
This content is from the eCFR and is authoritative but unofficial.

Title 2 – Grants and Agreements

Subtitle A – Office of Management and Budget Guidance for Grants and Agreements

Chapter II – Office of Management and Budget Guidance

Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Subpart F – Audit Requirements

Auditees

Authority: 31 U.S.C. 503

Source: 78 FR 78608, Dec. 26, 2013, unless otherwise noted.

§ 200.508 Auditee responsibilities.

The auditee must:

- (a) Procure or otherwise arrange for the audit required by this part in accordance with § 200.509, and ensure it is properly performed and submitted when due in accordance with § 200.512.
- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.
- (c) Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with § 200.511(b) and (c), respectively.
- (d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

[78 FR 78608, Dec. 26, 2013, as amended at 85 FR 49572, Aug. 13, 2020]

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Authority: 31 U.S.C. 503

Source: 78 FR 78608, Dec. 26, 2013, unless otherwise noted.

§ 200.510 Financial statements.

- (a) **Financial statements.** The auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements must be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, non-Federal entity-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with § 200.514(a) and prepare separate financial statements.
- (b) **Schedule of expenditures of Federal awards.** The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:
- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
 - (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
 - (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
 - (4) Include the total amount provided to subrecipients from each Federal program.
 - (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014; 85 FR 49572, Aug. 13, 2020]

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Subpart F – Audit Requirements

Auditors

Authority: 31 U.S.C. 503

Source: 78 FR 78608, Dec. 26, 2013, unless otherwise noted.

§ 200.515 Audit reporting.

The auditor's report(s) may be in the form of either combined or separate reports and may be organized differently from the manner presented in this section. The auditor's report(s) must state that the audit was conducted in accordance with this part and include the following:

- (a) **Financial statements.** The auditor must determine and provide an opinion (or disclaimer of opinion) whether the financial statements of the auditee are presented fairly in all materials respects in accordance with generally accepted accounting principles (or a special purpose framework such as cash, modified cash, or regulatory as required by state law). The auditor must also decide whether the schedule of expenditures of Federal awards is stated fairly in all material respects in relation to the auditee's financial statements as a whole.
- (b) A report on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements. This report must describe the scope of testing of internal control and compliance and the results of the tests, and, where applicable, it will refer to the separate schedule of findings and questioned costs described in paragraph (d) of this section.
- (c) A report on compliance for each major program and a report on internal control over compliance. This report must describe the scope of testing of internal control over compliance, include an opinion or disclaimer of opinion as to whether the auditee complied with Federal statutes, regulations, and the terms and conditions of Federal awards which could have a direct and material effect on each major program and refer to the separate schedule of findings and questioned costs described in paragraph (d) of this section.
- (d) A schedule of findings and questioned costs which must include the following three components:
 - (1) A summary of the auditor's results, which must include:
 - (i) The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP (i.e., unmodified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);
 - (ii) Where applicable, a statement about whether significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements;

- (iii) A statement as to whether the audit disclosed any noncompliance that is material to the financial statements of the auditee;
 - (iv) Where applicable, a statement about whether significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit;
 - (v) The type of report the auditor issued on compliance for major programs (i.e., unmodified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);
 - (vi) A statement as to whether the audit disclosed any audit findings that the auditor is required to report under § 200.516(a);
 - (vii) An identification of major programs by listing each individual major program; however, in the case of a cluster of programs, only the cluster name as shown on the Schedule of Expenditures of Federal Awards is required;
 - (viii) The dollar threshold used to distinguish between Type A and Type B programs, as described in § 200.518(b)(1) or (3) when a recalculation of the Type A threshold is required for large loan or loan guarantees; and
 - (ix) A statement as to whether the auditee qualified as a low-risk auditee under § 200.520.
- (2) Findings relating to the financial statements which are required to be reported in accordance with GAGAS.
- (3) Findings and questioned costs for Federal awards which must include audit findings as defined in § 200.516(a).
- (i) Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud) that relate to the same issue must be presented as a single audit finding. Where practical, audit findings should be organized by Federal agency or pass-through entity.
 - (ii) Audit findings that relate to both the financial statements and Federal awards, as reported under paragraphs (d)(2) and (d)(3) of this section, respectively, must be reported in both sections of the schedule. However, the reporting in one section of the schedule may be in summary form with a reference to a detailed reporting in the other section of the schedule.
- (e) Nothing in this part precludes combining of the audit reporting required by this section with the reporting required by § 200.512(b) when allowed by GAGAS and appendix X to this part.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75887, Dec. 19, 2014; 85 FR 49574, Aug. 13, 2020]

AU-C Section 725

Supplementary Information in Relation to the Financial Statements as a Whole

(With SAS No. 118 supersedes SAS No. 29.)

Source: SAS No. 119; SAS No. 122; SAS No. 125; SAS No. 136; SAS No. 137; SAS No. 140.

See section 9725 for interpretations of this section.

Effective for audits of financial statements for periods beginning on or after December 15, 2010, unless otherwise indicated. Early application is permitted.

Introduction

Scope of This Section

.01 This section addresses the auditor's responsibility when engaged to report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The information covered by this section is presented outside the basic financial statements and is not considered necessary for the financial statements to be fairly presented in accordance with the applicable financial reporting framework. This section also may be applied, with the report wording adapted as necessary, when an auditor has been engaged to report on whether required supplementary information¹ is fairly stated, in all material respects, in relation to the financial statements as a whole. When the auditor is performing an audit of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, applies. Accordingly, the requirements in paragraph .09 of this section are replaced by the requirements in section 703, for such audits only. (Ref: par. .A1–.A6) [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

Effective Date

.02 This section is effective for audits of financial statements for periods beginning on or after December 15, 2010. Early application is permitted.

Objective

.03 The objective of the auditor, when engaged to report on supplementary information in relation to the financial statements as a whole, is to

¹ Required supplementary information is defined in paragraph .04 of section 730, *Required Supplementary Information*. [Footnote revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

- a. evaluate the presentation of the supplementary information in relation to the financial statements as a whole and
- b. report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Definition

.04 For purposes of generally accepted auditing standards, the following term has the meaning attributed as follows:

Supplementary information. Information presented outside the basic financial statements, excluding required supplementary information that is not considered necessary for the financial statements to be fairly presented in accordance with the applicable financial reporting framework. Such information may be presented in a document containing the audited financial statements or separate from the financial statements. (Ref: par. .A7–.A8)

[Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

Requirements

Procedures to Determine Whether Supplementary Information Is Fairly Stated, in All Material Respects, in Relation to the Financial Statements as a Whole (Ref: par. .A9–.A15)

.05 In order to opine on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole, the auditor should determine that all of the following conditions are met:

- a. The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
- b. The supplementary information relates to the same period as the financial statements.
- c. The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion. (Paragraph .11 addresses reporting while not opining on supplementary information when the report on the financial statements contains an adverse opinion or a disclaimer of opinion.)
- d. The supplementary information will accompany the entity's audited financial statements, or such audited financial statements will be made readily available by the entity. (Ref: par. .A9)

[Revised, April 2012 and January 2013, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

.06 The auditor should obtain the agreement of management that it acknowledges and understands its responsibility

- a. for the preparation of the supplementary information in accordance with the applicable criteria.

- b. to provide the auditor with the written representations described in paragraph .07g.
- c. to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information.
- d. to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. (Ref: par. .A9)

.07 In addition to the procedures performed during the audit of the financial statements, in order to opine on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole, the auditor should perform the following procedures using the same materiality level used in the audit of the financial statements:

- a. Inquire of management about the purpose of the supplementary information and the criteria used by management to prepare the supplementary information, such as an applicable financial reporting framework, criteria established by a regulator, a contractual agreement, or other requirements
- b. Determine whether the form and content of the supplementary information complies with the applicable criteria
- c. Obtain an understanding about the methods of preparing the supplementary information and determine whether the methods of preparing the supplementary information have changed from those used in the prior period and, if the methods have changed, the reasons for such changes
- d. Compare and reconcile the supplementary information to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves
- e. Inquire of management about any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information
- f. Evaluate the appropriateness and completeness of the supplementary information, considering the results of the procedures performed and other knowledge obtained during the audit of the financial statements (Ref: par. .A13)
- g. Obtain written representations from management
 - i. that it acknowledges its responsibility for the presentation of the supplementary information in accordance with the applicable criteria;
 - ii. that it believes the supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria;
 - iii. that the methods of measurement or presentation have not changed from those used in the prior period or, if the methods of measurement or presentation have changed, the reasons for such changes;

- iv. about any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information; and
- v. that when the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. (Ref: par. .A9)

.08 The auditor has no responsibility for the consideration of subsequent events with respect to the supplementary information. However, if information comes to the auditor's attention

- a. prior to the release of the auditor's report on the financial statements regarding subsequent events that affect the financial statements, or
- b. subsequent to the release of the auditor's report on the financial statements regarding facts that, had they been known to the auditor at the date of the auditor's report, may have caused the auditor to revise the auditor's report,

the auditor should apply the relevant requirements in section 560, *Subsequent Events and Subsequently Discovered Facts*. [Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

Reporting

.09 When the entity presents the supplementary information with the financial statements, the auditor should report on the supplementary information in either (a) a separate section in the auditor's report on the financial statements with the heading "Supplementary Information," or other appropriate heading, or (b) in a separate report on the supplementary information.^[2] The supplementary information section in the auditor's report on the financial statements or separate report should include the following elements:

- a. A statement that the audit was conducted for the purpose of forming an opinion on the financial statements as a whole
- b. A statement that the supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements
- c. A statement that the supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements
- d. A statement that the supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and

^[2] [Footnote deleted by the issuance of SAS No. 140, April 2020.]

other additional procedures, in accordance with auditing standards generally accepted in the United States of America

- e. If the auditor issues an unmodified opinion on the financial statements and the auditor has concluded that the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole, a statement that, in the auditor's opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole
- f. If the auditor issues a qualified opinion on the financial statements and the qualification has an effect on the supplementary information, a statement that, in the auditor's opinion, except for the effects on the supplementary information of (refer to the paragraph in the auditor's report explaining the qualification), such information is fairly stated, in all material respects, in relation to the financial statements as a whole

[Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 140.]

