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Accounting Insights

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We're on the Web!!!
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Director's Message
By: Kristopher Knight

Thank you to everyone who has sent me a note or a quick email about our newsletter. We really do appreciate your feedback.

In this edition, we have an overview from our Financial Reporting Team as they discuss the yearly GAAP training and provide insight on an internal control review.

Have you ever called the FSF Service Desk and had your ticket escalated to the "AP Team" and thought to yourself , what does the AP Team do? This issue will answer your questions; and, be on the lookout for future issues where we will spotlight one of our other Accounting teams.

Keep in mind we are quickly approaching year end and deadlines are important, please adhere to all process and procedural deadlines.

Finally, please let me say "Thank you" for everyone's help completing the Hackett Benchmarking Project.

GAAP Training

Fiscal year end is right around the corner and GAAP training has come to an end. This year we introduced online training to accommodate all Organizations. We hope our advanced Users were pleased with the new offering and that it gave them an opportunity to learn new things and ask questions. As always, we are open to improvement, please feel free to contact us with any suggestions.

Here is the link to the 2013 GAAP manual, it includes the deadlines for each section in GAAP: http://accounting.delaware.gov/manuals.shtml Please use this as your guide and submit the information in a timely manner.

Once we complete the GAAP process, it will then be time to focus on the CAFR. The auditors will be here soon and will be requesting information from Organizations. We truly appreciate your cooperation with returning the information requested to the auditors in a timely manner. When we receive a timeline from KPMG, we will send out a communication to give you an idea of when to expect their requests. So, please stay tuned.

The Division of Accounting would like to say "Thank You" to all the State Agencies and School Districts that participated in the Hackett Benchmarking Project.

FY 2013 Year End Process Deadlines

As we approach the end of the Fiscal Year, please see Accounting Memo #13-13 FY 2013 Year End and FY 2014 Startup Procedures for important dates and deadlines. The Accounting Memo can be viewed at: http://accounting.delaware.gov/Memo_FY13.shtml

WAGE OVERPAYMENTS/PAYROLL REPAYMENTS – INTERNAL CONTROLS!

As summer approaches, the Payroll Compliance Group (PCG) is turning its attention to the hot topic of Internal Controls. DOA **Accounting Memo #13-14 – Payroll Internal Control Plans FY 13** was distributed on April 4th. This was the kick off of the annual submission of Organization Payroll Internal Control Plans. Plans were due no later than May 9th.

PCG works closely with Organizations to resolve wage overpayments to State employees. While it is natural that mistakes happen…after all, we're all human…effective internal controls can help catch errors quickly before they mushroom into overpayment scenarios that employees are hard pressed to repay.

We have examples where lack of controls allowed an error to go undiscovered, causing an overpayment in the current pay period and continuing for many pay periods thereafter; sometimes for more than a year! When this happens, employees are faced with a debt to the State that has to compete with all of their other financial obligations.

Engage Everyone - All process participants have a role in the system of checks and balances. When a new hire is loaded in the system, a second HR expert needs to verify the data entry against the hire packet – is the salary and/or hourly rate accurate, does the source documentation and the data entry match Position criteria (i.e., FLSA Exempt/Covered, Shift & Hazard Pay, Subject to Social Security, etc.) The same goes for benefits data entry – does the source documentation and the data entry agree with the employee's Benefits eligibility and elections? Then, for Payroll, does data entry agree with the Form W-4, Direct Deposit Authorization, General Deduction approvals, etc.?

Monitor Reports - Use reports created throughout the pay period to catch errors as early as possible. Review Check Registers, Deduction Registers, and Funding Reports to ensure your employees have been paid correctly for the work performed in the pay period.

Finally, **Educate Employees** – make sure they know what to expect in their paycheck; let them know they have a responsibility to review their biweekly pay to ensure they are being paid accurately. If they see something questionable, instruct them to contact their HR and Payroll officers immediately.

There are opportunities for checks and balances throughout the process of paying employees; and, the more people actively involved in the process the better. So, what checks and balances do you have in place to ensure you are paying the right employees the right amount each pay period? Are there opportunities for improvement? There almost always are!!!

Payroll Funny:

I had worked at my job for about a year when one payday I received two paychecks. The personnel office informed me that the extra check represented a retroactive pay raise I should have received several months before. My elation was short-lived, because the next day I was told a mistake had been made and I should not have been given the second check. I would be notified as to when and where to pay back the money. Two weeks passed, and again I received two checks. Immediately, I called the personnel office and asked why I had received another extra check. After putting me on hold for some time, the voice on the other end returned and cheerfully informed me: "It's quite simple. In the first check that you shouldn't have received, you didn't get enough." Both extra checks had to be repaid.

