

Financial Reporting Updates

Accounting Policy Meeting June 13, 2024

Financial Reporting Section
Fiscal Management Division

Agenda and Presenters



General Revenue Reconciliation Process

Presenter: Shelly Arnold

CPA and special projects analyst

State Pass-Through Reporting (SPTR) Web Application

Presenter: David Haecker

financial reporting supervisor

Schedule of Expenditures of Federal Awards (SEFA) Web Application

Presenter: Irma Toth & Dina Fletcher

financial reporting analysts

Miscellaneous Updates

Presenter: David Haecker

financial reporting supervisor

Questions/Adjournment

Presenters: Financial Reporting & Appropriation Control sections

Being Informed on FMX



Resources

- > FMX —Fiscal Management's website
 - What's New? on FMX (available on the home page and topic pages).
 FMX's "What's New" Archive tab includes everything that's been posted to What's New? for the past two years so you never have to worry about missing something.
 - FMX Quick Links flyout menu shortcuts.
- FMXtra Fiscal Management's weekly FMXtra e-newsletter. Sign up or Manage your FMXtra subscription and stay up-to-date on policies, procedures and other important information from Fiscal Management.
- > Accounting Policy Meetings, each including:
 - Registration (to attend meetings via Webex)
 - o Agenda
 - Meeting Materials (PDF)
 - Q&A's (posted a month or so after the meeting, if applicable.)
- Reporting Requirements for the Annual Financial Reports of State Agencies and Universities (FPP A.036)

General Revenue Reconciliation Process



What's Not Changing?

The general revenue (GR) reconciliation process:

- > Must tie to the GR reports
- Must return payroll benefits by Oct. 31, 2024 (preferably by Oct. 1, 2024)
- Must transfer unappropriated cash (per statute) to agency 902 before Aug. 31, 2024
- The Calculation I (balance sheet) and the Calculation II (operating statement) must net to \$0

General Revenue Reconciliation Process (Cont.)

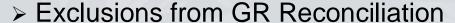


What's Changing?

- > Initial Year Reconciliation
 - Three-way reconciliation between the:
 - Prior year GR201A report
 - Current year GR201A report
 - General Revenue Reconcilition web application
 - Some agencies may need a "restatement" to general ledger
 (GL) 9000 Legislative Appropriations
 - Restatements caused by old appropriation year appropriations (pre-2018) being included in the balance (clean-up underway)
 - ❖ Adjust any "restatements" through revenues
 - Restatements do not carry through to the State of Texas Annual Comprehensive Financial Report (ACFR)
 - GL 9000 is not an ACFR account

General Revenue Reconciliation Process (Cont.)



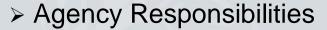


- ❖ Benefit Replacement Pay (BRP) current balances statewide (as of June 3, 2024) = \$1,046,598.90
 - Immaterial to the sum of GL 9000 statewide
 - Tracked each fiscal year by the Appropriation Control and Financial Reporting sections, to verify APPN transfers were made
- Salary Longevity occurs infrequently
 - Tracked each fiscal year by the Appropriation Control and Financial Reporting sections, to verify APPN transfers were made
 - Payroll benefit, falls under unappropriated strategy



General Revenue Reconciliation Process (Cont.)





- ❖ Reconciliation/adjusting entries (for full reporting agencies and institutions of higher eucation) begins the first week of September and continues through October.
- Worksheet analysis in Workiva may be requested through the agency's assigned financial reporting analyst
- Agencies are not required to process reconciliation/adjusting entries



SPTR Web Application

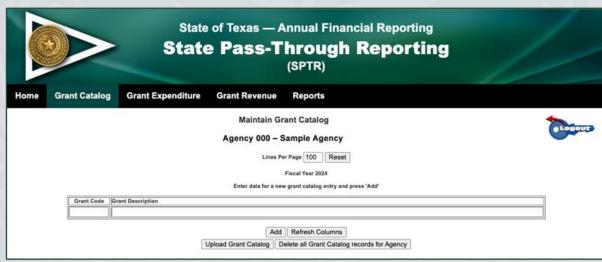


SPTR Resources

- Instructions for the SPTR Web Application
- > State Pass-Through Reporting (SPTR) web application.

Grant Catalog (previously "Grants Master List")

Agency users can manually make grant entries to the Grant Catalog in SPTR without assistance from the Comptoller's financial reporting analysts.

