

STATE OF WYOMING

STATE AUDITOR'S OFFICE

Agency 003



ANNUAL REPORT

FY 2018

Prepared August 2018

CYNTHIA CLOUD
STATE AUDITOR

**Wyoming State Auditor's Office
Wyoming Annual Report
FY 2018**

General Information

Cynthia I. Cloud, State Auditor

Agency Contact

Sandy L. Urbanek
Deputy State Auditor
(307) 777-7831
saoadmin@wyo.gov

Wyoming State Auditor's Office
200 West 24th Street
State Capitol, Room 114
Cheyenne, WY 82002

Physical Address
2020 Carey Avenue, 8th Floor
Cheyenne, WY 82002

Website

<http://sao.wyo.gov>

Statutory References

- W.S. 9-1-402 – through 9-1-408 - State Auditor General Duties.
- W.S. 9-1-415 – Collection of debts due the state; discharge of uncollectible debts.
- W.S. 9-1-417 – Interfund loans; repayment; maximum amount.
- W.S. 9-2-1005 – Payment of warrants; budget powers of governor; agency budgets; federal funds; new employees.
- W.S. 9-2-1008 – Unexpended, unobligated funds to lapse or be carried over; duty of auditor; reporting.
- W.S. 9-2-1009 – Non-appropriated revenues to be transferred by auditor upon lapse, conversion or otherwise becoming state property.
- W.S. 9-4-103 – Account of expenditures; public inspection; vouchers for allowances.
- W.S. 9-4-105 – Cancellation of unpaid state warrants.
- W.S. 9-4-107 – Balancing of accounts.
- W.S. 9-4-204 – Funds established; use thereof.
- W.S. 9-4-207 – Disposition of unexpended appropriations.
- W.S. 9-4-214 – Control and budgetary accounts; uniform accounting systems.
- W.S. 9-4-216 – Financial advisory council.
- W.S. 9-4-217 – Uniform state accounting system.

Wyoming Quality of Life Result

The State Auditor's Office is the State's comptroller, chief accountant, and chief payroll officer. The State Auditor's Office enables state agencies to focus their efforts on their unique missions by providing a robust and flexible uniform accounting system. This allows citizens to benefit from the economies of scale and reduction of unnecessary duplication when holding state government accountable for the expenditure of public funds. Compliance is measured annually through the Office's production of the Comprehensive Annual Financial Report (CAFR) that is audited by an independent audit firm under contract with the Department of Audit.

W.S. 9-4-204(s) – It is the intent of the Legislature to establish uniform requirements for state government accounting and financial reporting, so that the financial position and results of operations of the state government can be publicly

available to citizens, legislators, and others interested in such information. W.S. 9-4-217 (b) The State Auditor prescribes the procedures for the use of the uniform accounting system in order to accomplish the Legislature’s intent.

Over the course of the last two fiscal years – FY 17 and FY 18, the State Auditor’s Office has made exceptional accomplishments in maintaining the uniform accounting systems daily operations and in implementing a newly re-engineered, robust governmental uniform accounting system. These accomplishments provide improved efficiencies in delivering financial accounting and reporting to citizens, legislators, the governor and others. We draw your attention to the “*What was operationally accomplished?*” and “*What was accomplished on the 3.11.1 Enhancement Project?*” sections of this annual report.

Basic Information

Clients Served:

Wyoming residents, over 100 state agencies, legislators, local governments, federal government, the university and community colleges rely on the uniform accounting system.

Number of Employees:

The Auditor’s Office has 26 authorized full-time positions.

Budget Information:

The State Auditor’s Office has a 2017-2018 Biennium Budget of \$16,763,193 from the General Fund. Expenditures for the fiscal year 2018, including encumbrances for contractual obligations, are \$3,041,023.

The State Auditor’s Office primary responsibilities include:

The State Auditor serves as a member of the Board of Land Commissioners, the State Loan and Investment Board, the State Building Commission, and the State Canvassing Board. The State Auditor’s FTEs assists her in these functions as necessary. These boards respectively oversee nearly all state lands, set investment policy for the State’s permanent and general funds, manage nearly all state buildings, and certify election results. As one of the five statewide elected officials, the State Auditor’s membership on these boards has a long historical precedent, which is deeply rooted in Wyoming’s grassroots approach to state government.

The State Auditor has the authority to designate a uniform state accounting system that shall be used by “the legislative, the judicial and each executive branch agency” W.S. 9-4-217(a). All state agencies use the uniform state accounting system “to account for all revenue, budget and expenditures transactions”. Procedures for the use of the uniform accounting system are prescribed by the State Auditor.

The State Auditor’s Office operates the State’s uniform accounting system and uses the CGI Technologies and Solutions’ Advantage® ERP software suite to perform financial management, human resource management including payroll, Employee Self-Service (ESS), Managers Self-Service (MSS) and reporting functions. The financial management component of the suite is known to the State as the Wyoming Online Financial System (WOLFS).

The uniform accounting system is the official book of record for the State of Wyoming. All state agencies, (i.e. executive, legislative and judicial branches), use the uniform accounting system either through manual entry or through system interfaces, including the central control agencies, (A&I – Budget Office, A&I – Human Resource Division (HRD), A&I – Employee Group Insurance (EGI), Wyoming Retirement System (WRS), Department of Audit (DOA), Department of Revenue (DOR) and the State Treasurer’s Office (STO)). State agencies and central control agencies rely on the uniform accounting system to control employment records, payroll deductions, fund and cost accounting, fund transfers, payment distributions, budgetary controls, grant monitoring and other accounting functions. The uniform accounting system provides functionality to allow for the efficient accounting and payment of accounts payables generated by state government; accounting and collection of accounts receivables; and reconciliation of all warrants and electronic funds transfer (EFT) transactions.

One of the primary duties of the State Auditor’s Office is to annually prepare the Comprehensive Annual Financial Report (CAFR), pursuant to W.S. 9-1-403 (a) (v) and 9-4-204 (s) (v). The information and data contained in the CAFR is maintained in the uniform accounting system and the reporting component is used to extract the data for the

CAFR. The data compilation is formatted in accordance with the Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB).

