

Minutes for Local Government Advisory Committee (LGAC)

December 9, 2020

State Auditors' Office

Virtual Meeting - GoToMeeting

Attendees

Members in person via GoToMeeting:

Stacie Tellers (Chair, SAO), Sherrie Ard (SAO), Debbie Booher (WPTA), Bret Brodersen (WFOA), Maggie Douglas (AWC), Sheila Gall (AWC), Shawn Hill (WACO), Heidi Hunt (WACO), Leonard Kim (WFOA), Leana Kinley (WACMA), Ann Lundeen (WACO), Michael Mann (LEAP), Jerica Pascoe (WFOA), Derek Pohle (CRAB), Mike Schaub (OFM), Brenda Sherman (WSAC)

Absent members:

Chase Donnelly (WFOA), Alexandra Johnson (SAO-retired), Theresa Juel (WFOA), Debbie Zabell (WFOA)

Additional attendees:

Pat McCarthy (SAO), Wendy Abbey Blain (WHAAP), Debra Burleson (SAO), Debbie Burton (SCCFOA), George Caan (WPUD), Suzanne Coit (WTA), Kelly Collins (SAO), Christie Cowgill (SAO), Olivia Crouch (SAO), Calista Cuellar (WHAAP), Phung Huynh (PSFOA), Kirk Johnson (SWFOA), Mitchell Kelly (SWFOA), Stephanie Lou (WHAAP), Tim Maule (FA/FD), Sandi McMillan (WASWD), Ryan Montgomery (SAO), Kim Parsons (SAO), Liz Passmore (WTA), Patty Pepin (ESD), Jerry Pettit (WACO), Kathi Rauch (WCIFP), Tanya Robacker (FA/FD), Keri Rooney (SAO), Julieta Rubia (SWFOA), Paul Stone (ESD & K12), Kathy Streissguth (WFASG), Shane Young (WASWD)

Call to Order

The LGAC meeting began at 9:03 am and was held via GoToMeeting. The meeting was called to order by Stacie Tellers.

Welcome and Attendance

Stacie welcomed everyone. Attendance was taken via GoToMeeting attendee list. No decisions are required by the State Auditor.

Approval of Minutes from June 2020

The minutes were previously distributed by email and were available on the SAO web page. *Motion to approve the June 2020 minutes was made by Ann Lundeen and seconded by Heidi*

Hunt. The Appointed Committee Members approved with no corrections or changes, unanimously.

LGAC Bylaws and Membership

A. Bylaws – proposed updates

Ms. Tellers stated there were minor changes to the previous bylaws that were presented and discussed at the June meeting.

Language was updated in the meetings section to state meetings occur “at least” twice a year rather than only twice a year. Discussion for 2021 meeting dates was scheduled for later on the agenda. Stacie stated future meetings would occur on MS Teams rather than GoToMeeting.

B. Membership – proposed changes

Proposed changes included two additions to membership from the Washington Housing Authorities Accounting Professionals/Association of Washington Housing Authorities and the Association of WA Public Hospital Districts. EWFOA declined a seat at this time. Membership is open for discussion if other associations ask to be included. The Committee would discuss the request and would be required to approve the addition of a new association or change in the membership number.

Other changes included cleaning up the language in the membership term, attendance requirement, and the groups that appoint their attendees rather than nominate.

C. Bylaw approval vote

Adoption of the bylaws as proposed was moved by Ann Lundeen and seconded by Deborah Booher.

Jerry Pettit thanked SAO for significant discussions with him regarding membership make up. His stated his primary concern is if associations contacted SAO regarding membership to the Committee and they are then allowed representation. He voiced he was frustrated with EWFOA not sending members, and how many western Washington associations were represented. He is concerned that Eastern Washington may not be fairly represented. He again thanked SAO and stated he understood the SAO view.

Stacie stated that SAO was looking for representation from associations that represented government types other than cities and counties, noting that special purpose districts were underrepresented on the Committee. Requests for membership by associations that are not on

the current membership list would be evaluated, with discussions with SAO management and the Committee as part of the process before bringing a request for approval of the new member association to the Committee.

There were no more comments, feedback, or suggestions.

The Appointed Committee Members voted to approve the updated membership list, with one member, Heidi Hunt, voting nay. Motion passed.

The updated bylaws will be finalized and posted on the SAO LGAC web page by early January. Nominations from the new associations should be finalized and updated to the web page by early February.

SAO Executive Update

Pat McCarthy thanked the members who have joined today's meeting.

She stated there were a total of 11 new LGAC members from all over the state, including representatives from ports, utilities, transits, and ESDs. The committee has added more Cash-based members and members that represented the diversity of governments.