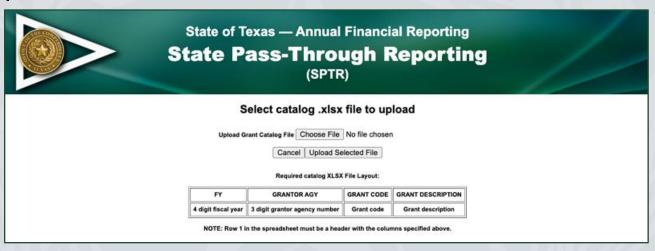


To make grant entries manually:

- 1. Log into SPTR.
- 2. Select the **Grant Catalog** tab.
- 3. Complete the Grant Code and Grant Description fields
- 4. Select Add.

Grant Catalog (Cont.)

Grant entries can also be entered using the batch entry process.



To make grant entries using batch entry:

- 1. Prepare an excel document (".xlsx" format).
- 2. Log into SPTR.
- 3. Select the **Grant Catalog** tab.
- 4. Select Upload Grant Catalog.
- 5. Select Choose File.
- 6. Route to your prepared excel document (.xlsx format).
- 7. Select Open.
- 8. In SPTR, select **Upload Selected File**.

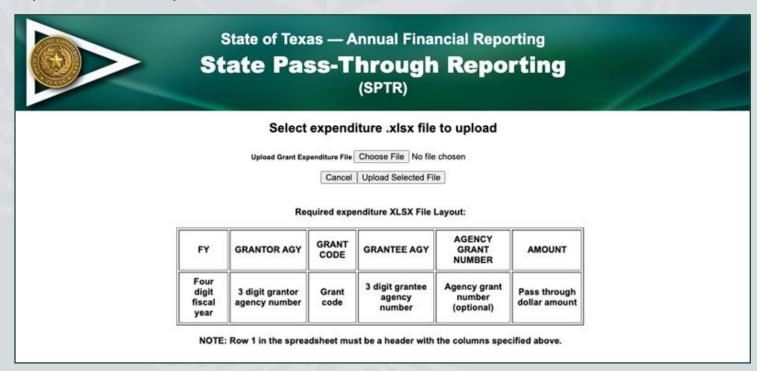








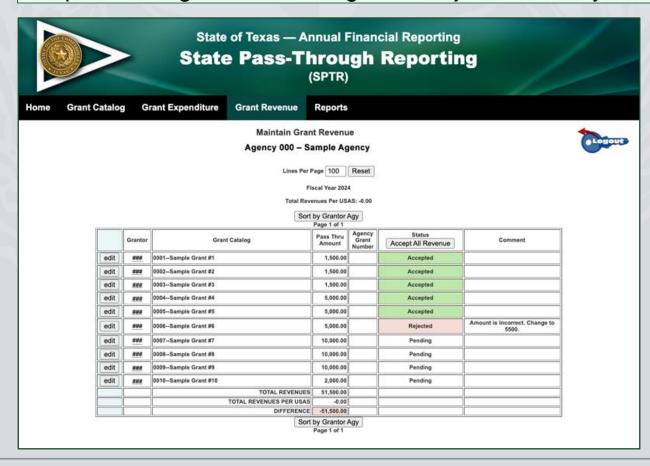
- Grantor agencies are required to enter their grant expenditures before grantee agencies can either *Accept* or *Reject* the pass-through amounts in SPTR.
- Grant expenditures can be entered (either manually or with the batch entry process) by uploading excel file(s) (.xlsx format) in SPTR.





Grantee agencies no longer enter revenues in SPTR. Grantees either Accept or Reject pass-through amounts entered by grantor agencies.

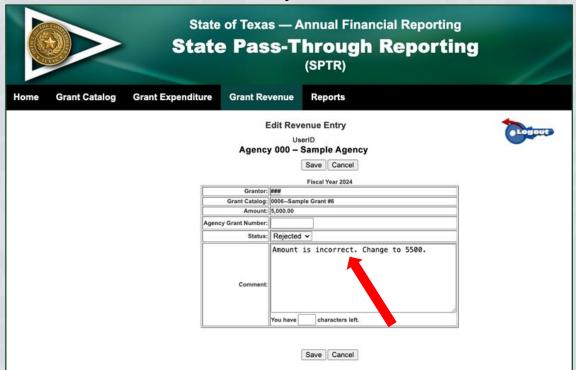
Note: If a grantee is not in agreement with the grantor regarding the pass-through amount, the grantee rejects the entry.