As the State's Chief Payroll Officer, the State Auditor's Office maintains the official payroll records for the legislative, the judicial and each executive branch agency, except the University of Wyoming, and oversees the issuance of all payroll transactions. Monthly payroll is distributed to an average of 9,488 state employees in all three government branches (executive, legislative and judicial). In addition to payroll, all associated tax deposits, federal tax reporting, child support, garnishments, and third-party payers are issued payments through the human resource management/payroll component. In addition to employees, payroll payments are made through the human resource management/payroll component for the Department of Health's (DOH) in-patient workers (two institutions) and Department of Family Services' (DFS) student workers (two institutions).

The State Auditor's Office is responsible for training state agency fiscal and human resource/payroll personnel on the use of the financial management component, the HRM/payroll component – including the Self-Service modules (ESS and MSS) – and the reporting component of the uniform accounting system. Constant help desk and one-on-one services are provided to the state agency users. There are approximately 800 agency users on the financial management component, 250 users of the HRM/payroll component, and 1,000 users on the reporting system. Training is continual due to agency personnel turnover and system upgrades. The Office maintains the security and workflow for user access into the uniform accounting system. The users of all three components are, other than the FTEs of this Office, personnel hired by and supervised by other state agencies.

The Auditor's Office tracks fund balances and cash balances, which reconcile daily to the State Treasurer's account balances. The uniform accounting system processed approximately 1,535,637 financial payment transactions during FY 2018 to over 72,000 unique vendors and 137,965 payroll transactions for approximately 9,488 state employees.

There are five divisions in the State Auditor's Office:

- **Administration Division:**

Responsible for ensuring the mission and the performance of the Office complies with the statutory duties of the State Auditor along with maintaining communications with constituents and performs duties associated with Board and Commission matters. Performs contract management for all contracts related to the uniform accounting system and oversees the performance of all contractors engaged to support the uniform accounting system. Provides all fiscal and human resource/payroll services for the Office. The division is also responsible for maintaining all official elected Office records and for public record requests received by the State Auditor's Office.

- **CAFR Division:**

Responsible for the preparation, compilation and publication of the State's Comprehensive Annual Financial Report and maintaining the state's fiscal accounts along with establishing the legal-appropriation budget (authority to spend) within the uniform accounting system through an interface from A&I – Budget Office's I-BARS. The Division serves as main contact for the annual external audit. As specified in W.S. 9-4-207 (d), the CAFR division is responsible for tracking and reverting all non-obligated general funds from prior budget years. The Division is responsible for maintaining accurate fixed asset reporting. In addition, it monitors state agencies' internal controls through pre-audits by sample testing the state's payroll and financial transactions.

- **Fiscal Management Division:**

Responsible for the daily functional and reporting operations of the Wyoming On-line Financial System (WOLFS) – the financial component of the uniform accounting system, including accounts payables (e.g. vendor payments), accounts receivables, non-sufficient funds (NSF), and vendor file management and maintenance. In addition, it oversees the procurement card and travel card program, issues 1099s – federal tax reporting along with workflow and security for the financial component of the uniform accounting system. The Fiscal Management Division – Quality Assurance Unit is responsible for training state agency fiscal and human resource/payroll personnel on the use of the financial management component, the HRM/payroll component and the reporting component of the uniform accounting system through a web-based learning management system (e.g. videos), lab sessions (one-on-one hands-on opportunities) and

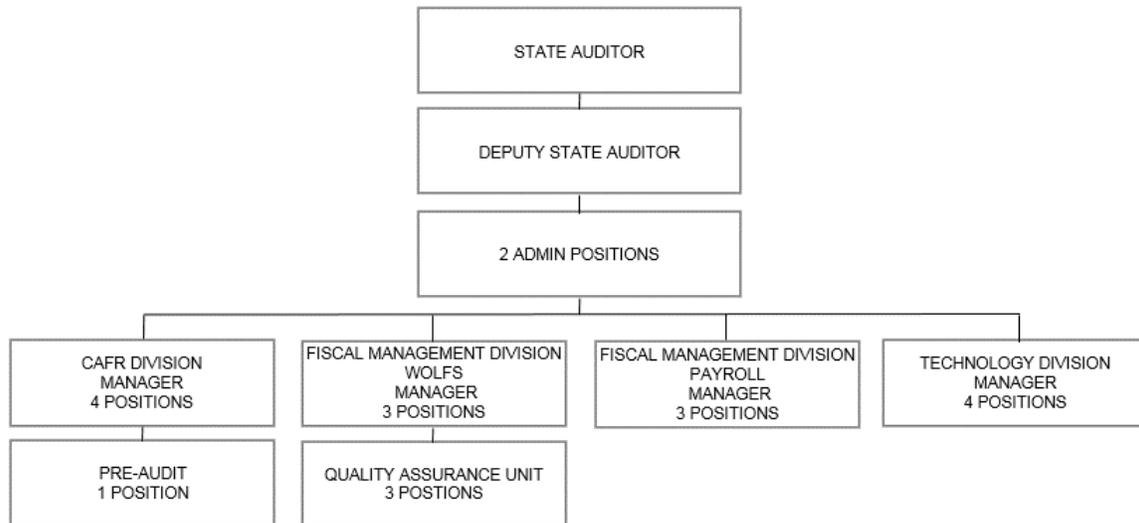
remote training through Google Hangouts to enhance the learning process of the uniform accounting system. Additional training materials and videos are produced for state employees in how to use the Employee Self-Service (ESS) and Manager Self-Services (MSS) components of the HRM/payroll application.

- **Payroll Management Division:**

Responsible for payroll issuance to state employees, in-patients and students workers in the state’s facilities, legislators, judges, judicial support personnel, and members of the Wyoming National Guard, financial payroll reporting, payroll support for state agencies, reporting and depositing of federal taxes, issuing federal tax reports (e.g. Employee Provided Health Insurance and Coverage 1095-C and 1095-B and W’2s) to state employees, along with child support, garnishments, and third-party payer payments. It provides administrative oversight of the Employee Self-Service (ESS) and Managers Self-Service (MSS) modules along with the workflow and security of the human resource management/payroll of the uniform accounting system.

