



Financial Reporting Updates

Accounting Policy Meeting
Aug. 18, 2022

Financial Reporting Section
Fiscal Management Division



Agenda and Presenters

Fiscal 2022 Mileage Rate Increase/COVID-19 Travel Reminders/Four-per-car Rule

Presenter: Shannon Ybarra
expenditure assistance program specialist

Warrant Hold/Processing Third-Party Transactions in USAS/Appropriation Year Determination

Presenter: James Talbert
expenditure assistance program specialist

AFR Deadlines and Submission Requirements/DAFR Reports/Submission Requirements/AFR Web Applications/Notes to the Financial Statements

Presenter: Lisa Parks
financial reporting analyst

AFR Ad Hoc Report Review/Common AFR Issues to Avoid

Presenter: Megan Toliver
financial reporting analyst

Fraud Awareness/Payment Processing Tips

Presenter: Valerie Davis
payment services program specialist

Questions/Adjournment

Presenter: Lawrence Koonce, Shannon Ybarra, James Talbert, Lisa Parks, Megan Toliver, Valerie Davis
fiscal management staff

Being Informed on FMX



Resources

- [FMX](#) — Fiscal Management's website
 - ❖ FMX Quick Links flyout menu
- [FMXtra](#) — Fiscal Management's weekly e-newsletter
 - ❖ How to subscribe
- [Accounting Policy Meetings](#) webpage
 - ❖ Agenda
 - ❖ Handout
 - ❖ Q&A's



Fiscal 2022 Mileage Rate Increase

Maximum State Mileage Reimbursement Rate

- IRS increased Standard Mileage Rate from 58.5 cents per mile to 62.5 cents per mile.
- Effective July 1 – Dec. 31, 2022.

See [Current Rates](#) on TexTravel for more information.

COVID-19 Travel Reminders



COVID-19 Scenarios

- Contracting COVID-19 while in travel status.
- COVID-19 quarantine travel insurance.
- Area outbreaks of COVID-19 and cancellations charges.



Four-per-car Rule

Use of Single Motor Vehicle by Multiple Employees

- When employees from the same agency travel on the same dates with the same itinerary, only one employee may be reimbursed for mileage.
See [Texas Government Code, Section 660.044](#).
- Four or fewer employees — only one employee may be reimbursed for mileage.
- Greater than four employees — only one out of every four employees may be reimbursed for mileage.

Warrant Hold



Verifying Vendor Warrant Hold Status

Contracting with persons who have certain debts or delinquencies requires agencies to verify the person's warrant hold status no earlier than the seventh day before and no later than the day of contract execution.

See [Texas Government Code, Section 2252.903](#).

- Local funds — these payments are not made through USAS; therefore, the automated warrant hold check is not in effect.
- Payment card purchases over \$500.



Warrant Hold (Cont.)

Updated Warrant Hold information on Expendit

- [Restricted Expenditures – Persons Indebted to the State](#)
- [State of Texas Procurement and Contract Management Guide, Version 2.1](#)

Note: The *State of Texas Procurement and Contract Management Guide* is not scheduled for an immediate update. Contact the [Statewide Procurement Division](#) for further clarification.

- For information on purchasing policy, contact the Expenditure Assistance section:
 - ❖ (512) 475-0966
 - ❖ expenditure.assistance@cpa.texas.gov
- For assistance with checking hold status on a vendor, call the Payment Services Help Desk at 512-936-8138.



Processing Third-Party Transactions in USAS

A third-party transaction occurs when the payment recipient is not the payee associated with the transaction. For more information, see [Processing Third-Party Transactions in USAS for Payment/Travel Cards, Direct Bill Payments and Reimbursements \(FPP A.043\)](#) (login required).

Payments to Citibank

- Payment Card (P-card)
- Central Billed Account (CBA) Travel Card
- Corporate Liability Individual Billed Account (CLIBA) Travel Card
- Virtual Card Account (VCA)
 - ❖ Control
 - ❖ Flexibility
 - ❖ Enhanced Data Elements
 - ❖ Each virtual card number requested can be appended with additional data elements at the time of the request (for example: traveler name, date of travel and spending category).