- > For all rejections, the grantee is required to enter a brief comment that provides a reason for the rejection.
 - Select Edit on Maintain Grant Revenue screen. The Edit Revenue Entry screen displays.
 - 2. Enter the reason for the rejection in the COMMENT field.



- 3. Slect Save.
- 4. Grantees must communicate with the grantor in order to come to a resolution.





SPTR Certification

- > There is no longer an *Initial Certification* in SPTR.
- > The deadline for **SPTR Certification** is Sept. 28.
- > Enter all grant expenditures SPTR.
- > In order for agencies to certify in SPTR:
 - All grant revenues must have a status of Accepted.
 - SPTR and USAS must reconcile.
- Agencies that miss the SPTR certification deadline (and agencies that require a SPTR override due to Intra-System Transfers) must contact the financial reporting SPTR analyst in order for SPTR to be certified on behalf of the agency.

Contact: Felicia Jones (the new SPTR analyst for fiscal 2024)

Email: felicia.jones@cpa.texas.gov

Phone: (512) 463-0789

SEFA Web Application



Schedule of Expenditures of Federal Awards (SEFA) Web Application

- Agencies must report federal financial assistance expended directly from federal agencies and/or indirectly from pass-through entities.
- > On the AFR website:
 - See <u>Schedule of Expenditures of Federal Awards (SEFA)</u> for detailed reporting requirements for SEFA.
 - ❖ Select <u>AFR Web Applications</u> in the right-hand toolbox menu to access *Annual Financial Report Web Applications* page, where you can choose to open either the SEFA Web Application or the SEFA Instructions.

> **SEFA Timeline**

Date	Description
Sept. 1	Initial Certification
Sept. 19-27	Interagency Federal Pass-Through Reconciliation
Sept. 28	Pass-Through Certification
Nov. 1	Final Certification



SEFA Required Data

- ➤ See <u>SEFA Required Data</u> on the AFR website.
- ➤ Identify all federal assistance received by the federal grantor agency by the federal program.
- Categorize all federal assistance received as either *Direct* programs or *Pass-Through From* programs.
- > Categorize all federal assistance expended as either:
 - ❖ Expenditures –OR–
 - Pass-Through To expenditures



Full Reporting Agencies

The SEFA full reporting agency (FRA) is responsible for:

- Supporting agencies with SEFA additions, issues and reporting.
- Completing various reports, including agency input to provide variance explanations.
- Submitting all applicable notes and reports to the State Auditor's office (SAO) for audit.
- Updating enties in the SEFA web application regarding any SAO audit adjustments.
- > Submitting the final SEFA report to the:
 - ❖ SAO (by Feb. 15).
 - Federal Audit Clearinghouse (FAC)



Updates to SEFA Notes

- > Notes to SEFA on the AFR website.
- Office of Federal Financial Management
 (Federal Compliance Supplement) Issued May 2024
 (2 CFR Part 200, Appendix XI).
- ➤ Note 3: Student Loans
- Note 8: Disaster Grants Public Assistance (Presidentially Declared Disasters) (ALN 97.036) includes:
 - List official FEMA declared disasters
 - Prior year project expenditures approved by FEMA in current fiscal year.
- Email <u>sefa.texas@cpa.texas.gov</u> to add new FEMA disaster declarations.



Unique Entity ID (UEI) Number

- Before applying for a federal award, each agency must use its UEI number to register to do business with the federal government.
- Agencies may register on <u>SAM.gov</u> for a new UEI or to update/reactivate an esisting UEI. before applying for a federal award. Registration is free.
- > Agencies must maintain an active SAM.gov registration status while the federal award is active.
- ➤ If the agency is only reporting as a sub-awardee, complete registration may not be required. See <u>SAM.gov</u> for instructions on obtaining and registering the agency's UEI number.
- > The agency's UEI number does not expire however, all registered UEI numbers require annual renewal.
- ➤ The agency's UEI is required for final SEFA certification and Federal Funding Accountability and Transparency Act (FFATA) reporting.

Note: The *Activity registration* is required if the agency receives direct federal funds. Additionally, this allows the agency to bid on federal awards as a prime awardee.



Non-State Entity

A non-state entity (NSE) is a local government, non-profit organization or a for-profit organization that receives federal (financial) assistance from a state agency or provides federal funding to state agencies.

- ➤ NSE's that conduct business with a state agency must have an *Assistance Listing Number* (ALN) listed on the contract or notice of grant award.
- Federal awards expended as a prime recipient or a subrecipient are subject to audit.
- > NSE's must have a UEI for FFATA reporting.