- **Technology Division:**

Responsible for the technical and operational back office support of the uniform accounting system. Their duties include creating and maintaining custom code for specific batch jobs and procedures, monitoring batch processing for the system (during business hours as well as off-hours), printing paper warrants, generating electronic payments, generating electronic tax reporting, monitoring systems operations, testing and certifying in-bound state agencies’ interfaces, loading payment request files and time card files (interfaces) from other agency systems, and maintaining the workflow and security of the reporting component of the uniform accounting system, as well as, developing and maintaining financial accounting reports as requested by the State Auditor’s Office and agency users.



Performance: 100%

Story behind the performance plotted below:

The uniform accounting system is designed specifically for governmental accounting and fund accounting. The current database size is 1,133,814 MB. The uniform accounting system database has over 1,500 tables, 53,000 fields of entry, and over 1,000,000 lines of code. The diversity and complexity of state agency requirements to track and account for all accounting procedures requires a robust accounting, financial and payroll system.

During FY2018, the financial management component (WOLFS) processed thousands of payments to vendors twice a week. Starting August 6, 2018, nightly vendor payment processing will occur. The vendor payment process is performed off-hours when system users are off-line. The State Auditor’s Office full-time employees (FTE) resources are stretched during the off-hour payment processing routines in order to monitor, balance, and prepare payments for

distribution to state agencies the morning following the payment process. There are over 100 state entities in the three branches of government that depend on the financial and payroll functions for their accounting. Payments to thousands of vendors counting on their money must be exceedingly efficient and 100% accurate. Vendors in the state not only include businesses that deliver goods and services, but individual residents who receive workers' compensation payments, retirement checks, child support payments, Medicaid payments, daycare providers payments, foster parent payments, crime victim payments, jurors and many more.

Vendor management serves as the gateway to fraud prevention for the millions of state dollars. The State Auditor's Office developed strong accounts payable policies and vendor management verification processes and procedures designed to defend against or even detect vendor impostor fraud or payment redirection fraud. The State Auditor prescribes tight vendor management internal controls within the state agencies and within the State Auditor's Office to reduce the State's risk in becoming a victim to fraud. State agency users of the system continue to be the first line of defense to avoid fraud in the State of Wyoming.

The State Auditor's Office oversees the manual vendor management process and prescribes the vendor management procedures. Vendor records are the backbone to the vendors' payments in WOLFS, much the same as the state employee records are the backbone in the payroll system. The vendor profile determines the vendor payment IRS federal tax reporting and payment distributions. If the vendor file is not correctly established in WOLFS, the downstream effect is far reaching, both to the vendor and to the State of Wyoming. In order to improve accuracy of the 1099 process and issuance, the State Auditor's Office performs a nightly Employer Identification Number (EIN) and Social Security number match with the IRS. Should the EIN and vendor information (legal name) not match the IRS records, the vendor file is placed on HOLD. This suspension of payment is done electronically with notation placed into the WOLFS vendor record, "*Failed IRS verification – Name – TIN – combination do not match IRS records*". In the event a vendor's 1099 MISC is returned to the State Auditor's Office due to incorrect address, the vendor file once again is placed on HOLD. This suspension includes the parent company and any associated children companies.

The move to decentralize vendor maintenance reduced the vendor file creation/modification process in the State Auditor's Office from 6 weeks to approximately 2-3 weeks. The State Auditor's Office has three FTEs to provide oversight and apply approvals to all vendor records, which is a manual data entry process for over 150,000 vendor records. The State Auditor's Office validates and verifies the vendor file setup or modification is accurate through the workflow in WOLFS. The State Auditor's Office continues to maintain the vendor banking information. The Office continues to update its vendor database. Vendors who have not had activity for four years are placed on HOLD for non-use. If the vendor decides to do business with the State of Wyoming, the vendor is required to complete a new vendor packet and its vendor file is modified to match the new vendor information provided in the new vendor packet.

During the period between 7/1/17 and 6/30/18, the vendor help desk (3-FTE):

- Reviewed and approved 18,382 new vendors' records (6,127 per vendor help desk FTE).
- Reviewed and approved modified information for another 48,888 vendor records (16,296 per vendor help desk FTE).
- Modified 4,605 vendor banking records (1,535 per vendor help desk FTE).

The HRM/payroll component processes payroll monthly. The HRM/payroll component is relied upon to process the gross-to-net payroll processes, the payroll accounting financial processes, payroll deductions, pay adjustments, final pays, and calculations relating to retirement, garnishments, and other processes for approximately 9,488 state employees. The State Auditor's Office is responsible for the accurate collections of federal taxes, and reports and remits taxes to the Internal Revenue Service in a timely manner.

The Technology Division of the Auditor's Office is primarily responsible for the technical operations of the state's web-based uniform accounting system. The Technical Division FTEs consists of five technology specialists. The technical skills necessary for the State Auditor's Office to oversee the technical functions of the uniform accounting system are very complex. At least one FTE member, if not more, of the technical division is available 24/7 in case of an emergency.

The Administration Division is responsible for responding to public records request. July 1, 2017 through June 30, 2018, the Administration Division processed 24 public records request.

1. Training Opportunities for Agency Users

A goal of the current administration is to maximize potential training opportunities for uniform accounting system state agency users, including education on basic accounting principles that come into play within the system. The State Auditor’s Office offers training through a web-based learning management system (e.g. on-demand videos), lab sessions (one-on-one hands-on opportunities) to enhance the learning process of the uniform accounting system. In order to meet the needs of field agency user’s training needs, Google Hangouts are offered to those users to reduce travel time and expenses. Department-specific training is available from this Office upon agency request.

The Fiscal Management – Quality Assurance Unit has the primary responsibility for training in accounting principles and the prescribe procedures of the system.