.10 When the audited financial statements are not presented with the supplementary information, the auditor should report on the supplementary information in a separate report. When reporting separately on the supplementary information, the report should include, in addition to the elements in paragraph .09, a reference to the report on the financial statements, the date of that report, the nature of the opinion expressed on the financial statements, and any report modifications. (Ref: par. .A16)

.11 When the auditor's report on the audited financial statements contains an adverse opinion or a disclaimer of opinion and the auditor has been engaged to report on whether supplementary information is fairly stated, in all material respects, in relation to such financial statements as a whole, the auditor is precluded from expressing an opinion on the supplementary information. When permitted by law or regulation, the auditor may withdraw from the engagement to report on the supplementary information. If the auditor does not withdraw, the auditor's report on the supplementary information should state that because of the significance of the matter disclosed in the auditor's report, it is inappropriate to, and the auditor does not, express an opinion on the supplementary information.

.12 The date of the auditor's report on the supplementary information in relation to the financial statements as a whole should not be earlier than the date on which the auditor completed the procedures required in paragraph .07.

.13 If the auditor concludes, on the basis of the procedures performed, that the supplementary information is materially misstated in relation to the financial statements as a whole, the auditor should discuss the matter with management and propose appropriate revision of the supplementary information. If management does not revise the supplementary information, the auditor should either

- a. modify the auditor's opinion on the supplementary information and describe the misstatement in the auditor's report or
- b. if a separate report is being issued on the supplementary information, withhold the auditor's report on the supplementary information.

Application and Other Explanatory Material

Scope of This Section (Ref: par. .01)

.A1 The auditor's responsibility for information that a designated accounting standard setter³ requires to accompany an entity's basic financial statements is addressed in section 730, *Required Supplementary Information*. [Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

.A2 The auditor's responsibility relating to other information whether financial or nonfinancial information (other than the financial statements and the auditor's report thereon), included in an entity's annual report, excluding required supplementary information, is addressed in section 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. [Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 137.]

.A3 The supplementary information need not be presented with the audited financial statements in order for the auditor to express an opinion on whether such supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. However, in accordance with paragraph .10, if the supplementary information is not presented with the audited financial statements, the auditor's report on the supplementary information is required to make reference to the auditor's report on the financial statements.

.A4 The auditor may be engaged to audit a specified element, account, or item of a financial statement for the purpose of a separate presentation, in accordance with section 805, *Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement*. In such an engagement, the auditor's procedures are designed to provide the auditor with reasonable assurance that the supplementary information is not misstated by an amount that would be material to the information itself. An engagement to examine the supplementary information or an assertion related to the supplementary information also may be performed in accordance with AT-C section 205, *Examination Engagements*. [Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122. Revised, April 2017, to reflect conforming changes necessary due to the issuance of SSAE No. 18.]

.A5 Although an auditor has no obligation to apply auditing procedures to supplementary information presented outside the basic financial statements, the auditor may choose to modify or redirect certain of the procedures to be applied in the audit of the basic financial statements so that the auditor may express an opinion on the supplementary information in relation to the financial statements as a whole.

.A6 Management may include nonaccounting information and accounting information that is not directly related to the basic financial statements in a document containing the basic financial statements. Ordinarily, such information would not have been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, the auditor would be

³ *Designated accounting standards setter* is defined in paragraph .04 of section 730. [Footnote renumbered and revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

unable to opine on the information in relation to the financial statements as a whole. In some circumstances, however, such information may have been obtained or derived from accounting records that have been tested by the auditor (for example, number of units produced related to royalties under a license agreement or number of employees related to a given payroll period). Accordingly, the auditor may be in a position to express an opinion on such information in relation to the financial statements as a whole.

Definition (Ref: par. .04)

.A7 Supplementary information includes additional details or explanations of items in or related to the basic financial statements, consolidating information, historical summaries of items extracted from the basic financial statements, statistical data, and other material, some of which may be from sources outside the accounting system or outside the entity.

.A8 Supplementary information may be prepared in accordance with an applicable financial reporting framework, by regulatory or contractual requirements, in accordance with management's criteria, or in accordance with other requirements.

Procedures to Determine Whether Supplementary Information Is Fairly Stated, in All Material Respects, in Relation to the Financial Statements as a Whole (Ref: par. .05–.08)

The Meaning of Readily Available (Ref: par. .05e, .06d, and .07f)

.A9 Audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by the entity. For example, financial statements on an entity's website may be considered readily available, but being available upon request is not considered readily available.

Procedures Performed on Supplementary Information (Ref: par. .07)

.A10 When engaged to report on supplementary information in relation to the financial statements as a whole, the auditor need not apply procedures as extensive as would be necessary to express an opinion on the information on a stand-alone basis.

.A11 With respect to the supplementary information, the auditor is not required to obtain a separate understanding of the entity's internal control or to assess fraud risk.

.A12 The auditor may consider materiality in determining which information to compare and reconcile to the underlying accounting and other records used in preparing the financial statements or to the financial statements themselves.

.A13 In evaluating the appropriateness and completeness of the supplementary information as required by paragraph 07f, the auditor may consider testing accounting or other records through observation or examination of source documents or other procedures ordinarily performed in an audit of the financial statements.

.A14 The auditor may consider whether it is appropriate to address the supplementary information in procedures that the auditor performs in auditing the financial statements, including, but not limited to, the following:

- a. Obtaining an updated representation letter, in accordance with section 580, *Written Representations*⁴
- b. Performing subsequent events procedures, in accordance with section 560
- c. Sending a letter of audit inquiry to the client's lawyer specifically regarding the information contained in the supplementary information, in accordance with section 501, *Audit Evidence—Specific Considerations for Selected Items*⁵

[Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

Considerations Specific to Audits of Governmental Entities

.A15 For most state and local governments, the auditor's report on the financial statements includes multiple opinions to address individual reporting units or aggregation of reporting units of the governmental entity. Accordingly, materiality is considered by the auditor for each opinion unit. However, in the context of this section, the auditor's opinion on the supplementary information is in relation to the financial statements as a whole. Accordingly, in this situation, materiality is considered at a level that represents the entire governmental entity.

Reporting (Ref: par. .09–.13)

.A16 When reporting on supplementary information in a separate report, the auditor may consider including an alert that restricts the use of the separate report solely to the appropriate specified parties, in accordance with section 905, *Alert That Restricts the Use of the Auditor's Written Communication*, to avoid potential misinterpretation or misunderstanding of the supplementary information that is not presented with the financial statements. [Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122. As amended, effective for the auditor's written communications related to audits of financial statements for periods ending on or after December 15, 2012, by SAS No. 125.]

⁴ Paragraph .A24 of section 580, *Written Representations*. [Footnote added, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

⁵ Paragraphs .18–.24 of section 501, *Audit Evidence—Specific Considerations for Selected Items*. [Footnote added, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122.]

.A17

Exhibit—Illustrative Reporting Examples When the Auditor Is Reporting on Supplementary Information in Relation to the Financial Statements as a Whole

Illustration 1 — Supplementary Information Section in the Auditor's Report on the Financial Statements When the Auditor Is Issuing an Unmodified Opinion on the Financial Statements and an Unmodified Opinion on the Supplementary Information

Illustration 2 — Supplementary Information Section in the Auditor's Report on the Financial Statements When the Auditor Is Issuing a Qualified Opinion on the Financial Statements and a Qualified Opinion on the Supplementary Information

Illustration 3 — Supplementary Information Section in the Auditor's Report on the Financial Statements When the Auditor Is Disclaiming an Opinion on the Financial Statements

Illustration 4 — Supplementary Information Section in the Auditor's Report on the Financial Statements When the Auditor Is Issuing an Adverse Opinion on the Financial Statements

Illustration 5 — A Separate Report When the Auditor Is Issuing an Unmodified Opinion on the Financial Statements and an Unmodified Opinion on the Supplementary Information

Illustration 6 — A Separate Report When the Auditor Is Issuing a Qualified Opinion on the Financial Statements and a Qualified Opinion on the Supplementary Information

Illustration 7 — A Separate Report When the Auditor Is Disclaiming an Opinion on the Financial Statements

Illustration 8 — A Separate Report When the Auditor Is Issuing an Adverse Opinion on the Financial Statements

Illustration 1 — Supplementary Information Section in the Auditor’s Report on the Financial Statements When the Auditor Is Issuing an Unmodified Opinion on the Financial Statements and an Unmodified Opinion on the Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The [*identify accompanying supplementary information*] is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Illustration 2 — Supplementary Information Section in the Auditor’s Report on the Financial Statements When the Auditor Is Issuing a Qualified Opinion on the Financial Statements and a Qualified Opinion on the Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The [*identify accompanying supplementary information*] is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the supplementary information of [*describe reason for qualification of the auditor's opinion on the financial statements and reference the other-matter paragraph*], the information is fairly stated in all material respects in relation to the financial statements as a whole.