Note: The payments received for goods or services provided as a contractor are not considered federal awards and are not reported in SEFA.

For more information, see <u>Distinguishing between</u> <u>Subrecipients and Contractors (Vendors)</u>.



Generic Assistance Listing Numbers

Assistance Listing Numbers (ALNs) are the federal grantor agency's 2-digit prefix followed by a period and three zeroes.

- > Verify your agency's ALNs are listed in SAM.gov.
- ➤ If the federal program number is unknown, contact the federal grantor agency and request the ALN.
- ➤ If an ALN is not assigned (or your agency can't obtain it), the agency may use the generic ALN as an alternative option.

Note: Use of generic ALNs may result in an audit finding.

For more information, see the AFR website's <u>Data Elements</u> page.



Common SEFA Errors

The most common reasons for errors occurring in SEFA:

- > Amounts between state agencies do **not** match for:
 - Pass-through amounts
 - Special indicators for Research and Development (R&D) and COVID
 - USAS accruals the receiving agency determines the accrual amounts

Note: For more information, see the AFR website's <u>Step 10.</u> <u>SEFA Agency Pass-Through Reconciliation</u>.

- > Discrepancies between SEFA Notes and Schedule.
- > Discrepancies between SEFA web application and USAS.
- > Note 2 is not reconciled.
- > Reporting service contracts.
- > Not reporting expenditures for grant awards state agency classified as service contracts.





- > SEFA certification errors Notes requiring entry:
 - ❖ Note 2: Reconciliation
 - Note 8: Disaster Grants Public Assistance (Presidentially Declared Disasters) (ALN 97.036)
 - ❖ Note 9: Economic Adjustment Assistance (ALN 11.307)
 - ❖ Note 10: 10% de Minimis Indirect Cost Rate
 - ❖ Note 11: Donations from Federal Assistance
- SEFA Notes verification:
 - ❖ Reviewing Verification C NSE Information and ID Number



Potential State Auditor Findings

The following SEFA items may lead to State Auditor's office audit findings if your agency:

- Reported expenditures in SEFA outside of the current fiscal year.
- Reported incorrect reconciling items in Note 2.
- Has classification of expenditure errors between direct vs. pass-through.
- Has incorrect classification of expenditures between federal programs.
- > Has incorrect classification of R&D and COVID funds.

If the State Auditor's office submits a SEFA adjustment to the Comptroller's office, the adjustment will most likely become an audit finding.



Additional Information

- > Contact your agency's **security coordinator** to request access to the SEFA web application.
- > Email <u>sefa.texas@cpa.texas.gov</u> to:
 - ❖ Report SEFA web application error message
 - Ask questions regarding SEFA
- > The SEFA report allows agencies to run by agency.

SEFA Resources

- > AFR website:
 - Annaul Financial Report Web Applications
 - Instructions for the SEFA Web Application
 - Definitions
- SAM.gov the System for Award Management (SAM)
- > Federal Funding Accountability and Transparency Act
- Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS)

Updating Agency Contacts



- See FMX's FM Contacts page.
- ➤ Use the Contact List Update Form to update agency personnel (located on right-hand side).
 - Each agency may update its contacts at any time.
 - Contacts designated as "Annual Financial Report (AFR)" and/or "Chief Financial Officer" will receive correspondence from the Comptroller's Financial Reporting section for financial reporting matters (such as GASB Questionnaires or web application certifications).
- ➤ Use the Contact Fiscal Management section (*located on upper left-hand area*) to locate Fiscal Management contacts specific to your agency by topic.

Upcoming Meetings



Scheduled Accounting Policy Meetings

- > Thursday, **July 18** (10 a.m.–12 p.m. CDT)
- > Thursday, **Aug. 15** (10 a.m.–12 p.m. CDT)

Attendees can choose to attend the currently scheduled Accounting Policy meetings one of two ways:

Attend in person at:

Barbara Jordan Building, Room 2.034
 1601 Congress Ave., Austin, TX 78701

Attend online by:

> Registering (via Webex) for each specific meeting date that is listed on FMX's Accounting Policy Meetings page.

Note: Webex registration for each meeting will be available approxiately two weeks prior to the meeting.

Questions?



- > For financial reporting questions, contact your agency's assigned <u>financial reporting</u> contact.
- > For appropriation questions, contact your agency's assigned appropriation control contact.