The Quality Assurance Unit conducted the following training:

- WOLFS, HRM/payroll, infoAdvantage® and Vendor labs

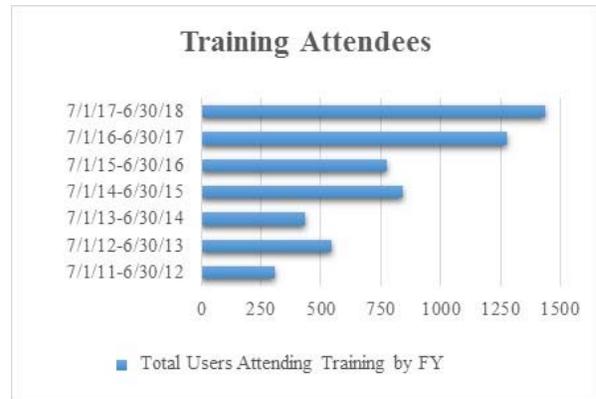
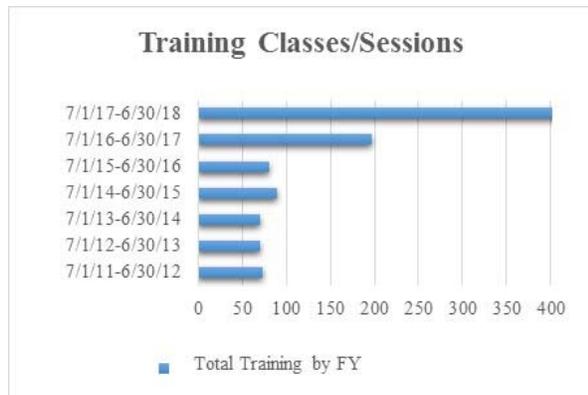
| Type of Training | Sessions | Users |
|------------------|----------|-------|
| Training labs | 54 | 163 |
| Google hangouts | 26 | 68 |

The Quality Assurance Unit conducted specialized training in preparation of Go-Live for 3.11.1:

| Type of Training | Sessions | Users |
|--------------------------------------|----------|-------|
| Cost Accounting Modeling and Testing | 280 | 491 |
| User Acceptance Testing | 63 | 441 |

Total Training Classes

July 1, 2017 through June 30, 2018 Classes/Sessions – 423 User Attendees – 1,163



The Fiscal Management – Quality Assurance Unit issues the monthly State Auditor’s Office operational newsletters by e-mailed to WOLFS and HRM/payroll users. The newsletters contain information on upcoming CAFR deadlines, payroll deadlines, training available, new procedures and timesaving tips.

The Fiscal Management – Quality Assurance Unit issued the “Five Top Things You Should Know for the Week” 3.11.1 Uniform Accounting System Enhancement newsletters. The 3.11.1 Uniform Accounting System Enhancement newsletter is issued bi-monthly, provides project updates to the user community on what progress was made, what work is in progress, and what work is to come. Users are kept current on the progress of 3.11.1 WOLFS – as well as new HR processes including electronic ESS Timesheets (TIMEI) and Manager Self-Service (MSS), and User ID/Password changes (security and workflow – centralized administration).

July 1, 2017 through June 30, 2018 the following communications were issued.

| Type of Communication | Count |
|--|-------|
| State Auditor’s Office Monthly Newsletters | 12 |
| Bi-weekly 3.11 Enhancement Project Newsletters | 21 |
| ESS/MSS emails via Wyoming Mail to state employees | 6 |

The Fiscal Management – Quality Assurance Unit conducts interface internal control audits on all state agency in-bound interfaces into the uniform accounting system.

| Interfaces - QA Audits Completed | Count |
|----------------------------------|-------|
| | 14 |

A very critical piece of continual education is the day-to-day help desk services to state agency users, in payroll, financial and the CAFR compilation along with the Pre-Audit functions. Below are the numbers for e-mail responses during the July 2017 – June 2018 fiscal year.

Fiscal Management Division Help Desk E-mail Responses

| Help Desk | Count |
|-------------------|--------|
| WOLFS | 13,068 |
| Quality Assurance | 2,050 |
| UMB | 521 |

***Email responses for the UMB Help Desk are up due to more agencies using the program and verifying what can be purchased using the Procurement Card.

Payroll Management Division Payroll Help Desk E-mail Responses

| Help Desk | Count |
|-----------|--------|
| Payroll | 12,332 |

CAFR Division Help Desk E-mail Responses

| Help Desk | Count |
|-----------|-------|
| CAFR | 4,480 |
| Pre-Audit | 928 |

***The CAFR Division and Pre-Audit Help Desks have seen a decrease in e-mails impart due to state agency users receiving updates and information through the State Auditor’s Office monthly newsletter. The CAFR Division also streamlined their processes to increase efficiencies. Users no longer email CAFR to request approval of an electronic document in their workflow or to email supporting documentation for an electronic document needing approval. Documentation is now attached in WOLFS and designated CAFR FTE work the daily workflow of electronic documents. This change in business process has helped with more timely reviews, approvals or rejections of the electronic documents. The “comment” option in WOLFS’ electronic document is also being utilized on the electronic documents rejected back to the user rather than sending separate emails to the user.

Total Help Desks e-mail responses

July 1, 2017 through June 30, 2018

33,379 = 1,964 per State Auditor’s Office Help Desk FTE



Starting in January 2018, the State Auditor’s Office began using an automated answering system for the state agency’s main number and all Help Desk phone numbers. During the six months the system has been in place, the State Auditor’s Office Help Desk received the following call volume:

| | |
|-----------|-------|
| Help Desk | Calls |
| WOLFS | 902 |
| Payroll | 933 |
| CAFR | 121 |

Total Help Desks calls received:

January 2, 2018 through June 30, 2018 1,956 calls.

Total time spent on the calls - 5,450 minutes (approximately 3 minutes per call).

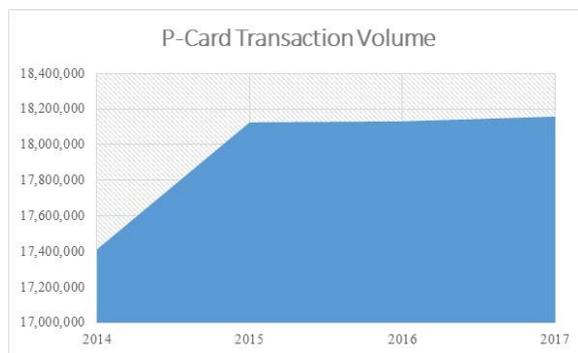
2. Another goal of the current administration is to increase the use of the Procurement Card, for convenience, flexibility, and cost effectiveness to state agencies. The program growth opportunities are to increase card usage, resulting in better cash management and cash flow into the state’s General Fund, allowing flexible purchase amount policy – per purchase and per account, while obtaining identifiable cost savings, reducing redundancies, improving financial business processes across state government and increasing state agency alignment. In addition, improve the state’s ability to manage and report on vendors who provide goods and services to the state.