Illustration 3 — Supplementary Information Section in the Auditor’s Report on the Financial Statements When the Auditor Is Disclaiming an Opinion on the Financial Statements

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The [*identify accompanying supplementary information*] is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above [*the auditor may describe the basis for the disclaimer of opinion*], it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Illustration 4 — Supplementary Information Section in the Auditor’s Report on the Financial Statements When the Auditor Is Issuing an Adverse Opinion on the Financial Statements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The [*identify accompanying supplementary information*] is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described above [*the auditor may describe the basis for the adverse opinion*], it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Illustration 5—A Separate Report When the Auditor Is Issuing an Unmodified Opinion on the Financial Statements and an Unmodified Opinion on the Supplementary Information

We have audited the financial statements of XYZ Entity as of and for the year ended June 30, 20X1, and have issued our report thereon dated *[date of the auditor's report on the financial statements]* which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The *[identify supplementary information]* is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Illustration 6—A Separate Report When the Auditor Is Issuing a Qualified Opinion on the Financial Statements and a Qualified Opinion on the Supplementary Information

We have audited the financial statements of XYZ Entity as of and for the year ended June 30, 20X1, and have issued our report thereon dated [*date of the auditor's report on the financial statements, the nature of the opinion expressed on the financial statements, and a description of the report modifications*]. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The [*identify supplementary information*] is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the accompanying information of the qualified opinion on the financial statements as described above, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Illustration 7—A Separate Report When the Auditor Is Disclaiming an Opinion on the Financial Statements

We were engaged to audit the financial statements of XYZ Entity as of and for the year ended June 30, 20X1, and have issued our report thereon dated [*date of the auditor's report on the financial statements*]. However, the scope of our audit of the financial statements was not sufficient to enable us to express an opinion because [*describe reasons*] and accordingly we did not express an opinion on such financial statements. The [*identify the supplementary information*] is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Illustration 8—A Separate Report When the Auditor Is Issuing an Adverse Opinion on the Financial Statements

We have audited the financial statements of XYZ Entity as of and for the year ended June 30, 20X1, and have issued our report thereon dated *[date of the auditor's report on the financial statements]* which stated that the financial statements are not presented fairly in accordance with *[identify the applicable financial reporting framework (for example, accounting principles generally accepted in the United States of America [GAAP])]* because *[describe reasons]*. The *[identify the supplementary information]* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

[Revised, October 2011, to reflect conforming changes necessary due to the issuance of SAS No. 122. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 140.]

PROCEDURES FOR AFR REPORT PREPARATION
Schedule of Expenditures of Federal Awards – SEFA
TEXAS A&M UNIVERSITY
TEXAS A&M UNIVERSITY - GALVESTON

Abbreviations:

- ALN = Assistance Listing Number (Term has replaced CFDA). This is a number assigned to identify federal grant funding, such as 47.079. First 2 digits identify the federal agency and last three digits identify the specific program of the federal agency. Generic ALN are also used on the SEFA for federal contracts, such as 12.000 (Dept. of Defense), 43.000 (NASA), 81.000 (Dept. of Energy). ALN must be used to prepare the SEFA to report expenditures.
- CFDA = Catalog of Federal Domestic Assistance, now known as ALN
- FAMIS = Financial Accounting Management Information System
- UAS = Texas A&M University, University Accounting Services (Division of Finance/Controller's office)
- SCO = State Comptroller's Office (State of Texas)
- SEFA = Schedule of Expenditures of Federal Awards
- SPS = Sponsored Project Summary – This is a summary form of sponsored project attributes which is distributed by SRS when a new project account is created.
- SRS = Sponsored Research Services (System office that administers sponsored projects for TAMUS members, primarily research projects)
- TAMU = Texas A&M University
- TAMUG = Texas A&M University at Galveston (branch campus of TAMU)
- UAS – Financial Reporting = University Accounting Services – Financial Reporting. Responsible for the Annual Financial Report (AFR) and other financial reporting for Texas A&M University, Texas A&M at Galveston, Texas A&M System Offices, Texas A&M Sponsored Research Services, and Texas A&M Technology. Also administers financial accounting and reporting for all federal student financial funds and sponsored projects that are **not** administered by System Office SRS.
- VPR = Vice President for Research

Training Information – See training course on State Comptroller's website.

- SEFA Tutorial - <https://fmx.cpa.texas.gov/fmx/training/wbt/sefa/index.php>

I. Source information for the SEFA

The primary source for amounts reported on the SEFA is from FAMIS (Financial Accounting Management Information System) for grants & contract accounts. When new federal or federal flow through grant/contract accounts are established in FAMIS accounting system, they are assigned particular attributes which indicate how the account should be classified at year end.

Accounting System Attributes Used to Identify Federal or Federal Flow Through Accounts:

FAMIS Attributes assigned to identify the account as federal or federal flow through include:

1. Account ranges - Use different General Ledger and Sub Ledger account ranges for each major federal agency and for federal flow through funds (See Exhibit A)
2. Assign federal CFDA number in FAMIS
3. Sponsor name and State Agency number in FAMIS
4. Federal flow through sponsor name in FAMIS
5. Revenue and indirect cost object codes for federal and federal flow through funds
6. Function of grant or contract account in FAMIS

- 6.1. Instruction – Function 10
- 6.2. Research – Function 15
- 6.3. Public Service – Function 20
- 6.4. Academic Support (Library) – Function 25
- 6.5. Student Services – Function 30
- 6.6. Institutional Support – Function 35
- 6.7. Operation & Maintenance of Plant – Function 40
- 6.8. Scholarships & Fellowships – Function 60

The primary reports used to build the SEFA are:

- A. **Business Objects Report** – Federal Schedule 1A. Report can be run on demand and has additional attributes not included on the FAMIS report FBAR231, such as account function code, sponsor award number, funding type (fixed price, cost reimbursable), column headings required for SEFA web reporting. Report is located in Public Folder: TAMUS Shared – Year End – Federal Schedule 1A.
- B. **Business Objects Report** – SEFA WORKSHEET UPLOAD – SRS. Report can be run on demand. This report shows data in column format needed to upload to the State Comptroller’s Federal Schedule website. Report is located in Public Folder: TAMU Financial – VPR – jkillion – AFR Financial Reporting-Janet K - SEFA WORKSHEET UPLOAD – SRS.
- C. *Optional Report: **FAMIS Report – FBAR 231 Federal Grant Expense Summary Sorted by CFDA Code.*** This report can be run monthly during the fiscal year. During the year it is reviewed to make sure that CFDA numbers are correctly assigned. The FBAR231 report pulls in all accounts in FAMIS which have a CFDA number or federal sponsor associated with the account. ***This report will not include all federal expenditures unless the SL account is linked to a sponsored project record in the Maestro research administration system. If you use AFR or Year End accounts to make adjusting entries, these accounts are not included in the FBAR231 unless linked to a Maestro Billing Project.***

There are other amounts in addition to the accounts shown on the FBAR 231 or Business Objects Federal Schedule report that must be manually added to the SEFA.

Additional amounts to include in the SEFA may be (do not necessarily have amounts every single fiscal year to report):

ADDITIONAL INFORMATION NEEDED FOR SEFA –

- 1. Federal Surplus Property, CFDA 39.303 – This amount is sent to us by TAMUS – System Office of Budgets and Accounting based on amounts for all Texas A&M System Members during the FY. The information is generated by the Texas Building & Procurement Commission (TBPC), State of Texas Agency 303. This is considered “non-monetary assistance” and reported in note 1 of the SEFA and included on the SEFA. Email was sent from this agency in mid September with amounts shown to be reported on the SEFA. Verify with TAMU Logistics Services that items have been received by TAMU. Contact is Andy Mitchell, Executive Director.
- 2. FEMA Assistance Amounts, CFDA 97.036 – From Texas Department of Public Safety. **THIS CFDA WILL NOT BE REPORTED UNLESS FUNDS ARE AWARDED FOR FEMA ASSISTANCE AMOUNTS.** Usually have these funds when there has been a natural disaster such as a hurricane or catastrophic floods.
 - a. FEMA funds may be transferred to TAMU & TAMUG by the System Office. If so, the member reports pass through from System Office (revenue code 0262).

- b. FEMA funds may be received directly from a State of Texas agency:
 - i. TAMU – Revenues are recorded in designated funds account and established as needed. All revenues are coded 0252. We report the amount of expenditures on the SEFA for the same amount of revenues received.
 - ii. TAMUG - All revenues are coded 0252. Account established as needed.
3. Health Profession Loans, including Primary Care/Loans for Disadvantaged Students, CFDA 93.342 – Obtain from TAMU Student Business Services, Rachelle (McDonald) Pledger, Director, TAMU Student Business Services – Include on SEFA.
4. Perkins Loans Disbursed and Loan Balance outstanding as of 8/31/FY, CFDA 84.038 – Obtain from Student Business Services, Rachelle (McDonald) Pledger, Director, TAMU Student Business Services. Balance outstanding is needed for Note 3 to SEFA. **NOTE: PERKINS LOANS PROGRAM IS NO LONGER ACTIVE.** At 08/31/2022, there was still an outstanding balance for loans, but no New Loans Processed or Administrative Costs.
5. Student Financial Aid Administrative Allowance for Perkins Loans – TAMU Financial Accountant IV, Greg Allen, records this amount each year based upon information from TAMU Scholarships and Financial Aid. This amount is shown in Note 3 on Perkins Loan Program. **NOTE: PERKINS LOANS PROGRAM IS NO LONGER ACTIVE.** At 08/31/2022, there was still an outstanding balance for loans, but no New Loans Processed or Administrative Costs.

