

## **Steps to Determine Initial Agreement Inventory**

### *Important Notes*

#### General

We recommend using the steps outlined in this document to ensure the complete population of leases (GASB 87), public-private/public-public partnership agreements (PPP) (GASB 94), and subscription-based IT arrangements (SBITA) (GASB 96) is identified.

The steps are not listed in any particular order. We anticipate that you will gain additional insight about the contracting environment as steps are performed. This may impact other steps and you may need to circle back to already completed steps and perform additional work.

There is no materiality associated with this exercise; you must include all agreements greater than \$1.

#### Documentation

Records and notes should be kept and maintained for review by Bureau of Financial Reporting and Oil Spill Remediation and external auditors, so please ensure that they are detailed, easy-to-follow, and logical. Documentation should be clear enough that a knowledgeable person could follow the same steps and produce the same results.

All work performed should be signed off and dated by the person performing the work, and then reviewed by another person with their dated sign-off.

#### Responsibility

Ultimately, the Chief Financial Officer of each agency will be required to submit a memo outlining what steps were used to identify a complete population and why they believe the steps performed are sufficient. If the agency performed additional steps beyond what is listed in this document, they should be detailed in the memo. If specific steps outlined below are not completed, the memo should state the reasons for the exclusion.

BFR will be required to review and determine the adequacy of the underlying steps performed in the memo.

#### BFR Resources

BFR staff are available to provide technical assistance in the following areas:

- Review complex agreements to assist in determining whether they meet the criteria of a lease (GASB 87), PPP (GASB 94), or SBITA (GASB 96)
- Assist in the calculation of lease terms and provide guidance on how to determine if certain agreement terms are "reasonably certain"
- Provide input on the adequacy of the steps taken and supporting documentation collected to identify the initial population
- Review and provide feedback on any new processes established so that agreements entered into after the initial inventory will be identified

### Payable Agreements (Leases, PPP, or SBITA)

We recommend that all steps be completed to ensure the entire population of leases (GASB 87), PPP (GASB 94) and SBITA (GASB 96) are identified.

#### **1. Review [Open Book New York](#)**

- Search all active agreements listed for your agency
- Review and determine whether the agreements meet the definition of leases (GASB 87), PPP (GASB 94), or SBITA (GASB 96)

##### Example Documentation to Maintain

- Screenshot or download of search of Open Book New York, including date
- Initials of first and second level reviews for each agreement listed, indicating that it does or does not meet the GASB definition

#### **2. Vendor List**

- Obtain a current vendor list from your internal accounts payable department
- Based on your agency's governmental purpose, remove vendors that do not have agreements that are applicable under GASB 87, 94, or 96; mark to exclude from further investigation
- Review the remaining vendors and identify which vendors could be in the business of leasing, providing other types of subscription-based services, or providing public services
- Review agreements of the identified vendors and determine if they are leases (GASB 87), PPP (GASB 94), or SBITA (GASB 96)

##### Example Documentation to Maintain

- Download of vendor list with supporting documentation and date of download
- Download of vendor list with an indication of whether a further review is necessary and a narrative of why each item was excluded
  - For example, if your vendor list contains the names of New York citizens that have received a payment for a state program, all of these vendors could be excluded
- List of vendors requiring more extensive review and a note detailing the nature of their business

#### **3. Recurring Payments**

- Obtain a report from accounts payable that identifies recurring payments (monthly, quarterly, semi-annually, and annually)
- Identify recurring payments with vendors that may be leases, subscription-based services, or public-private partnership
- Review agreements with the identified vendors and determine if they are leases (GASB 87), PPP (GASB 94), or SBITA (GASB 96)

##### Example Documentation to Maintain

- Download of recurring payments list with supporting documentation and date of download
- Compiled data to identify payments that are recurring, along with documentation of steps taken
- Compiled recurring payment list with an indication of whether a further review is necessary and a narrative of why certain recurring payments were excluded
  - For example, if your payment list contains New York citizens that have received a payment for a state program, all of these payments could be excluded
- List of payments requiring more extensive review and a note detailing nature of payment

**4. SFS Search – Expense Account Codes**

- Search SFS for voucher and journal entry transactions that contain expense account codes used for lease payments under the new definition. A starting point would be account codes with “Lease” or “Rent” in the name. Examples are included in the table below.
- Trace the voucher and journal entry detail back to a source document and determine whether the source is an agreement that is a lease (GASB 87), a PPP (GASB 94) or SBITA (GASB 96).