If a vendor accepts a VISA card, state agencies are encouraged to use the card for making payments. The Fiscal Management Division - Quality Assurance Unit is working on training to promote and encourage agency users to use the Procurement Card for purchases.

| | Card Holders | Procurement Card Transactions | Total Dollars |
|------------------------------------|--------------|-------------------------------|---------------|
| Jan. 1, 2017 through Dec. 31, 2017 | 3,717 | 78,596 | \$18,157,679 |

Representing 83 agencies, boards and commissions

Rebate Jan. 1, 2017 through Dec. 31, 2017 - \$ 253,607

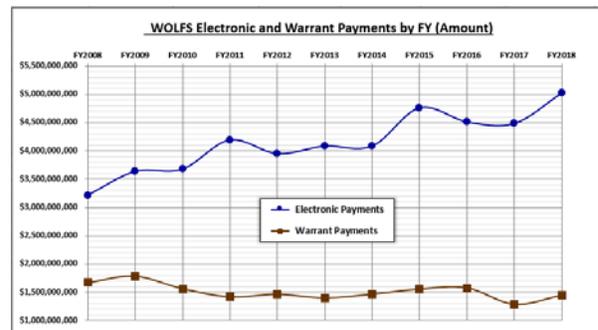
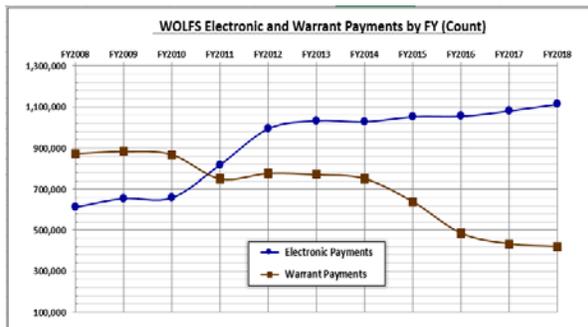


3. A third goal of the State Auditor is for more frequent transactions using Electronic Fund Transfers (EFT) over paper warrants for vendor payments. An Electronic payment is the least expensive method to process vendor payments versus payments issued through a paper warrant.

| Fiscal Year 2018 - Payments By Type and By System | | | | | | | |
|---|------------|------------------|-------------------------|-------------------------------------|------------|------------------|-------------------------|
| Payments by Type (Electronic, Warrant) | | | | Payments by System (Payroll, WOLFS) | | | |
| System | Type | Count | Amount | System | Type | Count | Amount |
| HRM/Payroll | Electronic | 135,450 | \$ 360,697,642 | HRM/Payroll | Electronic | 135,450 | \$ 360,697,642 |
| FIN/WOLFS | Electronic | 1,115,376 | \$ 5,021,649,547 | HRM/Payroll | Warrants | 2,515 | \$ 4,290,767 |
| Electronic Payments | | 1,250,826 | \$ 5,382,347,190 | HRM/Payroll Payments | | 137,965 | \$ 364,988,409 |
| System | Type | Count | Amount | System | Type | Count | Amount |
| HRM/Payroll | Warrant | 2,515 | \$ 4,290,767 | FIN/WOLFS | Electronic | 1,115,376 | \$ 5,021,649,547 |
| FIN/WOLFS | Warrant | 420,261 | \$ 1,442,059,003 | FIN/WOLFS | Warrants | 420,261 | \$ 1,442,059,003 |
| Warrant Payments | | 422,776 | \$ 1,446,349,769 | FIN/WOLFS Payments | | 1,535,637 | \$ 6,463,708,550 |

The number of EFT's and paper warrants are transactions over and above the number of Procurement Card transactions.

- Seventy-five percent (75%) of the total dollar amount paid to vendors are made through electronic fund transfers (EFT); twenty-five percent (25%) are paper warrants.
- Approximately ninety-eight percent (98%) of payments processed through the monthly payroll cycle are electronic direct deposits and the other two percent (2%) are paper warrants.



What was operationally accomplished?

The State Auditor's Office continues to work on the Affordable Care Act, commonly known as ACA, by the Internal Revenue. The notification, known as 1095-C, Employer Provided Health Insurance Offer and Coverage, includes information about the health insurance coverage offered to state employees, their spouse, and/or dependent(s). The law, also, requires the State of Wyoming to file this same information, as an informational return, with the Internal Revenue Services (IRS) in electronic format. In addition to preparing the 1095-C, Employer Provided Health Insurance Offer and Coverage federal reporting, the State Auditor's Office prepares and mails the W-2s to state employees and 1099s to vendors.

Issued on January 31, 2018 for tax year 2017

| | |
|------------------|--------|
| Federal Tax Form | Count |
| 1095 B | 896 |
| 1095 C | 10,457 |
| W-2s | 11,208 |

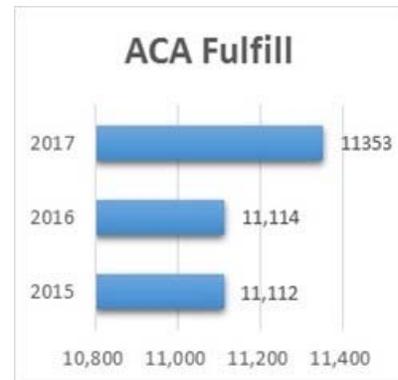
The Payroll Division conducted a concentrated effort to reach out to state employees and encouraged them to validate their address in ESS to ensure that they receive their W-2s and minimize any delay in delivery. State employees were asked to log into the Employee Self Service (ESS) portal and review their address on file with the State Auditor's Office to make sure it was accurate. As a result the State Auditor's Office received a noticeable reduction in the amount of W-2s and 1095s returned by the US postal services due to bad addresses.

| Federal Tax Form | Count |
|-----------------------------|-------|
| 2016 W2s returned | 605 |
| 2017 W-2s returned | 176 |
| Reduction in returned W2s | 71% |
| 2016 1095s returned | 609 |
| 2017 1095s returned | 286 |
| Reduction in returned 1095c | 53% |

In order to improve accuracy of the 1099 process and issuance, the State Auditor’s Office now performs a nightly Employer Identification Number (EIN) and Social Security number match with the IRS. Vendor payments are placed on HOLD until EIN match is successful.