SAO has an innovative and progressive history. This included former state auditor Robert V. Graham, who oversaw the development of the BARS manual. She expressed the importance of a diversity of LGAC membership to weigh in on impacts to governments large and small, giving them a seat at the table to provide feedback and guidance on rules before they went into effect.

Pat expressed appreciation to members for stepping up in the continued partnership to innovate and progress. Based on feedback, there are additional meetings planned for 2021. Online platforms allow LGAC to continue meeting virtually in this difficult time.

The BARS webinars, which offered free CPEs, had 700 attendees this year. Sessions were recorded and are available online. This year, SAO doubled how many sessions were offered.

Jerry Pettit thanked Pat for attending.

BARS-Updates and Discussion

A. Annual update list – final items for Dec 20/Jan 21 update

Stacie said there would be a banner on the website stating BARS will be under construction. She suggested everyone download a copy for reference before Friday. Since it is live, the updates will overwrite the current manual and is applicable for reporting 2020 in 2021. Please note the dates of which manual you are using if you are using a downloaded manual.

There are over 72 pages in the BARS manuals in the process of getting updates. A link to the summary handout was provided for members to view in the email sent prior to the meeting. Christie Cowgill reviewed the document and discussed the BARS updates under the topics of *Chart of Accounts*, *Accounting*, *Reporting*, *Online Filing*, and *General* sections.

Suzanne Coit had a question on Washington State PFML (family medical leave). Christie answered that there are updated instructions for accounting and reporting for the PFML and that it will also come up in Schedule 21 for risk management.

There were no more comments, feedback, or suggestions.

B. Annual update list – review upcoming GASB implementations

- a. GASB Exposure Drafts and Preliminary Views
 - i. Importance of responding to the GASB

Stacie reminded members that SAO must maintain comparative statistics in accounting and reporting, as required by Washington State RCW. When there is any change in GAAP, SAO has to review and evaluate if this has an impact for Cash. For example, pensions.

The *GASB Update* handout dated December 2020 was provided to members previously by email. Christie Cowgill detailed the updates for *GASB Pronouncements Effective Immediately* and for the *Reporting Years 2020, 2021, 2022, and 2023*, and *Current GASB Exposure Drafts, Invitations to Comments, etc.* sections.

Jerry Pettit stated he appreciated SAO's approach and that it looks at reviews from an auditor's standpoint rather than auditee's. He opined that GASB continued work to justify their existence, which makes it difficult on governments as they try to implement changes. He has concerns that Cash-basis governments are having to deal with GASB changes that affects them. Jerry stated it is expensive because of the additional resources required to make the changes and updates required.

Stacie stated that SAO is asking LGAC members to go back to their associations to discuss submitting comment letters to GASB, for the reasons Mr. Pettit addressed. Generally the turnaround for comment letters to GASB is 30-90 days from publication of a proposed change, however due to the pandemic the comment period was extended on the three most recent

proposals. SAO comments as the auditor, not as a preparer and that if the 1900 local governments or their associations commented as the preparers, it would be impactful. Comments could address the standard on a larger overview level or on specific sections. There are project pages where GASB retains comment letters they receive. Stacie urged members to go back to their associations and encourage comments.

Jerica Pascoe requested separate handouts for GAAP only and GAAP/Cash to clarify which standards apply. Stacie stated SAO is working on a Project web page for Cash resources. Christie commented that she can look into this and bring it to the next meeting.

If members have questions about GASB standards, please contact Debra Burleson, Christie Cowgill, Stacie Tellers, or the HelpDesk.

There were no more comments, feedback, or suggestions.

C. Formatting example

- a. Footnote to a chart [GAAP Filing Requirements section](#)
Footnote to a page [GAAP Reporting Requirements page](#)
 - i. Used when authoritative guidance is referenced
- b. *Additional Resources* in the [Indirect O/H Allocation Page](#)
 - i. Used when non-authoritative guidance is referenced
- c. Mini-table of contents and back to top formatting
 - i. [Fund Types and Accounting Principles](#)

As discussed last June, when there is additional information on the web pages in the BARS manual, the use of footnotes and additional resources will be utilized. Stacie demonstrated with the links provided. Authoritative guidance will be noted as a Footnote. Non-authoritative information will be listed as Additional Resources.

Quick Links for the table of contents has been incorporated. SAO is working on updating several large sections to have this mini-table of contents set-up with the quick links.

For example and based on feedback, both Cash and GAAP Fund Types and Accounting Principles were the most difficult pages to find information. These were simplified by applying the quick links table of contents.

Stacie stated that if the Committee has any additional suggestions, they are always welcome as SAO continues to make the BARS Manuals easier to use.