<b>Account Code</b>	<b>Description</b>
51001	Mainframe Lease
51002	PC Lease
51003	Printer Lease
51004	Server Lease
51068	Enterprise License Agreements
51081	Hardware/Software Installation
51093	Software Maint & Support
54020	Travel-Rental
56009	Office Equipment R & M
56020	Equipment Lease
56021	Equipment Rental
56022	Motor Vehicle Lease
56040	Office Furnishings Act
56053	Office equipment Act
58201	Base Rent
58202	Lease Improvements
58402	InterestOnLeases,Loans,&Claims

Example Documentation to Maintain

- Download of search results with date of search and name of person performing the search
- Analysis of each payment traced backed to an agreement.
- Written determination of whether the agreement does or does not meet the GASB definitions of a lease (GASB 87), PPP (GASB 94) or SBITA (GASB 96)

**5. SFS Search – Memo Line/Invoice Description**

- For the past 18 months, search transaction details for words such as “rent\* “lease\*,” “\*sublet\*,” “subscription”, “software,” “operating,” or “partnership”
- Review the transaction details and determine if they relate to an agreement that is a lease (GASB 87), PPP (GASB 94), or SBITA (GASB 96)

Example Documentation to Maintain

- Download of search results with date of search and name of person performing the search
- Analysis of each transaction pulled
- Written determination whether the agreement does or does not meet the GASB definitions

## 6. Insurance and Maintenance/Repair Records

- Obtain insurance and/or maintenance/repair records and identify assets that may be leased
- For those assets identified, review agreements and determine if they are leases (GASB 87), PPP (GASB 94), or SBITA (GASB 96).

### Example Documentation to Maintain

- If there are computer generated reports, a download of all current equipment or repairs in the past year as well as if each item is applicable to GASB 87, 94, or 96
- If the records are paper, maintain documentation on when the records were reviewed and by whom.

## 7. Interview Agency Staff

- Conduct interviews or survey agency staff who can identify leases, PPP or SBITA in the following business functions:
  - Real Estate Team - Land, buildings, warehouses
  - Operations Team - Fleet Management, vehicles, other equipment
  - IT Team - Subscription IT arrangements, software, data centers (and equipment), computers, phones, printers, photocopiers, servers
  - General, Administrative, Finance Team - Watercoolers, miscellaneous leases, accounts payable

### Example Documentation to Maintain

- Each interview should be documented with the names of the interviewer and interviewee, the applicable job titles, date of interview and questions asked as well as answers provided.

## 8. Other

- Perform other actions as needed to identify agreements.

Receivables (Leases or PPP; SBITA does not apply to Receivables)

The following steps must be completed to ensure the entire population of leases (GASB 87) and PPPs (GASB 94) are identified.

**1. Review [Open Book New York](#)**

- Search all active Agreements listed for your agency
- Review and determine if the agreements meet the definition of leases (GASB 87) or a PPP (GASB 94).

**2. Customer List**

- Obtain a current customer list from accounts receivable
- Based on your agency's governmental purpose remove customers that do not relate to GASB 87, or 94. Mark to exclude from further investigation
- Review the remaining customers and identify which customers could be in the business of procuring leasing, procuring other types of subscription-based services, or providing public services
- Review agreements with the identified customers and determine if they are leases (GASB 87), or PPPs (GASB 94)

**3. Recurring Revenues/Receipts**

- Obtain a report from accounts receivable and identify recurring receipts (monthly, quarterly, semi-annually, and annually)
- Identify the recurring receipts from customers that may be leases or agreements for providing public services
- Review agreements with the identified customers and determine if they are leases (GASB 87), or PPP (GASB 94).

**4. SFS Search – Revenue Account Codes**

- Search SFS for receipt and journal entry transactions that contain revenue account codes with “Lease” or “Rent” in the name. Examples included in table below
- Trace the receipt and journal entry detail back to the source document and determine if source is a lease agreement (GASB 87)

<b>Account Code</b>	<b>Description</b>
32301	Rentals - Dormitory Room
32302	Rentals - Room Deposits
32303	Rentals - Building Lease
32304	Rentals - Land
32305	Rentals - Facilities
32306	Rentals - Easements

**5. SFS Search – Memo Line/Journal Description**

- For the past 18 months, search journal entry memo lines that include words such as “rent”, “lease”, “sublet”.
- Review the journal entry and determine if it relates to an agreement that is a lease (GASB 87), or a PPP (GASB 94).

**6. Insurance and Maintenance/Repair Records**

- Obtain insurance and/or maintenance/repair records and identify assets that may be leased to another entity.
- For those assets identified, review agreements and determine if they are leases (GASB 87), or PPP (GASB 94)

**7. Interview Agency Staff**

- Conduct interviews or survey Agency staff who can identify leases or PPPs in the following business functions:
  - Real Estate Team - Land, buildings, warehouses
  - Operations Team - Fleet Management, vehicles, other equipment
  - IT Team - Subscription IT arrangements, data centers (and equipment), computers, phones, printers, photocopiers, servers
  - General, Administrative, Finance Team - Watercoolers, miscellaneous leases, Accounts Receivable

**8. Other**

- Perform other actions as needed to identify agreements.