Issued on January 31, 2018 for tax year 2017

| | |
|--|-------|
| EIN submitted and matched successfully | 6,000 |
| Federal Tax Form | Count |
| 2017 1099s | 8,492 |
| 2016 1099s returned | 415 |
| 2017 1099s returned | 265 |
| Reduction in returned 1099s | 36% |



The Comprehensive Annual Financial Report is the primary means for reporting the state’s financial well-being for the public and the legislature. W.S. 9-1-403(a) (v) requires that the State Auditor provide annual financial statements prepared in conformance with Generally Accepted Accounting Principles (GAAP) by December 15 of every year. The performance must be 100% on this task. The report, required by law, must be completed on schedule, and must be accurate.

On April 17, 2018, The State Auditor’s Office received its 19 consecutive achievement awards (since 1997) for excellence in financial reporting given by the Government Finance Officers Association of the United States and Canada for its June 30, 2017 CAFR. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Award of Financial Reporting Achievement is awarded to the individual(s) or department designated by the government as primarily responsible for preparing the award-winning CAFR. The Certificate of Achievement is presented annually; therefore, excellence and accuracy in the preparation of the report is a yearly goal of the CAFR Division.

| | |
|---|-----|
| Number of days it took to compile and publish the 2017 CAFR | 171 |
| Number of agencies who reported Schedule of Expenditures of Federal Awards (SEFA) reporting | 31 |

The CAFR Division in an effort to explain what the CAFR year-end reporting requirements project is, why it is necessary, how it relates to the CAFR, and how to properly report to CAFR made the following videos topics available on the State Auditor’s Office training web page:

- Inventory Reporting
- Fixed Assets
- Accounts Payable
- Year End Questionnaire/Subsequent Events Questionnaire/Representation Letter

The CAFR Division continues to conduct monthly “pre-audit” function to help agencies implement and monitor their internal controls; analyze and record transactions in the uniform accounting system; and reconcile accounts monthly to help ensure all financial information is accurate and complete. The CAFR Division randomly selects a number of financial and payroll transactions from various agencies, which are then audited. Findings are discussed with the appropriate agency personnel and corrective actions, as well as, helpful recommendations and information are recommended.

Pre-audits on separate transactions:

| | |
|--------------|-------|
| Transactions | Count |
| Financial | 1,650 |
| Payroll | 360 |

Beginning with the 17-18 budget load, there was a significant change of business process automating and streamlining the budget loads into WOLFS for state agencies. The information agencies enter into IBARS “rolled up” into WOLFS’ accounting system. This eliminated the need to duplicate inputting the same information manually into WOLFS by means of a WOLFS’ budget document. This saved valuable time for the State Auditor’s Office, Administration and Information Department’s Budget Division, and ultimately, the agencies. Other benefits of the change included improved accuracy, greater transparency and improved meaningful management reporting. This same process was conducted for the 19-20 biennium budget loads.

| | |
|---|-----------|
| The BFY19-20 budgets per the 2018 Legislative budget bill were successfully loaded from IBARS into WOLFS and completed. | 6/22/2018 |
| For the CAFR Division to reconcile the 19-20 appropriation budgets with the Budget Office. | 3 Days |

The State Auditor’s Office continues to work with agencies on reverting all non-obligated general funds from prior budget years, pursuant to W.S. 9-4-207 (d).

| | |
|--|-----------|
| CAFR reverted to the general fund for FY18 | 2,586,699 |
|--|-----------|

What was accomplished on the 3.11.1 Enhancement Project?

The State Auditor’s Office continued to work on the 3.11.1 Uniform Accounting System Enhancement project, which started in January 2017 and went live on August 6, 2018. The project consisted of the State Auditor’s Office FTEs, CGI Technologies and Solutions (uniform accounting system vendor) and Plante Moran (chart of accounts (COA) assessment vendor) FTEs. It is typical for an organization to have an operational team and an implementation team, in order to not impact operations during a software implementation/upgrade project. However, this is not the case for the State Auditor’s Office. The State Auditor’s Office FTEs wore dual hats. They maintained daily operations along with actively participating in the 3.11.1 Enhancement Team. The State Auditor’s Office heavily relied on its vendors to support the 3.11.1 Enhancement project scope and schedule.

| Project Team | FTE Count | Percentage of Project Team |
|----------------------------------|------------------|----------------------------|
| State Auditor’s Office | 23 | 32% |
| CGI Technologies and Solutions | 42 | 59% |
| Plante Moran | 6 | 8% |
| <u>Total Project Team</u> | <u>71</u> | <u>100%</u> |

The primary goal of the 3.11.1 Uniform Accounting System Enhancement project is to conduct a business improvement process review rather than conducting a technical upgrade as conducted in the past. Specific objectives of the business improvement process review are as follows:

- Identify ways to better leverage 3.11.1 baseline functionality and features within the Advantage® Financial Management, Advantage® Human Resource Management, Advantage® Self-Services modules and infoAdvantage® applications.
- Improve operational efficiencies and reduce redundancies.
- Improve or streamline business processes by reducing manual processes and utilizing the best practices of the Advantage® applications.
- Reduce the number of Wyoming customizations by identifying baseline functionality which is capable of performing and delivering the customizations' outcomes in a better manner and thus reducing human resource requirements and costs for supporting and maintaining the customizations.

The 3.11.1 uniform accounting system deployment, retrospectively, turned out to be as close to a rip and replace implementation as possible. The ultimate results were basically a completely reengineered uniform accounting system for the State of Wyoming. The 3.11.1 Enhancement leveraged 3.11.1 baseline functionality and features within the Advantage® applications, which reduces manual processes, utilizes the best financial and payroll practices as well as improving operational efficiency and reduces redundancies. The business process improvement review looked at how to better use the technology of the uniform accounting system, which resulted in eliminating 90% of system modifications in WOLFS and 87% in the HRM/payroll system and replaced them with a far more robust and efficiently functional uniform accounting system. The 3.11.1 implementation takes Wyoming quantum leaps towards the future.