SAO Resources and FIT Q&A

Sherrie Ard presented a PowerPoint from the Center for Government Innovation. She demonstrated how to find the FIT section and database on the SAO web page.

- FIT Updates

Sherrie reviewed updates to Financial Health Indicators, New Comparisons (*Mean and Median and Peers*), New Indicator Logic (Making risks understandable), and new statewide view.

- New projection feature in FIT

There is a new *Add Projection* tab in FIT. This downloadable tool is only available in authenticated view. This restricts the detailed information to the contact person assigned by the entity. The contact person can control additional people who are allowed to view the detailed page.

This tool is to aid in discussion within your entity or with government officials to aid in decision making.

- FIT tutorial and training sessions

There is an online resource database, *15 minute FIT* new user's guide.

Free personal training is also available, with sessions typically half hour or hour long.

- New and updated center resources

There is a Checklist for Cash and GAAP governments to review financial statements. This update would reflect changes to the BARS manuals. This should be available January 2021.

Another new resource is a *Buying and Bidding* guide for procurement, which includes links to guidance, RCWs, or WACs.

Derek Pohle stated MRSC is doing an OFM sponsored study trying to streamline laws and rules. Sherrie will reach out to MRSC to see about partnering with them on this work.

Using Others' Bid Awards (Piggybacking) was updated in September 2020, to reflect changes in laws. Another tool: *Is this Bidder Responsible, Best Practices for Change Orders*. Sherrie

discussed *Contracting with vendors to accept or process your payments* providing best practices information.

The Center created a *Cash Receipting* guide. Sections such as *Leadership* or *Cashiers* are available so they can read the parts of the guide that apply only to their role.

A new resource, *Making it Easy to Report Concerns*, was published in November. *Identifying Asset Retirement Obligations in Washington* was updated in October 2020.

Two new resources were created with input from the committee. Sherrie thanked members who volunteered to review and provide feedback. The resources were *Internal Control Checklist for Cash Receipting* and *Internal Control Checklist for Payroll Processes*. She encouraged members to review and experiment with these tools.

The Center includes articles in *The Audit Connection Blog* when there are updates or changes. To stay on top of this, subscribe to updates, available on *The Audit Connection Blog*.

If you need Lean training, need training, or have questions, contact the Center through email at center@sao.wa.gov.

Open Discussion

Stacie responded to a post in the Comments section of GoToMeeting which was requesting SAO help governments respond to GASB. SAO will point to resources to help in the response to GASB, but would not be able to facilitate local government forums on this topic, since SAO is unable to provide direction from a preparer's point of view. It is important that preparers prepare comment letters to GASB from their own knowledge and experience. SAO will reach out to WFOA to discuss their facilitation of a preparer forum for local governments to connect and respond to proposals. Stacie asked that LGAC members also circle back to their own associations to discuss this type of forum for their members.

Heidi commented on the possibility of an LGAC accounting implementation sub-committee. Jerry Pettit also commented on an LGAC ad hoc committee to respond to GASB. Stacie stated SAO LGAC would not be the appropriate forum for local government responses to GASB since SAO prepares letters from the auditor perspective and associations/local governments would be a be preparing letters from the preparer viewpoint. Some larger groups have legislative liaisons and entities that could local governments can look to in order to help provide a discussion forum. (Note – SAO reached out to Heidi regarding her comment after the meeting adjourned to discuss the accounting implementation sub-committee. Stacie will comment on this topic at the June 2021 LGAC meeting.)

Pat commented how SAO and associations work collectively and collaboratively. We have to hold to the line of what is the local government roles and responsibilities and what SAO is able to do. SAO has been creative to provide tools and information, as shown during the meeting.

There was no other discussion.

Proposed Meeting Schedule for 2021

All proposed meetings would be held virtually through MS Teams (GoToMeetings as a virtual back-up).

Due to the local government and SAO responsibilities that occur at the start of the year, including filing annual reports and the legislative session, the first meeting is proposed for Wednesday, June 2, 2021, 9:00 am-12:00 pm. Agenda items would include reviewing the preliminary BARS update list, SAO executive management check-in with the LGAC, and the Center presentations of updated or new resources.

A short mid-year check-in was proposed for Wednesday, August 11, 2021, 9:00 am-10:30 am. Agenda items include discussing the finalized the BARS updates list for the upcoming updates and reviewing legislative session items that may affect BARS.

The final meeting was proposed for Wednesday, December 8, 2021, 9:00 am-12:00 pm. Agenda items would include reviewing the final BARS update list, SAO executive management check-in with the LGAC, and the Center presentations of updated or new resources.

The calendar for 2021 was approved.

Next Meeting:

Wednesday, June 2, 2021, 9:00 am-12:00 pm

Meeting adjourned at 11:47 am.