II. Methodology for Determining Accruals

FAMIS (Financial Accounting Management Information System) uses “Month 13” as a processing period after 8/31/20XX for recording year end accruals and adjusting entries. This period lasts from the day following the normal August close until around the middle of September.

NEED TO REMEMBER:

- A Year End entry does not reverse in the next fiscal year. Use YE entries for adjustments to revenues/expenses on accounts that must be confirmed with another State of Texas Agency/University and an immaterial adjustment can be made in order to match the other agency’s books.
- An AFR entry will reverse in the next fiscal year. Use AFR entries for accruals for expenses or revenues that need to be recognized in the FY being reported, but the actual expense or revenue will be paid/received in the next FY. AFR Entry will show up in the next fiscal year as a reversal of the previous year’s entry.

Accounts Payable

Year-end job YER217 for Accrued Accounts Payable is run at end of August monthly processing cycle (by evening of August FY close) to recognize accrual for items received by TAMU or TAMUG, but not yet paid. These transactions are recognized as expenditures at year end on the grant/contract account as an Accounts Payable. These accrual entries reverse in the next fiscal year in month of September.

Payroll Accrual

The biweekly payroll (for those paid hourly) must be allocated between the fiscal year ending and the next FY. The payroll portion for August work is posted in 13th month as accrued expense and the one for September work is posted in September as a true expense. Use report on “BW Payroll for Last Week of

August, Paid Pay Date” for TAMU and TAMUG to determine amounts that need to be recorded as accrued payroll in FY ending. Use AFR accounts to record the accruals:

TAMU Accounts

1. SRS projects – Use 02-400001
2. SL 415*** - Use 02-415999
3. SL 421*** - Use 02-421999
4. SL 425*** - Use 02-425999
5. SL 450*** - Use 02-450999
6. SL 455*** - Use 02-455999
7. SL 460*** - Use 02-460999
8. SL 484*** - Use 02-484000 (For QNRF Grants. These are SRS managed, but have a separate GL.)
9. SLQatar 470***, 482***, 483*** - Use 02-479999-00000 or 02-479999-00015 (for research function accruals)

TAMUG Accounts

1. SL 424*** - Use 10-424999
2. SL 449*** - Use 10-449999
3. SRS Accounts – Use 10-480998

Indirect Costs (F&A Expenses)

The automated Indirect Cost Program SBMR200 is run in Month 13 at the end of the Month 13 processing period to calculate indirect cost expense/revenue for expenditure transactions that have posted in Month 13 to grants and contracts. This job can only be run **one time in Month 13**.

If additional indirect costs need to be recorded on an account (such as an account that must be confirmed with another state agency/university) *after the Month 13 IDC has run*, a manual journal entry should be recorded. **Record entry as a YE year end entry, not as AFR entry.**

Example: A project has a subcontract with another State of Texas university and makes payments to them. Total amount recorded for FY is \$10,000, but the other university wants to confirm \$15,000 as of 08/31/23 because of additional expenses incurred in August which have not been paid yet by TAMU. Indirect cost rate is 51.5% on the subcontract.

Entries to record will be:

Increase the subcontract expense and record Due To Other State Agency:

DEBIT: 02-432231-01000-6441 \$5,000
CREDIT: 02-040000-00000-2800 \$5,000

Record additional indirect costs to the project: \$5,000 X .515 = \$2,575

DEBIT: 02-432231-01000-9610 \$2,575
CREDIT: 02-230001-00000-0320 \$2,575

Note: Only the first \$25,000 of a subcontract is subject to indirect costs (inception to date) for projects with and IDC Base = MTDC15 or MTDC.

Accounts Receivable – AFR Accrual

Each grant and contract account is reviewed to determine if an additional revenue accrual should be recorded at 8/31. If grant/contract account expenditures exceed revenues at 8/31, then an AFR accounts receivable entry is made to accrue additional revenue at year end because TAMU or TAMUG is due this

additional revenue because of expenditures that have been made. We accrue additional accounts receivable as long as we have not exceeded the grant or contract budgeted amount. Accruals for Accounts Receivable may be recorded at the individual account level or by using an AFR account that is set up to record year end entries.

NOTE: For SRS Accounts, use an AFR account to accrue additional revenues – 02-400001 or 10-400001.

Federal Receivables Reclass Entry – Reclass needed for Statement of Net Position

1. Make entry to reclass amounts in account contract 1300 to 1380 – Federal Receivables. To make entry: Debit 1380 and Credit 1312
2. To determine amount of Federal Receivables, use IBMR053 download as of 08/31/xx. Reclass amounts in object codes 0250 and 0260. These are primarily SRS receivables mapped to GL 040000. However, there may be other Federal Receivables recorded by TAMU FMO-UAS, such as GL 042500.
3. Reclass any additional federal receivable amounts accrued in Month 13. These amounts are not reflected on the IBMR053 as of 08/31. Note: There is no IBMR053 for Month 13.
4. Reclass amounts for Federal Direct Student Load Program that may be accrued as Accounts Receivable at 08/31/xx. Recorded as revenue code 0272.
 - a. GL 094188 – TAMU
 - b. GL 095180 - TAMUG

Deferred Revenues – AFR Deferral

If grant/contract account revenues exceed expenditures at 8/31/xx, then an entry is made to recognize deferred revenues. This is done by decreasing (DR) revenues on the grant account and crediting (CR) deferred revenues on the grant's general ledger.

Deferred Revenues are determined by reviewing account balances to determine which accounts have recorded revenues which exceed expenditures as of 08/31/xx. An AFR entry to reflect deferred revenues as of 08/31/xx is recorded in the appropriate GL account and AFR Sub-Ledger account.

Typically, DO NOT defer State Pass Through Revenue code 0257 or 0264 since State Pass Through confirmations must match revenues received by the university.

Entries should be made to AFR Accounts:

TAMU Accounts

1. SRS Accounts – Use 02-400001 by grant revenue codes
2. SL 421*** - Use 02-421999, GL 042100
3. SL 425*** - Use 02-425999, GL 042500
4. SL 430*** - Use 02-430999, GL 043000
5. SL 450*** - Use 02-450999, GL 045000
6. SL 4557** - Use 02-455998, GL 045510 (CPB Grants)
7. SL 455*** - Use 02-455999, GL 045500
8. SL 460*** - Use 02-460999, GL 046000
9. SL 484*** - Use 02-484000 (For QNRF Grants. These are SRS managed, but have a separate GL.), GL 040001
10. SLQatar 470***, 482***, 483*** - Use 02-479999-00000 or 02-479999-00015 (for research function accruals)

TAMUG Accounts

1. SL 424*** - Use 10-424999, GL 042400
2. SL 449*** - Use 10-449999, GL 044900
3. SRS Accounts – Use 10-480998, GL 04000

III. Process to Prepare Interagency and University Confirmations – Federal Pass Throughs

In September (after the August close has been run), prepare Agency Confirmations with State of Texas agencies and State of Texas Universities—TAMU or TAMUG confirms both “Pass Through Froms” and “Pass Through To”:

1. Summarize all federal pass through accounts with State of Texas Agencies and Universities. Reports can be run from Business Objects to pull all revenues and expenditures. Fiscal year revenues/expenses and any amounts due to/from at end of fiscal year must be confirmed with State of Texas sponsors. It is necessary that Federal revenues and expenditures are in balance and reconciled in Note 2 to the Schedule of Expenditures of Federal Awards. The SEFA must reconcile with Exhibit IV-FUND – *Statement of Revenues, Expenses, and Changes in Net Assets by Fund Group* for federal and federal pass through revenues.
2. **DO NOT** prepare confirmations with State Agencies and Universities until the Accounts Payable routine (YER217) is run. There may be expenses accrued on accounts which need to be considered as part of total expenditures for the fiscal year. Due to the State Comptroller deadlines to certify the initial amounts of (usually by mid-September), it is necessary to begin the confirmation process of contacting other State of Texas agencies and universities as soon as the first close of August business is run. Amounts to be confirmed should include additional indirect cost that may be associated with the expenses accrued on accounts when the Accounts Payable YR217 job runs. This indirect cost will have to be manually calculated and included in the confirmations. The Month 13 indirect cost job (RR200) will run on night of FAMIS Pre-Close (around September 14). It is helpful to send preliminary confirmations and get communications started with other agencies since the State Comptroller’s initial deadline for pass through amounts to be entered in the Web Application for the Federal Schedule is September 1. September 1 is not when final amounts have to be entered, but provides notice that there are amounts that need to be agreed upon between agencies. All pass through entries and accruals must be completed in USAS by September 26.
3. Federal Pass Throughs From: Prepare confirmations with State of Texas agencies and universities that consider grants & contracts awarded to TAMU or TAMUG as “federal pass-thru” funds. A listing of all pass-through contacts is found on the State Comptroller’s web site at http://www.window.state.tx.us/fm/contacts/intagy_000-305.html. Email confirmations to contact the State agencies works well. There must be some type of documentation (email or scanned confirmation form as .pdf) that shows the amounts agreed upon in the event there is any dispute later on as to the amounts recorded by each agency.
4. Confirm both revenues and expenditures and any Due To/From amounts with the sponsor. Not all State of Texas Agencies consider grants & contract funds as federal pass-through. These agencies may take the position that TAMU or TAMUG is a “vendor” not a “sub-recipient.” If the State agency considers TAMU or TAMUG a “vendor,” then we do not record the revenues received as “pass-through.” If an agreement was previously coded in FAMIS with federal or state pass through object codes (revenue, indirect cost expense, indirect cost revenue), corrections will need to be made in FAMIS to revise FAMIS

object codes. The agency paying us (TAMU, TAMUG, other TAMUS member) gets to determine if the amounts/agreement is classified as Pass Through or Vendor. The agency receiving the funds can determine the accrual amount at year end.