Processing Third-Party Transactions in USAS (Cont.)



T-Code Pairings

When making payments on the following credit cards, agencies **must** use T-code pairing **264/905**:

- P-Card
- CBA Travel Card
- Virtual Card
- CLIBA Travel Card



Appropriation Year Determination

Types of Purchases

The appropriation year (AY) assigned to a payment depends on the type of purchase being made:

- Consumables
- Services
- Capital assets
- Mixed purchases

Exceptions to AY Determination Rules

- Seminars and conferences
- Internet connection, periodical subscriptions, maintenance contracts, PO box rentals, and insurance
- Utility services
- Non-appropriated funds
- Grant payments
- Moving and tenant finish-out costs

See [eXpendit](#) for additional information and examples.

AFR Deadlines & Submission Requirements



Resources

See the **Reporting Requirements for the Annual Financial Reports (for State Agencies and Universities)** website more information:

- [Highlights](#)
- [Deadlines](#)
- [AFR Submission Method](#)
- [Submission Requirements](#)
- [Ordering USAS Financial Reports](#)

AFR Deadlines & Submission Requirements (Cont.)



GR Consolidated Agencies and Full Reporting Agencies

- Each GR Consolidated Agency (GCA) produces its AFR reporting smaller dollar amounts and less complex fund structures. They also do not report any federal funding.
- Each Full Reporting Agency (FRA) produces its AFR reporting larger dollar amounts and more complex fund structures such as proprietary funds, which require the submission of a statement of cash flows. FRA's also report federal funding.
- Discretely presented component units are classified as an FRA but are not required to submit a statement of cash flows.

For the list of agencies, see:

- [List of GR Consolidated Agencies](#)
- [List of Full Reporting Agencies](#)

AFR Deadlines & Submission Requirements (Cont.)



GR Consolidated Agencies and Full Reporting Agencies (cont.)

Each GCA is responsible for:

- Making any necessary entries to ensure USAS accurately reflects the agency's financial position.
- Completing the [GCA Closing Package \(Excel file\)](#).
- Submitting the GCA Closing Package to frs@cpa.texas.gov by close of business on Sept. 15.
- Entering all applicable notes and schedules and certifying through the various AFR web applications.

For more information, see the submission requirements for [GR Consolidated Agencies](#).

AFR Deadlines & Submission Requirements (Cont.)



GR Consolidated Agencies and Full Reporting Agencies (cont.)

Each FRA is responsible for:

- Making any necessary entries to ensure USAS accurately reflects the agency's financial position.
- Submitting all applicable notes and schedules and certifying through the various AFR web applications.
- Perform fluctuation analysis and provide explanations for why variances occurred.
- Submitting completed AFR by Nov. 20.
- Submitting independent auditor's financial report by Dec. 20 (if applicable).

For more information, see the Submission Requirements for [Full Reporting Agencies](#).



Important Deadlines

GR Consolidated Agency Deadlines

Submission Requirement	Deadline
SPTR initial certification	09/01/22
Note 3, USAS entries	09/14/22
Email GCA Closing Package	09/15/22
Interfund activities entered in USAS	09/26/22
SPTR final certification	09/28/22
Binding Encumbrances	09/30/22
All AFR web application certifications	10/01/22
Global Certification via ANRC	10/15/22

For more information, see [All GR Consolidate Agency Deadlines](#).



Important Deadlines (Cont.)

Full Reporting Agency Deadlines

Submission Requirement	Deadline
SEFA and SPTR pass-through initial certifications	09/01/22
Note 3, USAS entries	09/14/22
Interfund activities entered in USAS	09/26/22
SEFA and SPTR pass-through final certifications	09/28/22
CANSS certification - agencies	10/20/22
Binding Encumbrances	10/30/22
Federal Schedule final certification (SEFA) and GR Reconciliation	11/01/22
CANSS certification – consolidated university systems	11/01/22
All AFR web application certifications	11/20/22

For more information, see [Full Reporting Agency Deadlines](#).