The State Auditor's Office recognized early on that the 3.11.1 Enhancement project would bring sufficient changes and new ways in doing business within the uniform accounting system. Change Management is a critical component to the 3.11.1 Enhancement Project user adoption. CGI Technologies and Solutions provided a change management professional to facilitate and assist the State Auditor's Office in developing and implementing a Change Management plan. The initial step in the Change Management process was to size the impact on the state agency user community.

The chart below identifies those groups impacted by the 3.11.1 business process reengineering.

| Group | # of People | Impact Level |
|---------------------------------------|-------------|--------------|
| FIN – Budget | 52 | HIGH |
| FIN – Budget Office (A&I) | 7 | HIGH |
| FIN – Cost Accounting | 150 | HIGH |
| FIN – Fixed Assets | 54 | HIGH |
| FIN – General Accounting | 700 | Low |
| FIN – Purchasing (Procurement) | 700 | Low |
| FIN – Expenditures (Accounts Payable) | 700 | Low |
| FIN – Cost Allocation Updates | 40 | MEDIUM |
| FIN – Users (90% user IDs may change) | 850 | MEDIUM |
| HRM – HRD (Human Resources – A&I) | 7 | HIGH |
| HRM – Users (90% user IDs may change) | 250 | HIGH |
| HRM – MSS | 1000 | HIGH |
| HRM – ESS – State of WY Employees | 9700 | HIGH |
| TECH – Users (BIRT Forms) | 5 | MEDIUM |
| InfoAdvantage Users | 1100 | MEDIUM |

Studies consistently show that communication is one of the most crucial elements of a successful Change Management program. Done correctly, communication can help employees move smoothly through the change spectrum, from awareness through reinforcement. Done incorrectly or not at all, it can hinder the process as fears and concerns aroused by the change lead to employee dissatisfaction or disruptions.

It has been a priority of the State Auditor's Office that state agency users were fully engaged and understood the changes to using the uniform accounting system after the Advantage® suite 3.11.1 went live. The State Auditor's Office has been working collaboratively with users on cost allocation, cost accounting, and the transition to the upgraded 3.11.1 uniform accounting system. Beginning August 6, 2018, state agencies will begin using the procedures set forth and designated for the use of the uniform accounting system which have been prescribed by the State Auditor per W.S. 9-4-217(b) and (d). In addition, state agencies will use the uniform accounting system's cost accounting budget structures per W.S. 9-4-214.

CGI delivered four (4) new 3.11.1 environments, as part of the project deliverables. The Office FTEs along with the software vendor worked to get those environments into a steady state for users to begin training and modeling new chart of accounts and budget structures. The Office worked closely with agency personnel, getting them ready to transition to the new software version. During this same time-frame, CAFR and Fiscal Management divisions began conducting Cost Accounting modeling and testing twice a week, several times a day. These trainings continued through the end of June 2018, with a total 280 sessions and 491 participants. In May 2018, users were able to access a test environment to input documents, set up applicable grants, bring in actual work examples, do on-site troubleshooting, and ask questions. This gave the users the means to test their understanding and knowledge of the process changes.

With the change in business processes with the new 3.11.1 uniform accounting system, the State Auditor's Office strongly encouraged users to participate in the User Acceptance Testing (UAT). The State Auditor's Office conducted six UAT Prerequisite Trainings to kick off the 3.11.1 WOLFS and HRM/Payroll InfoAdvantage®, ESS and MSS User Acceptance testing with 157 users present, representing 31 agencies. Two additional virtual sessions were offered with 40 users participating, representing seven agencies. Agency personnel participated in UAT, which began on March 5, with a second round starting on April 30, using all five applications (WOLFS, Payroll, infoAdvantage®, ESS and MSS). A unique 611 users, representing 71 state agencies participated in the UAT. These 611 users got the first glimpse of the 3.11.1 uniform accounting system. The UAT was performed from the users' perspective with real-live scenarios from their agency, giving them hands-on experience with the new 3.11.1 system.

In an effort to broaden the State Auditor's Office ability to reach more state agency users and state employees in a more efficient manner, the Fiscal Management – Quality Assurance unit developed user training through a web-based learning management system (LMS) known as Moodle to enhance the learning process of newly implemented uniform accounting system. Moodle (LMS) video instructions were developed for the users of the system. These Moodle videos walk a state employee through the various steps in filling out an ESS timesheet, leave request, retrieving pay advices and tax form (W-2), in addition, to in checking their leave balances. MSS Moodle videos were designed to transition and guide state employee supervisors through the functions and features of MSS. In addition to the on-demand videos developed for WOLFS and HRM/Payroll, 8 training aids for WOLFS and 14 training aid for HRM/Payroll were developed. The following table list the videos developed for the 3.11.1 enhanced business processes:

HRM/Payroll videos - 8

- How to Complete an Electronic Time Sheet (3 videos, one for each pay class {Exempt, Non-Salary, Non-Hourly})
- Approve/Reject a Time Sheet in MSS
- Create a Leave Request in ESS
- Create an Overtime Request in ESS
- Approve/Reject an Overtime Request in MSS
- Setting up Out-of-Office Assistant in MSS

WOLFS videos – 4

- Using CAS for Budget Structure 39
- Help Selecting the Proper Cost Accounting Budget Structure
- Help with Funding Profile Inferences
- Using the SHOP Page

Even though the State Auditor's Office made a concentrated effort to develop and publish on-demand videos and training aides, the user acceptance and adoption requires face-to-face training sessions to facilitate the changes in business processes. The face-to-face training sessions provided the State Auditor's Office and the state agency users

a high level of confidence that they had the necessary skills and expertise to transition to the 3.11.1 Advantage® software suite.

| Description | Count |
|---|--------------|
| 3.11.1 scheduled training sessions | 280 sessions |
| Hours of scheduled training sessions | 480 hrs |
| State Auditor’s Office FTEs participating per session | 3.5 FTE |
| Total training hours level of effort | 1,680 hrs |

The State Auditor’s Office, CGI and Plante Moran collaboratively met with 30 state executive branch agencies and the Legislative Services Office (LSO) (a total 31 state agencies) for the purpose of learning how agencies are using the chart of accounts (COA) elements and current cost accounting budget structures. Work continued with those same 31 state agencies to validate the COA design which best suited the agencies’ federal reporting requirements. Three cost accounting budget structures, previously available in 3.9 but not activated, were activated in 3.11.1 for a total of four cost accounting budget structures. The reimbursable cost accounting budget structures allow for funding profiles which utilizes the front-end splits accounting feature between the Federal Fund and General Fund, reducing data entry from hundreds of accounting lines on one document down to one or two accounting lines. These newly implemented business process improvements provide better grant management and improve the federal dollar drawdowns in a timelier manner, thus reducing the strain on state funds to support federal programs plus improve the efficiencies of the state agencies’ federal reporting. The State Auditor’s Office worked with the 31 individual state agencies to transition them into using the appropriate cost accounting budget structures – 29 of the 31 signed affidavits affirming their adoption of the newly activated cost accounting business practices and budget structures.