To revise codes when an account has been coded as Federal Pass Through but is considered non federal pass through, but Vendor Services:

FROM 0252/9615/0321 – Revise to 0254/9625/0323 (Change IDC revenue account from 02-230001-0321 to 02-230002-0323)

To revise codes when an account has been coded as State Pass Through but is considered non state pass through, but Vendor Services:

FROM 0257/9622/0326 – Revise to 0254/9625/0323 (Change IDC revenue account from 02-230002-0326 to 02-230002-0323)

5. If a State of Texas agency/university doesn't agree with our figures, contact the agency and try to resolve any difference. If the difference is immaterial to our books, then we will report the amount that the other State of Texas agency shows on TAMU's or TAMUG's books. The spending agency (TAMU) should be the agency to determine the revenue/expenditures amount to report each year. However, some state agencies are not always willing to accept our figure without a great deal of time expended by us providing the agency more documentation. If a State agency reports a different figure than TAMU's or TAMUG's number, this difference will be questioned later on when the State Comptroller's Office (SCO) reviews the AFR. It will also be necessary to provide documentation to the SCO that shows the amount you want to report. Immaterial differences can be adjusted in FAMIS in order to match the other agency's amount by using AFR account(s) to record adjustments needed to match the other agency's books.

Example to adjust an immaterial difference (meaning immaterial to the AFR):

Sponsor says amount should be \$10,500, but we show \$9,000. Difference is \$1,500. Adjust revenue and expenses by \$1,500. Record YE Entry as:

Debit Expense object code: 02-400001-00000-4010 \$1,500

Credit Revenue object code 02-400001-00000-0252 \$1,500

Note: If adjustment is for federal flow through account, there are already AFR accounts set up for many State of Texas agencies and CFDA/ALN numbers.

6. Pass Through To/From State of Texas Universities: These are sub-awards or sub-contracts where TAMU or TAMUG has passed funds to another State of Texas university. For example, the TAMU – Sea Grant Program has several subcontracts with other State of Texas universities. We contact the Pass-Through recipients of federal funds and ask them to confirm what figure they will report so we can report the same amount on our Schedule of Expenditures of Federal Awards. Amounts confirmed with State of Texas Universities should be reflected in USAS, including recording Due To or Due From amounts.
7. Intrasystem Pass Throughs – We are required to complete a worksheet summarizing pass through activity between Texas A&M University and other System Parts. This worksheet confirms pass through grant activity for federal, state, and private grants. Pass Through confirmations can be completed with other System parts using email. It may be necessary to record a Due To accrual at year end to reflect

expenditures incurred by the other TAMUS Part which have not been billed to TAMU or TAMUG yet (like month of August expenses). Any amounts for Due To or Due From another TAMUS parts must be confirmed and recorded in FAMIS. Note: If the amount due from another System part is immaterial, you may leave the amount as an Accounts Receivable or Accounts Payable and not record as Due To/Due From.

8. Texas A&M Research Foundation (TAMRF). TAMRF Pass Through contact will send a spreadsheet of pass through amounts that must be confirmed for RF activity. Revenues for reimbursement of salaries, wages, fringes and indirect costs must agree on TAMU accounts with the RF amounts. This represents the salaries, wages, and benefits that TAMRF reimburses TAMU for on the RF billings accounts:
 - a. TAMU Accounts 02-455124, 455125. Indirect cost revenues are also reported at on account 02-230004.
9. Federal Pass Through with Non-State of Texas Entities (non-profits) or Out-of-State Entities (Codes 0260/9617/0327): Amounts reported on the SEFA for Non-State of Texas Entities are based on expenditures recorded for the fiscal year. Projects and accounts for Non-State of Texas Entities are supported by grant or contract agreements. Many Non-State of Texas Entities require that cost reimbursable billings be submitted on a regular basis (monthly, quarterly), so they review costs when billings are submitted. **NOTE: Junior and community colleges located in Texas are NOT State of Texas agencies.**
10. The State Comptroller requires that federal pass through amounts be entered into the State of Texas Federal Activity website at <https://fmcpa.cpa.state.tx.us/fedsched/>. The website has an Agency Pass-through Reconciliation Report which must balance with other State agencies and universities amounts. The State Comptroller's Office requires that the Pass Through Reconciliation be completed by September 26; deadline is set by SCO. All pass through amounts with State of Texas agencies and universities must match using this reconciliation feature on the federal schedule website. Any amounts that did not match with a particular agency had to be resolved prior to certification of the Pass Through Reconciliation.
11. In late September (for TAMUG) and early October (for TAMU), we complete the **Schedule of Expenditures of Federal Awards**—Excel file. The format for the Schedule is prescribed by the State Comptroller's Office in the Reporting Requirements for Annual Financial Reports of State Agencies and Universities at web site: <https://fmx.cpa.texas.gov/fmx/pubs/afrrptreq/>
 - a. Schedule must show dollars and exact cents.
 - b. Column for Pass-Through From Agencies or Universities Amount **MUST** agree with revenue codes 0252 and 0262 on FAMIS.
 - c. Column for Pass Through from Non – State of Texas Entities (NSE) must agree with revenues code 0260. In order to input amounts for Non-State of Texas Entities, the NSE name must be added to State Comp
 - d. Column for Direct Federal Revenues must be reconciled to Note 2 for the **Schedule of Expenditures of Federal Awards**.
 - e. Determine if any of the amounts listed were for vendor contracts or fixed fee contracts. These types of federal funds should not be reported on the SEFA, but revenues should be eliminated in Note 2.
 - f. All research (R&D) contracts are reported on the SEFA.

12. By November 1, submit federal expenditure information to State Comptroller's via their prescribed format. They accept a comma-delimited batch file in Excel. You must be careful to custom format fields with leading zeroes, such as format "000.00" for CFDA, or "000" for agency numbers. It is recommended to use the batch file feed when the agency has a large number of lines of data to submit. Amounts for the agency may also be keyed into through the web based data base at login <https://fmcpcpa.cpa.state.tx.us/fedsched/> for the **Schedule of Expenditures of Federal Awards**. See instructions in SEFA Chapter of Reporting Requirements for Annual Financial Reports of State Agencies and Universities at web site <https://fmx.cpa.texas.gov/fmx/pubs/afrptreg/> . Amounts identified as COVID-19 funds use attribute "C" beginning with FY 2020. This attribute should be used on funds designated as COVID funding such as HEERF, GEER and the agency has specifically identified the funds as COVID funding. This is NOT to identify a project account for purpose of conducting research on COVID.

IV. Process used to determine which contracts or grants will be classified as R&D for federal schedule purposes

1. Any research proposal or other sponsored activity, where funding is from an external source, including proposals from Agriculture or Engineering programs, which involves University faculty, facilities, or resources (i.e., matching funds, equipment use, faculty time, cost-sharing, etc.) must be approved by Texas A&M University Office of Research Administration in the Division of Research (VPRA). TAMUG research proposals are approved by the Office of Research and Graduate Studies at Texas A&M University – Galveston. The University official over Division of Research is the Vice President of Research. This is in accordance with University Rule 15.01.01.M5, Preparation, Review and Submission of Sponsored Project Proposals, <http://rules-saps.tamu.edu/PDFs/15.01.01.M5.pdf> .
2. Texas A&M University Sponsored Research Services/Research Administration (TAMRA) in the Division of Research is responsible for acceptance of awards on behalf of Texas A&M University.
3. Before a project account is set up in the FAMIS Financial Accounting Reporting system, there must be an approved proposal on file. The proposal shows the function of sponsored project (research, instruction, public service/extension, scholarships/fellowship or other). This determination of the function of the project is based upon reading the scope of work for the project, which describes the purpose of the sponsored project.
4. When the project account is created in the FAMIS Financial Reporting System (FRS), a function code of 15 is assigned to R&D accounts. Before an account is established, the proposal is reviewed Sponsored Research Services in Division of Research to ensure the correct function code is assigned to the proposal. When the project account is established, the function is assigned based upon the scope of work of the project.