Save the date!!!!!!!!

November 12, 2013 — Payroll Roundtable

Watch your inbox for details!!

FSF Accounts Payable Team

You are probably aware that First State Financials is supported by various teams – the AP Team, the PO Team, etc. Do you ever wonder what each team does? Let's focus on the Accounts Payable or "AP" team. There are 10 members on the AP team. The primary focus of about one-third of team resources is vendor management.

While all AP team members play an intricate part in the "req-to-check" process, the vendor management team is at the start of the process, through the payment and beyond. Before a purchase order or a voucher can be created in FSF, a vendor must exist in the FSF vendor file. New vendors submit a Delaware Substitute W-9 form which is conveniently available online at www.accounting.delaware.gov. The validation process includes both technical and manual review. On average, vendors are loaded into the system within 1-2 days. The process systematically includes validating vendor names and tax identification numbers with the Internal Revenue Service.

What you may not realize is the volume of vendors managed on a daily basis. For the most part, two individuals handle over 100 vendor requests, many emails, phone calls and run several system processes each day to keep the vendor file current. The steps in the beginning of the process are critical to ensure accuracy not only for payments; but, also for annual 1099 processing. The Vendor Team's dedication and attention to detail sets the groundwork for a successful and accurate "req-to-check" process.

One AP team member is primarily responsible for FSF security. Organization ISOs submit security forms to add, modify, or delete access in FSF for each End User in the Organization. These forms are submitted electronically through eSecurity in FSF and are processed by the Functional Reviewer on the AP team. The Functional Reviewer reviews the training records and notifies each End User of training requirements to receive the requested access. Updates requested to existing access are completed in a timely manner. The Functional Reviewer also works with Organizations to ensure that their End Users have the access that they need to perform their job responsibilities.

The remaining AP team members are responsible for all other components of payment processing. There are two individuals that review and approve requisitions, purchase orders and vouchers that exceed the $5,000 threshold. Others on the team process payment cancellations, handle vendor inquiries, process ACH returns and resolve bank prenote exceptions.

A majority of the AP team, in addition to their specialized duties, manage AP production issues. This includes, but is not limited to, testing for defects and enhancements, and resolving escalated Service Desk tickets. Finally, the AP team is on call nightly should there be a problem with the nightly FSF schedule that includes vendor pay cycle processing.

What is an Internal Control Review?

Our ICE (Internal Control Enforcement) team has been out in the field reviewing Organizations' monthly certification processes. The certification process was developed to assist Organizations in validating that all transactions have been fully processed and recorded in the State's Accounting System. FSF is a highly sophisticated system, which requires users to look within several modules to resolve issues with transactions. The goal at year and month end, is to ensure that the State reports are as complete and accurate as possible. There are multiple users that make decisions based on the numbers generated on reports and within the system, so having numbers that provide an accurate representation of an organization financial statements is important.

We appreciate the time you set aside to work with the ICE team to walk them through your process. The difference between an auditor and an internal control enforcer (aka ICE) is that an enforcer works on behalf of the state's accounting office to bring suggestions and information to each organization attests in order to promote compliance, strong controls and reliance on the information in FSF.

K12 Korner

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

Accounting Date Changes

Each month, as month end close nears it is extremely important to get your requisitions through work flow and approved with a valid budget check. Recently, we have noticed an increase in the request to have accounting dates changed to the newly opened period on requisitions. In some cases, the actual accounting date may have been 12/12/12 and the accounting date had been changed each period since the requisitions inception. By being proactive and moving the document through workflow before month end, the percentage of service desk tickets for your School District will decrease.

Famous Accountants and Fun facts

- Every year since 1935, a team of CPAs has spent an average of 1,700 hours prior to Oscar night counting the Academy Awards ballots by hand. Two tuxedoed accountants from the Academy's accounting firm traditionally make an appearance during the live broadcast.
- Arthur Blank, co-founder of Home Depot and owner of the Atlantic Falcons, is a CPA.
- Kevin Kennedy, former Texas Rangers Manager and CPA, did his players' tax returns to make extra money when he managed in the minor leagues.
- Tim DuBois, known as The Singing Accountant, wrote the Alabama hit Love in the First Degree, the Jerry Reed hit She Got the Goldmine, I got the Shaft and the Vince Gill hit When I Call Your Name. He was the president of Arista Records in Nashville.

Governor's Cup 5K Run/Walk
Division of Accounting

Pictured from left to right: Ade Spiegelman, Dawn Haw-Young, Secretary of Finance Tom Cook, Dani Tieman, Elaine Mundy, Juleen Joseph and Michelle Strauss