere where government must do more with less. This means less human resources to perform daily functions and maintain proper internal controls. Staff may feel overworked. Management may find it difficult to complete day-to-day functions, let alone focus on developing and maintaining a proper control environment. The combination of disgruntled staff and difficulty in maintaining a proper control environment directly feeds into the three factors present in fraud: Opportunity, Pressure, and Rationalization. In order to prevent, deter, and detect fraud, organizations must have sound internal controls; and, there is no place more important than starting at the top.

Top management is responsible for setting the tone of the organization and informing staff of the importance of controls. There are many resources available to management in developing controls; and, sometimes the multitude of guidance and regulations can seem overwhelming.

As such, the Division of Accounting has updated the Internal Control Chapter in the Budget and Accounting Manual to mirror the newly issued GAO *Standards for Internal Control* otherwise known as the Green Book. If you need assistance addressing your internal control polices currently in place, the Division of Accounting has a team of Internal Control personnel that are available to assist you.

Thank you to everyone who attended the Payroll Forum which was held on August 4, 2015. Be on the lookout for information regarding the seminars that will be conducted by Division of Accounting and Statewide Benefits Office.

K12 Korner

The K12 Korner is designed specifically with School Districts and Charter Schools in mind. The information included addresses issues and concerns that relate to the Delaware School Districts and Charter Schools.

Elimination of Set Options Entry for the School Ledger Group

Business Purpose: Consistency of Attributes (Begin & End Dates) and automation of manual effort

Background:
School Districts and Charter Schools use lower level budgets (School Budgets) to track funds at a more granular level than appropriation. School budgets are entered by each School District or Charter School in First State Financials (FSF) Commitment Control (KK) module. They are entered in the School Ledger Group and consist of the following Chartfields: Budget Period, Department, Operating Unit, Program Code and Account.

When School budgets are posted in KK, they are merged with budgets from other ledger groups and sent to PHRST to use for payroll funding. They are also used in processing transactions in FSF.

Current Business Practice:
For entry of budgets in the School ledger group, users were instructed to click *Set Options* and enter a Begin and End Date for each line in the KK budget journal. At the time, this step was necessary; otherwise, the process was updating the Attribute Table with incorrect begin dates. We have since found a way to streamline this effort. Effective immediately, follow the process below.

New Business Process:
When entering a budget journal in the School Ledger Group, do not click *Set Options*. Do not enter Begin and End Dates or change the default effective date. An automated process runs in the nightly schedule which updates the Begin Date to 07/01/XX (XX = Budget Period minus 1) and updates the End Date to 06/30/2099.
If a user inadvertently clicks *Set Options*, click *Cancel*; do not click *OK*. Clicking the *OK* button prevents the Automated Attributes Update from processing the row and inserting Begin and End Dates on the Attribute Table. A School budget that does not have attributes on the table will not be sent to PHRST.

Attributes Begin and End Dates can be viewed by clicking the *Attribute* link on the Budget Detail page. If the Begin and End Dates are blank on the Attributes page the day after the budget was posted, please call the FSF Service Desk.

Famous Accountants and Accounting Fun Facts

- The first African American CPA was John Wesley Cromwell, Jr., licensed in 1921. John went on to lead a very successful career after he became the controller of Howard University in 1930.
- In 1902, a competent accountant could expect to earn $2,000 per year.
- Christine Ross, the first woman CPA in the U.S., received her New York state CPA certificate in 1899.
- International Accounting Day takes place annually on November 10.
- The earliest accounts of book keeping go back to writings from Egypt and Mesopotamia and date back as early as 2000 to 3300 B.C. While not a lot is known of the early systems, we can surmise that the basis for this book keeping was business and trade. This makes a lot of sense since these were heavy trade areas.