Agencies shared with the project team the federal reporting requirements and their challenges in reporting accurately to their federal partners. Agencies identified and deactivated COA elements no longer needed. The deactivation reduced the footprint in the uniform accounting system database, resulting in saving to the state on storage and processing time. This discovery resulted in the deactivation of approximately 8,605 prior budget year revenue budgets and 1,075 prior year budget expense budgets.

At the recommendation of the COA re-design and through the executive authority of the State Auditor W.S. 9-4-204 (s)(i), the FED (federal) fund was segregated from the General Fund (001) and made a part of the 19-20 BFY budget loads. As part of the BFY 19-20 budget load, 21 state agencies established FED fund budgets. This will provide transparency to the public, the Governor, and the Legislature as to how much federal monies are in state government to operate and support federal programs. With the segregation of funds in WOLFS, cash management and budget controls will be enhanced while providing future budget forecasting capabilities.

The 3.11.1 Advantage® software suite is significantly more robust than previous versions. The chart of accounts project was incorporated into the 3.11.1 Advantage® upgrade. As a result, three new budget structures are being implemented, replacing the previous expense and revenue budget structures. The legal budget structure (appropriated budget and spending authority) is classified as a BOTH budget structure. In other words, both expenditures and revenues collected are captured in the legal budget structure. The new departmental expense budget structure operates much the same, as in the past, with the added COA element sub-fund being added to the fourth level (optional). The departmental revenue budget structure resembles the departmental expense budget structure with four levels versus one level as in the previous revenue budget structure. The 3.11.1 Enhancement will help the CAFR Division by improving the revenue budget structure by mirroring the expense with revenue budgets. There will be more consistency when coding the appropriation units. This will help to eliminate spreadsheet reconciliations by agencies and offer them more enhanced reporting and better budget tools to manage the amount of spending allowed over a specified period in time.

Prior to 3.11.1 WOLFS and HRM/Payroll operated on separate COA tables. The WOFs COA tables were imported into the HRM/Payroll application during a nightly batch process. With the 3.11.1 Advantage® suite both WOLFS and HRM/Payroll share the same COA tables, thus delivering a more integrated Advantage® suite. Both applications maintain their own database structures due to different business requirements and different data elements.

Single sign-on (Shared ADMIN) is implemented with the 3.11.1 Advantage® suite. Previous to 3.11.1, Advantage® ERP suite, users were required to log into the different Advantage® applications separately and maintain different security credentials for each Advantage® application. The 3.11.1 Advantage® suite allows application users to log into one application and, through security links, jump to other applications, if they have security access granted to

them. In other words, a WOLFS' user, who is also a HRM/Payroll user, will be able to login to WOLFS, as an example, then shift to the HRM/Payroll application by clicking a security link in WOLFS to jump to HRM/Payroll. Users will be able to access infoAdvantage® in the same manner.

The 3.11.1 ESS has been sufficiently reengineered. Electronic timesheets and electronic leave requests are being implemented in October for all state employees who are not already on a designated electronic timesheet. Daily activities, such as audit tasks, will be tracked through the daily activities sheet in ESS, thus allowing for better reporting on the type of activities employees are working on.

Along with implementing the 3.11.1 ESS, the new Managers Self-service (MSS) application will be implemented. Supervisors and administrators will use MSS to approve electronic timesheets and leave requests. Supervisors will be able to track their employees' time and work schedule through a centralized calendaring feature, providing better resource management.

Starting August 6, 2018, nightly vendor payment processing will occur. Previously, vendor payments were processed twice a week. Going forward vendor payments will be issued Monday through Friday, except for holidays. Post 90 days Go-live, nightly payroll cycles will be implemented, reducing the need to issue paper warrants for payroll corrections thus allowing the payroll correction payment to be electronically deposited into the employee's bank account.

The 3.11.1 infoAdvantage® offers more baseline business object universes, such as shared universes between WOLF and HRM/Payroll. The 3.11.1 infoAdvantage® security is integrated with the Advantage® ERP suite through single sign-on. The 3.11.1 infoAdvantage® upgraded existing reports, universes and users to BOXI 4.0. Due to the need to maintain the 3.11.1 Advantage® suite upgrade scope within schedule and budget, no new reports were developed or implemented. The new business object universes will allow the State Auditor's Office in the future, to develop reports, which will join the WOLFS and HRM/Payroll data into a single report.

In an effort to streamline and automate the in-bound state agency interfaces, a single XML formatting standard was adopted. The State Auditor's Office Technology Division worked with six state agencies to convert twenty-two (22) in-bound interfaces from suspense file format to XML format. All 22 interface conversions were completed by June 30, 2018. The uniform accounting system is a fully robust accounting, financial and payroll system. As such, it is designed to be able to interface with disparate systems that reside outside of the uniform accounting system. The State Auditor's Office Technology Division is charged with the responsibility to provide interface layouts to state agencies who wish to send data (in-bound) to the uniform accounting system or receive data (out-bound) from the uniform accounting system. Currently, the Technology Division support over 60 interfaces (e.g. in-bound and out-bound). CGI has partnered with several third party vendors and its infoAdvantage® reporting system is capable of integrating with third party systems and business intelligent applications. InfoAdvantage is a governmental financial and payroll reporting system. With its data warehouse structure, a third party application may be layered on top of infoAdvantage reporting system and through business rules drill down into the data warehouse to retrieve public records to be displayed on a public records website.