Submission Requirements

AFR Submission Methods

Receiving Agencies	Submission Method
Comptroller of Public Accounts	Email e-copy to: frs@cpa.texas.gov
State Auditor's office	Email e-copy to: submitreports@sao.texas.gov
Governor's office	Email e-copy to: BudgetandPolicyReports@gov.texas.gov
Legislative Budget Board	Login at docs.lbb.state.tx.us .
Legislative Reference Library	Email e-copy to: lrլ.techservices@lrլ.texas.gov Submit hard copy via mail.
Texas State Library	Email e-copy to: ref@tsl.texas.gov
Texas Higher Education Coordinating Board (for Institutions of Higher Education Only)	Login at: https://www2.thecb.state.tx.us

For more information, see [AFR Submission Method](#).

DAFR Reports



Requesting DAFR Reports

- Fiscal year financial reports can be requested daily.
- Use USAS Report Request Profile (91) screen to order DAFR's.
- The special selection fields on the USAS Report Request Profile (91) screen control the reporting options:
 - ❖ Use the SPEC SEL 1 field to generate reports by GAAP fund or a range of GAAP funds.
 - ❖ Use the SPEC SEL 2 field to generate reports by GAAP fund type or a range of GAAP fund types
- Informational Screens:
 - ❖ USAS Report Control Profile (D64) screen
 - ❖ USAS News/Help Table (90) screen

For more information, see [Ordering USAS Financial Reports](#).

DAFR Reports (Cont.)

Report Numbers



- Balance Sheet:
 - ❖ DAFR8580 Balance Sheet – Governmental and Proprietary Fund Types (FFS)
 - ❖ DAFR8581 Statement of Net Position – Balance Sheet Format (GWFS).
- Statement of Net Position:
 - ❖ DAFR8585 Statement of Net Position – Net Position Format Operating Statement Reports
 - ❖ DAFR8590 Operating Statement – Governmental
 - ❖ DAFR8600 Operating Statement – Proprietary
- Statement of Changes in Fiduciary Net Position:
 - ❖ DAFR8605 Statement of Changes in Fiduciary Net Position



DAFR Reports (Cont.)

Report Numbers (Cont.)

- Interfund/Interagency Activity:
 - ❖ DAFR8910 Interfund/Interagency Activity
- Detailed Trial Balance:
 - ❖ DAFR8920 General Ledger Fund Detail Trial Balance
 - ❖ DAFR8930 General Ledger Detail
- Other Reports:
 - ❖ DAFR8660 Fund Cash History by Agency including Shared Funds
 - ❖ DAFR8680 Detail Account Activity by Fund
 - ❖ DAFR8690 Statement of Changes in Assets and Liabilities
 - ❖ DAFR8700 Cost Allocation General Ledger Expenditures by AY, Index and PCA
 - ❖ DAFR8960 Professional Fee and Services

For more information, see [Ordering USAS Financial Reports](#).



AFR Web Applications

Web Application	Security Coordinator's Application Security Code
ACFR Note Reporting & Certification	ANRC
Bond Reporting System	BRS
Capital Asset Note Submission System	CANSS
Component Unit & Related Organizations	CURO
Deposit and Investment Note Submission System	DINSS
General Revenue Reconciliation	GR Recon
Lease Note Submission System	LNSS
Long-Term Liability Note	LTLN
Other Notes and Disclosures	ONDSS
Restatement Note Submission System	RNSS
Schedule of Expenditures of Federal Awards	SEFA
State Pass-Through Reporting	SPTR
Statement of Cash Flows	SOCF

For more information, see [Annual Financial Report Web Applications](#).

AFR Web Applications (Cont.)

Tips and Reminders



- Submit a certification for all web applications by due date, even if there is no activity.

Note: Exception: SEFA – no certification required if no activity.