Project Functions in FAMIS Accounting System

10	INSTRUCTION
15	RESEARCH
20	PUBLIC SERVICE
25	ACADEMIC SUPPORT
30	STUDENT SERVICE
35	INSTITUTIONAL SUPPORT
40	OPERATION & MAINT OF PLANT
60	SCHOLARSHIPS & FELLOWSHIPS

V. Exclusions – SEFA Note 2

1. Contracts for Vendor Services – These contracts are excluded from the SEFA. These types of agreements are recorded as federal revenues, but these revenues and expenditures must be excluded from the SEFA because they are not considered federal assistance. If a sponsor issues a solicitation for goods and services or a purchase order for “goods and services” then the contracts/PO’s should not be included on the SEFA. If the sponsor’s agreement contains an audit requirement for a Single Audit (previously A-133 audit), the contract should be reported on the SEFA. All R&D contracts are reported on the SEFA.
2. Fixed Fee Basis Contracts – When the university is performing work for fixed fees or established service rates, this is usually considered “services” and the expenditures would be excluded from the SEFA. The University has service centers that perform work for various customers, primarily internal campus customers, but occasionally for customers external to the university. These services are performed based on rates that have been determined depending upon the type of services provided. It is necessary to review the agreement or contract and determine if the sponsor requires Single Audit (previously A-133 audit) reporting on the funds before excluding. All R&D contracts are reported on the SEFA.
3. Federal and federal flow through revenues and expenditures should balance except for the Exclusions in Note 2.

VI. Review and approval mechanisms

The review of SEFA and Notes are done by:

- TAMU – UAS University Accounting Services (Controller’s Office); and
 - Texas A&M University System Budgets and Accounting Office (System Comptroller’s Office).
1. TAMU – University Accounting Services – Financial Reporting prepares the Schedule SEFA and Notes. SEFA data is entered into the State Comptroller’s web site <https://fmcpa.cpa.state.tx.us/fedsched/> for the Schedule of Expenditures of Federal Awards.
 2. The SEFA is reviewed by University Accounting Services – Financial Reporting before submission to Texas A&M University System Office of Budgets & Accounting (Comptroller). The Texas A&M System Office of Budgets & Accounting reviews the SEFA and Notes. Review points are returned to TAMU University Accounting Services - Financial Reporting for resolution.
 3. Fluctuation analysis and review is performed on Balance Sheet and SRECNA (Statement of Revenues, Expenses, and Changes in Net Position) individual line items to identify any significant fluctuations (An explanation is only required if the fluctuation is greater than 20% AND the dollar amount is \$100,000 or greater.) This review prepared by University Accounting Services – Financial Reporting and is provided to the Texas A&M University System Office of Budgets & Accounting.
 4. Pass-Through Confirmation amounts prepared by TAMU University Accounting Services – Financial Reporting for entry into USAS. The Interagency/Interfund Activity USAS General Ledger Report is reviewed by TAMU University Accounting Services – Financial Reporting.
 5. An Intrasystem Pass Through worksheet is prepared and reviewed by TAMU University Accounting Services – Financial Reporting. The worksheet is submitted to Texas A&M University System Office of Budgets and Accounting.

6. Pass through amounts with State of Texas agencies and universities must agree using the Pass Through Reconciliation schedule on the State Comptroller's website. Each agency must certify the pass-through amounts by the final pass through reconciliation deadline set by the State Comptroller's Office. Deadline is September 26.

UEI NUMBERS

SRS (Sponsored Research Services) and TAMU-University Accounting Services are responsible for use of UEI (Unique Entity ID) on federal grant applications and awards that are administered by our office. There are separate numbers used by Texas A&M University and Texas A&M University at Galveston for all grant applications.

UEI for TAMU are:

Old DUNS #020271826 – Used by SRS

TEXAS A & M UNIVERSITY ● Active Registration

Unique Entity ID	CAGE Code	Physical Address
JF6XLNB4CDJ5	1T3H7	400 Harvey Mitchell Pky S Ste 300, College Station, TX 77845 USA

Old DUNS #128422474 – Used by Cyclotron Institute

TEXAS A&M UNIVERSITY SYSTEM, THE ● Active Registration

Unique Entity ID	CAGE Code	Physical Address
P4NXMC1R9HL3	1TRZ4	Corner of Spence / University St. Mail stop 3366, COLLEGE STATION, TX 77843 USA

Old DUNS #195576269 – Used for US Department of Education, Student Financial Aid

THE TEXAS A&M UNIVERSITY SYSTEM ● Active Registration

Unique Entity ID	CAGE Code	Physical Address
ZM3QVJ8ACN11	5RN92	301 TARROW ST, 3RD FLOOR, COLLEGE STATION, TX 77840 USA

Old DUNS #802339234 – Used by SBS, Third Party Billing

TEXAS A&M UNIVERSITY SYSTEM,THE ● Active Registration

Unique Entity ID	CAGE Code	Physical Address
NU7MDG85KWE8	1JBY0	750 AGRONOMY RD STE 3101, COLLEGE STATION, TX 77843 USA

UEI for TAMUG are:

- G8Y3L8JV2588
- JF6XLNB4CDJ5 - Used by SRS
- ZM3QVJ8ACN11

Prepared by Janet Killion
Director of Research Reporting, Division of Research
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(979) 862-2841

EXHIBIT A
TEXAS A&M UNIVERSITY
ACCOUNTS RANGES FOR FEDERAL AND FEDERAL FLOW THROUGH GRANTS & CONTRACTS

<u>Campus Code</u>	<u>General Ledger</u>	<u>Account Number</u>	<u>Acronym or Abbreviation</u>	<u>Sponsor Name</u>
FEDERAL & FEDERAL FLOW THROUGH				
02	040000	4*****	SRS	Office of Sponsored Research Projects (federal projects identified by CFDA number, sponsor name, and revenue code on account)
02	041500	415***	ED	US Dept. of Education – Federal Student Financial Aid
02	042500	425***	Other Federal Sponsors	Other Federal Sponsors (that are not specifically named above)
02	094188	94188*	ED	Federal Direct Lending
02	070502	070502	ED	NDSL - Perkins
02	094189	94189*	ED	Iraq/Afghanistan Service Grants

TEXAS A&M UNIVERSITY – GALVESTON
ACCOUNTS RANGES FOR FEDERAL AND FEDERAL FLOW THROUGH GRANTS & CONTRACTS

<u>Campus Code</u>	<u>General Ledger</u>	<u>Account Number</u>	<u>Acronym or Abbreviation</u>	<u>Sponsor Name</u>
FEDERAL				
10	040000	480000-489***	SRS	Sponsored Research Projects (federal projects identified by CFDA number, sponsor name, and revenue code on account)
10	042400	424***	MARAD	Federal and Federal Flow Through Accounts for TAMUG Administered projects
10	042498	42498*	ED	Federal Student Financial Aid
10	071004	071004	ED	National Direct Student Loan Funds (Perkins)
10	095188	95188*	ED	Federal Direct Lending

GENERAL GUIDELINES:

1. Confirm fiscal year activity only, not project to date.
2. Agency paying the funds to another State of Texas agency/university **determines** if the grant/contract is classified as:
 - a. Federal pass through
 - b. State pass through
 - c. Vendor Services (not a pass through, so FAMIS object codes should NOT be on account for federal or state pass through)
3. **Accrual** amounts are determined by the agency that is spending the funds, not the agency providing or paying the funds to us.
 - a. There is typically an accrual amount for August expenses since the other agency may not have received or submitted an invoice for these charges.
 - b. The accrual amount may also include amounts for other outstanding invoices not yet paid to TAMU or TAMUG by the other state agency/university.
 - c. Some agencies/universities ask for a copy of an invoice to match the amount of the accrual at year end. This may include invoices that are currently outstanding and an invoice for the month of August. If they ask for an August invoice, I contact SRS and ask them to provide an invoice copy. However, SRS is still responsible for submitting invoices to sponsors through the normal process required by the sponsor.
 - d. For Pass Through To relationships where TAMU/TAMUG is paying another state sponsor (object codes shown above), often the state sponsor will want to accrue additional expenses at year end. To do this, an accrual entry will need to be made to increase expenditures on our books:
 - DEBIT Subcontract Expense Code on account/SA
 - CREDIT Due to Other State Agency or TAMUS Member
4. For **State Pass Through** confirmations:
 - a. For State Pass Through **From** confirmations, you need to only match revenues on our books (object codes 0257, 0264, 0267, 0274).
 - b. For State Pass Through **To** confirmations, make sure that amount confirmed is equal to total expenditures on the account/project for the fiscal year. The other agency may want to record an accrual amount for expenditures that were incurred in August, but TAMU/TAMUG has not been billed for yet. State Pass through To object codes are: 6443-6444; 6445-6446
 - c. Agencies that generally report State Pass Grant Funds are:
 - 1) Governor's Office of Texas – GURI Grants (However, some projects from Governor's Office are federal flow through.)
 - 2) Texas Water Development Board Grants
 - 3) CPRIT Grants – Cancer Prevention and Research Institute of Texas
 - 4) THECB – Texas Higher Education Coordinating Board

- 5) Texas State Board of Public Accountancy
- 6) THHSC – Texas Health & Human Services Commission (May classify *some* projects as State Pass Through)
- 7) Texas Department of Motor Vehicles
- 8) University of Texas System Office – JAMP Grants (managed by Greg Allen)
- 9) Lamar University
- 10) Texas Education Agency (May also have *some* projects as Federal Pass Through)
- 11) Texas Workforce Commission (Splits project funds between federal and state pass through; must make YE entries in FAMIS to adjust for this in Month 13.)
- 12) Universities in Texas and TAMUS members may have state pass through grants.