- Contact your agency's security coordinator to request access to AFR web applications.

Note: Use the four-character [Security Coordinator's Application Security Code](#) specific to the web application.

- Request access for each agency number you are reporting.
- Login using your User ID (ACID) and USAS password.
- Reminder — ANRC has 3 certifications: Disclosure, USAS and Global.

For more information, see the [Annual Financial Report Web Applications](#) page.



Notes to the Financial Statements

Formatting and Submissions

- Each Note is a separate Microsoft Word document.
 - ❖ Include the note number, note name, agency number and agency name as a header on each note.
 - ❖ Do not submit stand-alone Excel spreadsheets. Incorporate them into the Word document as tables.
- If a Note does not apply to your agency, do not submit a Note to indicate "not applicable."
- The Notes, reports and disclosures are your agency's official submission that are used in the ACFR process.

For more information, see the [Instructions for the ONDSS Web Application](#).



Notes to the Financial Statements (Cont.)

Formatting and Submissions (cont.)

To reduce the number of disclosures in the agency's AFR report:

- Do not repeat the accounting policy on [Employee's Compensable Leave](#) in [Note 5](#) if that policy is already stated in [Note 1](#).
- Do not repeat information in [Note 6](#) if it is already presented in the bond schedules.
- [Note 3](#) is not applicable if the agency does not have investments carried on the balance sheet and all the agency's cash is deposited in the state's Treasury.

Note: The Note 3 disclosure **is required** by the agency if the agency has any cash or investments held in a local bank.

For more information, see the [Notes to the Financial Statements](#).



AFR Ad Hoc Review Reports

AFR reports are electronically transmitted **daily** to each agency:

- Sept. 2 through Nov. 20
- Available via secure file transfer protocol (SFTP)
 - ❖ Sent with DAFR reports
 - ❖ Located behind Ad Hoc reports banner page (cover page)
- Reports display exceptions that must be corrected during AFR preparation.

Note: Most reports tie to the [GR Reconciliation](#).

- Each report contains a footer explaining its purpose.
- For a list of reports, see the [AFR Ad Hoc Review Reports](#).



AFR Ad Hoc Review Reports (Cont.)

Reports are manually generated each weekday afternoon, rather than system-generated during nightly USAS cycle.

- Transactions entered into USAS **after 2 p.m.** may not appear on the Ad Hoc reports until two days later.

Example: A transaction entered at 2:30 p.m. on Monday may not appear on Tuesday's report – but it will appear on the report received on Wednesday.

- Each day's information is superseded on the next business day's report transmissions.

Note: Agencies may save or print their report transmissions.

- Contact your [financial reporting analyst](#) if you have questions about the Ad Hoc Review Reports.
- To have reports **retransmitted**:
 - ❖ Email the Comptroller's Help Desk at: Help.Desk@cpa.texas.gov
 - ❖ Call the Comptroller's Help Desk: (512) 463-HELP (4357)



Common AFR Issues to Avoid

AFR Web Application Certifications

ALL agencies are required to submit a certification within each web application by the applicable due dates – **even if there is no activity**.

Exception: No certification is required in SEFA if there is no activity.

Note Submissions

- Do **NOT** submit a note to indicate “not applicable.”
- Only upload notes with information.



Common AFR Issues to Avoid (Cont.)

Agency Fiscal Year-End USAS Adjustments and AFR Checklist

The [AFR Checklist](#) is located within the right-hand toolbox menu, under the **Resources** section on the Reporting Requirements website.

- Within the checklist menu, items expand (once selected) displaying each step individually.
- When **Step 8 – Notes to the Financial Statements** is selected, you will see links across the top of the page to navigate to each Note's checklist individually.

Recommendation: Use menu options to focus on one section at a time. Viewing the entire checklist at once may be overwhelming.



Common AFR Issues to Avoid (Cont.)

Agency Fiscal Year-End USAS Adjustments and AFR Checklist (Cont.)

➤ Step 1 – General Cleanup.