5. For **Federal Pass Through** confirmations, you need to match expenditures on our books. Expenditures are reported on the SEFA.
 - a. For Pass Through **From** another State agency/university, make sure that amount confirmed is equal to total expenditures on the account/project for the fiscal year. Revenues also need to be recorded for the same amount on the account/project or related AFR account by federal pass through revenue code.
 - b. For Pass Through **To** another State agency/university, make sure that amount confirmed is equal to total expenditures on the account/project for the fiscal year. The other confirming agency may want to record an accrual amount for expenditures that were incurred in August, but TAMU/TAMUG has not been billed for yet. Federal pass through To object codes are: 6439-6440; 6441-6442.
 - c. Many state agencies and universities report federal pass through grant funds. When confirming Federal Pass Throughs, both revenues and expenditures need to match in FAMIS. Codes are:
 - 1) 0252/9615/0321
 - 2) 0262/9619/0329
 - 3) 0302/9636/0336 (GEERS Funding)

6. Other Pass Through To(s) are sometimes confirmed by TAMUS members but are not included in either the SPTR or the SEFA. The amounts are confirmed because of Intrasystem activity that must be reported.

7. For differences between agencies that cannot readily be resolved, typically the SCO will rely on USAS amounts as the correct amount for the year.

8. General formula for calculating the Pass Through Amounts:

Actual payments received/paid in the Fiscal Year = \$\$

LESS: Prior year accrual amount \$\$

PLUS: Current Year accrual (Amount still unpaid as of 08/31) \$\$

Equal = Total to Confirm for the FY \$\$

9. Refer to *Reporting Requirements for the Annual Financial Reports of State Agencies and Universities* published by the State Comptroller's Office:
<https://fmx.cpa.texas.gov/fmx/pubs/afrrptreg/interfund/index.php>
10. Confirmed amounts for Federal and State Pass Throughs must be entered in USAS by 09/26. Amounts entered should match FAMIS. USAS entries are handled by FMO-University Accounting Services, Kristina Humphreys, Assistant Director, Financial Management Services.
11. For amounts owed to university at end of FY that are confirmed as "accrual" amount, you must reclassify the \$\$ amount that is part of normal Accounts Receivable (1300) to Due From State Agency 1800 account control. When making this entry, you may not directly credit 1300 account control, but should credit account control 1312 and debit 1800:
DEBIT: 040000-00000-1800
CREDIT 040000-00000-1312
12. For amounts confirmed that the university owes to another agency or university, you must reclassify the \$\$ amount to Due To State Agency account control 2800.
- a) To increase the amount due/accrual at year end:
DEBIT: 4*****-0****-64** (Subcontract object code)
CREDIT 040000-00000-2800
- b) If there are invoices still unpaid at year end that are in accounts payable:
DEBIT: 040000-00000-2101 (Reclass from manual accounts payable)
CREDIT 040000-00000-2800
13. Agency that makes payments to another state agency will determine if the agreement is considered a pass through relationship. If the state agency making the payments says a project/account is not a pass through relationship, the object coding on the account should be 0254/9625/0323 or 0298/9639/0339. These types of agreements (not considered pass through relationship) **DO NOT** need to be confirmed with other state agencies or universities. TAMU and TAMUG use codes 0254/9625/0323 for these types of agreements.
14. Vendor Services: There are some agreements with State of Texas sponsors that are NOT considered federal or state pass through funds. Sometimes SRS will assign FAMIS object codes to an account/project that are not correct for year-end reporting. This happens because the other state sponsor may indicate that they are using federal funds to pay TAMU/TAMUG. However, even though federal funds may be their source, they consider TAMU/TAMUG to be a "vendor" performing "services" and will not confirm the project as a Pass Through relationship. If not sure how a project will be classified, contact the Interagency Pass-Through contact to determine if they will be confirming the

project/account. When contacting another agency, it is necessary to have the grant award number and a copy of the agreement to send them.

15. AFR Accounts – As much as possible, I try to use AFR Accounts for accruals of revenues and deferral of revenues. It can be confusing to SRS to see entries made directly to “their” accounts for revenues.
 - a. For TAMU, there are a number of “4” accounts labeled as department AFR which are used to record pass through confirmation related adjustments, particularly for specific federal pass throughs with State of Texas agencies/universities and a specific CFDA number. See range 02-421976-421999; 430998, 430999. You must pay attention to what function code the AFR account or support account is labeled.
 - b. TAMUG also uses several yearend accounts – See Department FISA – AFR for accounts in the 4***** range. See 10-424700, 424990, 424995-424999, 449999, 454999, 479990, 480997, 480998.
 - c. EXCEPTION: When confirming Pass Through To amounts, payments on subcontract codes (6439-6446), if the subcontract expense for the FY needs to be increased because the confirming agency wants to record an additional accrual, I do make entry directly to the account/support account as an AFR entry to increase the subcontract expense. There are so many different federal CFDA/ALN codes affected by these expenses that it is not practical to have an AFR account for every CFDA/ALN number.

16. Entries in Month 13
 - a. AFR Entry – This entry will reverse in the next fiscal year. Use AFR for the batch identifier. You need to make AFR entries for revenue/accounts receivable accruals and for deferred revenues. Use AFR entry if increasing subcontract expenses for additional amounts to be accrued.
 - b. YE Entry – This entry will NOT reverse in the next fiscal year. If you are making one time adjustments at year end in order to match a confirmation with another state agency, use a YE entry.
 - c. Adjustments to indirect costs (96xx) – Only use YE entries. If you need to manually record additional indirect costs due to additional accruals of subcontract expenses, the entry should be a YE entry. (Note: Indirect costs will reverse in the next fiscal year if you use an AFR entry to accrue additional subcontract expenses.)

Process to Prepare Interagency and University Confirmations – Federal Pass Throughs

In September (after the August close has been run), prepare Agency Confirmations with State of Texas agencies and State of Texas Universities—TAMU confirms both “Pass Through Froms” and “Pass Through To”:

Pass Through From – These are grants/contracts where a State of Texas Agency or University pays TAMU/TAMUG for performance of research or other sponsored activity. TAMU/TAMUG will have revenues on our books for funds received from State of Texas sponsors.

Pass Through To – These are amounts that TAMU/TAMUG pays to other State of Texas Agencies/Universities. These payments should be coded as object codes:

Federal or Federal Flow Through Accounts – Paid to TAMUS Members

- 6439 Subawards-Fed-TAMUS/RF-First \$25K
- 6440 Subs-Fed-TAMUS/RF-after first \$25K

Federal or Federal Flow Through – Paid to other State of Texas agencies/universities

- 6441 Subawards-Fed-State-first \$25,000
- 6442 Subs-Fed-State-after first \$25,000

State Pass Through Grant Accounts – Paid to TAMUS Members

- 6443 Subawards-State-TAMUS/RF-first \$25K
- 6444 Subs-State-TAMUS/RF-after first\$25K

State Pass Through Grant Accounts – Paid to other State of Texas agencies/universities

- 6445 Subs-State-State-first \$25,000
- 6446 Subs-State-State-after first \$25K

Other Pass Through Grant Funds – Paid to TAMUS Members

- 6447 Subs-Other-TAMUS/RF-first \$25,000
- 6448 Subs-Other-TAMUS/RF-after first\$25K

Preparing Confirmations

1. Preliminary Confirmations (Prior to August 31): There are some agencies that prepare preliminary confirmations prior to August 31. It is a “best” practice to respond to these confirmations to ensure that our accounts are appropriately classified. Agencies that have sent preliminary confirmations include:
 - a. THECB – Texas Higher Education Coordinating Board
 - b. TCEQ – Texas Commission on Environmental Quality
 - c. TGLO – General Land Office
 - d. UT System – JAMP Grants

2. Summarize all federal pass through accounts. Reports can be run from Business Objects to pull all revenues and expenditures. Fiscal year revenues/expenses and any amounts due to/from at end of fiscal year must be confirmed with State of Texas sponsors. It is necessary that Federal revenues and expenditures are in balance and reconciled in Note 2 to the Schedule of Expenditures of Federal Awards. The SEFA must reconcile with Exhibit IV-FUND – *Statement of Revenues, Expenses, and Changes in Net Assets by Fund Group* for federal and federal pass through revenues.
3. **DO NOT** confirm **final** confirmations until the Accounts Payable routine (YR217) and final indirect costs program (SBMR200) have been run for August (Month 13). Confirm with TAMU—University Accounting Services when the routines for accounts payable and indirect costs are run. This is normally around mid- September.
 - a. Indirect Costs (SBMR/RR200) run with the monthly August close (first week of September). The RR200 runs again the evening of the PreClose (last year date was 09-14-2022). Any accounts that have accrued payables posting may also have additional indirect costs calculated, assuming the account is subject to an IDC rate. The IDC rate is found on Screen 051 at the support account level (or Screen 009 at the SL level). SRS always uses support accounts on all projects.
 - b. If an account had no expenses posted after the YR217 ran, you should be able to go ahead and get confirmed prior to the PreClose running. However, if you have multiple accounts to confirm for a state sponsor and any of them had expenses posted from the YR217 after the first August close, wait to confirm until the PreClose runs.
 - c. Make sure FMO Property Management has recorded all entries affecting “4” accounts with State of Texas Sponsors. Corrections (DCRs) made after the confirmation process has begun and indirect costs have run in Month 13 can impact amounts since corrections involving capital object codes (8***) and non capitalized object codes (57**) for equipment may impact indirect costs.
4. State Pass Throughs: Confirmed amounts for State Pass Throughs are reported in the SCO website <https://fmcpa.cpa.state.tx.us/ptrecon/> - State Pass-Through Reporting (SPTR). For State Pass Through **From** confirmations, you need to only match revenues on our books (object codes 0257, 0264, 0267, 0274). If there are any State Pass Through Expenditures, these also need to be confirmed and entered on the SPTR web application. This will include subcontract object codes 6443-6446.
5. Federal Pass Throughs From: Prepare confirmations with State of Texas agencies and universities that consider grants & contracts awarded to TAMU as “federal pass-thru” funds. A listing of all pass-through contacts is found on the State Comptroller’s web site at http://www.window.state.tx.us/fm/contacts/intagy_000-305.html. Using email to contact the State agencies works well. Once amounts have been tentatively agreed upon, then email the agency contact regarding amounts TAMU plans to report. Written confirmations are needed to document the amounts agreed upon in the event there is any dispute later as to the amounts recorded by each agency.