Note: Eliminate system clearing. System clearing GL 9999 and basis conversion GL 9992 must equal zero at the D23 fund level.

➤ Step 2 – Review USAS Balances:

- ❖ Verify that appropriated fund 0001 and appropriated fund 0882 do not report cash in state treasury (CIST).
- ❖ Review suspense funds to ensure that all activity nets to \$0 at the GAAP source/object level and the GAAP fund level.
- ❖ Ensure there are no back-out not applicable (BONA) revenues or expenditures at the GAAP source/object level.

➤ Step 3 (*completion required, but no common issues to discuss*)



Common AFR Issues to Avoid (Cont.)

Agency Fiscal Year-End USAS Adjustments and AFR Checklist (Cont.)

➤ Step 4 – Interagency Activity

- ❖ Coordinate amounts and make entries into USAS for interagency activity with other agencies **before Sept. 26.**

Note: See the [Interfund Activity Confirmation Form](#).

- ❖ Review pass through activity balances using the [FMQuery–SIRS](#) AFR Desk Review and running the reports located in the SEFA / SPTR drop-down menu.

➤ Steps 5 – 7 (*completion required, but no common issues to discuss*)



Common AFR Issues to Avoid (Cont.)

Agency Fiscal Year-End USAS Adjustments and AFR Checklist (Cont.)

- Step 8 – Notes to the Financial Statements
 - ❖ Submit copies of the agency's applicable notes from its published AFR through the ONDSS web application.
 - ❖ Also submit through certain AFR web applications, if applicable.

Reminder: Do **not** submit a note to indicate “not applicable.”

- Steps 9 – 11 (*completion required, but no common issues to discuss*)
- Step 12 – Verify DAFRs and Complete AFR.
 - ❖ Clear IT file of any transactions with an effective date prior to Sept. 1, 20CY.
 - ❖ FRAs **must** complete a fluctuation analysis and upload to ONDSS.

Note: GCA are **not** required to prepare or submit a fluctuation analysis.

Fraud Awareness



Direct Deposit and Fraud Resources

See FMX's **TexPayment Resource** for information on direct deposit and how to avoid fraud:

- [Introduction to Direct Deposit](#)
- [Fraud Prevention Recommendations](#) — contains processes to assist with reducing security risks and several fraud prevention flyers available for download.
- [New Fraud Detection Process for Direct Deposit Payments](#) — the Comptroller's process and steps agencies can take for fraud detection.
- [FMXtra](#) — Fiscal Management's weekly e-newsletter.



Fraud Awareness (Cont.)

Don't Be a Target of Fraud

➤ Know Your Customers:

- ❖ Know the details about your payees (including name, address, telephone number, account information, contract requirements and payment schedule).
- ❖ Maintain up-to-date records.
- ❖ Have a good working relationship with your payees.

➤ Be Attentive to Changes:

- ❖ Confirm any requests for bank account changes with payees or with your regular contacts for payments.
- ❖ Be wary of requests from someone other than your usual point of contact.
- ❖ Question any out-of-the-ordinary items from internal or external sources when working on daily reports and/or direct deposit summaries.
- ❖ Take note of a payee who requests multiple direct deposit changes within a narrow timespan.



Fraud Awareness (Cont.)

Don't Be a Target of Fraud (Cont.)

Use system reports to your advantage:

- System output reports are generated daily for payment processing staff.
- These reports are available for agencies to download. Among the topics included are:
 - ❖ Setups and changes to direct deposit information
 - ❖ Unprocessed transactions

Note: Agencies should use these reports to monitor input, ensure proper processing and help detect internal and external fraud.



Payment Processing Tips

- Follow written procedures.
- Perform quality control.
- Validate invoices against contract terms.
- Review system reports daily.
- Research the vendor/payee in TINS before issuing payment.
- Confirm direct deposit changes.
- Be wary of emails with changes to direct deposit.

Questions?



If you have questions, contact your agency's:

- [financial reporting analyst](#)
- [purchase and travel contact](#)
- [payment/TINS contact](#)