6. Confirm both revenues and expenditures and any Due To/From amounts with the sponsor. Not all State of Texas Agencies consider grants & contract funds as federal pass-through. These agencies may take the position that TAMU is a “vendor” not a “sub-recipient.” If the State agency considers TAMU a “vendor,” then we do not record the revenues received as “pass-through.”
7. If a State of Texas agency will not agree with our figures, try to resolve difference with the agency/university. The spending agency (TAMU) should be the agency to determine the amount of revenue/expenditures amount to report each year. However, some state agencies are not always willing to accept our figure without a great deal of time expended by us providing the agency more documentation. If the difference is immaterial to our books, then we can “negotiate” with the other agency to see who is willing to make an adjustment on their books. If two agencies report different amounts, the difference will be questioned when the State Comptroller’s Office reviews the AFR. Also, additional time may be required trying to prove and document to the SCO whose number is really correct.
8. Pass Through To/From State of Texas Universities: These are sub-awards or sub-contracts where TAMU has passed funds to another State of Texas university. TAMU – Sea Grant Program has several subcontracts with other State of Texas universities. We contact the Pass-Through recipients of federal funds (and occasionally state pass through grant funds) and ask them to confirm what figure they will report so we can report the same amount on our Schedule of Expenditures of Federal Awards (or SPTR). Amounts confirmed with State of Texas Universities should be reflected in USAS, including recording Due To or Due From amounts.
9. Intrasystem Pass Throughs – We are required to complete a worksheet summarizing pass through activity between Texas A&M University and other System Parts. This worksheet confirms pass through grant activity for federal, state, and private grants. Pass Through confirmations should be completed with other System parts. It may be necessary to record a Due To accrual at year end to reflect expenditures incurred by the other TAMUS Part which have not been billed to TAMU yet (like month of August expenses). Any amounts for Due To or Due From another TAMUS parts must be confirmed and recorded in FAMIS. Note: If the amount due from another System part is immaterial, you may leave the amount as an Accounts Receivable or Accounts Payable and not record as Due To/Due From. Greg Allen, Financial Accountant IV in FMO Accounting Services, has handled all Intrasystem Pass Throughs in the past.
10. Texas A&M Research Foundation (TAMRF). TAMRF pass through contact will send out pass through amounts that must be confirmed for RF activity. Revenues for reimbursement of salaries, wages, fringes, and indirect costs must agree on TAMU accounts with the RF amounts. This represents the salaries, wages, and benefits that TAMRF reimburses TAMU for on the RF billings accounts (02-455124, 455125). Indirect expenses are also reported at 100% percent on accounts 230004 (TAMU portion) and

230005 (RF portion). Greg Allen, Financial Accountant IV in FMO Accounting Services, confirms TAMRF Pass Throughs.

11. Federal Pass Through with Non-State of Texas Entities (non-profits) or Out-of-State Entities: It is **NOT** necessary to confirm amounts with non-state entities or out-of-state entities (Object codes 0260/9617/0327). NOTE: *Junior and community colleges located in Texas are not designated as State of Texas agencies, so amounts with these types of institutions do not have to be confirmed.*
12. The State Comptroller requires that federal pass through amounts be entered into the State of Texas Federal Activity website at <https://txcpa.cpa.state.tx.us/fedsched/login.html> . The website has an Agency Pass-through Reconciliation Report which must balance with other State agencies and universities amounts. The State Comptroller requires that the Pass Through Reconciliation be completed and entered in USAS **by 9-28**. All pass through amounts with State of Texas agencies and universities must match using this reconciliation feature on the federal schedule website. Any amounts that did not match with a particular agency had to be resolved prior to certification of the Pass Through Reconciliation.
13. In October, we complete the **Schedule of Expenditures of Federal Awards (SEFA)**—Excel file. The format for the SEFA is prescribed by the State Comptroller’s Office in SEFA chapter of the Reporting Requirements for Annual Financial Reports of State Agencies and Universities at web site: <https://fmx.cpa.texas.gov/fmx/pubs/afrrptreq/sefa/index.php>
 - a. Schedule must show dollars and exact cents.
 - b. Column for Agency/University Amount **MUST** agree with revenue code 0252 and 0302 on FAMIS. Pass through from Intrasystem members must agree with total of revenues codes 0262.
 - c. Column for Pass through from Non – State of Texas Entities must agree with revenues code 0260.
 - d. Column for Direct Federal Revenues must be reconciled to Note 2 for the **Schedule of Expenditures of Federal Awards**.
 - e. Determine if any of the amounts listed were for vendor contracts or fixed price contracts. These types of federal funds should not be reported on the SEFA, but revenues should be eliminated in Note 2.
14. By November 1, submit federal expenditure information to State Comptroller’s via their prescribed format. They accept a download of a comma-delimited file in Excel. You must be careful to custom format fields with leading zeroes, such as format “000.00” for CFDA, or “000” for agency numbers. Amounts for the agency may also be keyed into through the web based data base at login <https://txcpa.cpa.state.tx.us/fedsched/login.html> for the **Schedule of Expenditures of Federal Awards (SEFA)**. See instructions in Reporting Requirements for Annual Financial

Reports of State Agencies and Universities at web site at
<https://fmx.cpa.texas.gov/fmx/pubs/afrrptreq/sefa/index.php>

SPECIAL CIRCUMSTANCES REGARDING PASS THROUGHS:

Some state agencies will make payments on the same grant/contract from more than one source. This requires adjustment entries at year end in order to be able to match confirmation amounts.

- Texas Workforce Commission splits payments between federal and state pass through grant funds on a project.
 - Use AFR accounts 02-421984 (CFDA 84.002) and 02-430998-00001 to allocate funds between federal and state sources.
 - The SRS accounts 02-408411 and 02-408741 both have CFDA/ALN 84.002 assigned in Maestro and FAMIS. In order to shift funds to “state” sources so the SEFA is correct, you may need to reduce account 02-421984 and increase expenses on 02-430998-00001.
 - Pay attention to function codes on accounts because SRS projects may have differing function codes.
- Texas Department of State Health Services has split payments between federal and state pass through grant funds on a project.
- Texas Health & Human Services Commission had split payments between federal and vendor services on a project in FY 2022.

NOTE:

SCO = State Comptroller’s Office

Best Practices:

1. Need Access to Maestro System to view projects and accounts for TAMU and TAMUG.
2. Obtain SPS (Sponsored Project Summary) notices for TAMU, TAMUG. Review the new award setups to make sure the object coding is correct in FAMIS based on the sponsor. Don’t wait until end of year to start reviewing coding. Ask SRS Assistant Director Laura Hollingsworth to be added to distribution.

J. Killion, 08-08-23

SEFA Batch Entry Instructions

Note: These instructions assume you're using a Windows-based computer with Microsoft Excel. The process should be similar with other platforms, however.

- Download the the SEFA Batch Entry Worksheet to your machine:

• [SEFA Batch Entry Worksheet](#)

This worksheet contains column headings for the X required columns, which are arranged in the correct order as shown:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	Row Number	Agy No	ALN	Special Funds Indicator (An explicit value of C, A or N is required in this field)	R&D (An explicit value of Y or N is required in this field)	Non-monetary	Agy No From	Agy Amt From	NSE Name	NSE Amt From	ID No	Direct Amt From	Total From	Agy No To	Agy Amt To	NSE Amt To	Expend Amt To	Total To
2	1																	
3	2																	
4																		

-
-
- Enter your data
 - Open the worksheet and begin entering on Row 2
 - Number each row sequentially in Column A, starting with 1.
 - All rows must meet the data requirements specified in the AFR Manual
 - If you will be submitting data for more than one agency, use a separate spreadsheet for each agency.
- Convert the worksheet to CSV format (Commas-Separated Values).

- In Excel, select "File - Save As"
- Under "Save as type", select "CSV - Comma-delimited".
- Click "Save". A new file will be created with a ".CSV" extension.
- Close the file in Excel

5. Copy the raw data

- Open Notepad (or a similar plain-text editor)
- Select "File - Open".
- Navigate to the CSV file you just created. If the file doesn't appear, change the filename extension to ".csv"
- Highlight your file and click "Open". The contents should look something like this:
 - Row Num, Agy, ALN No, Special Funds Indicator, R&D, Non-monetary, Agy/Univ Number FROM, [etc.]
 - 1,501,"10.028",N,Y,,733,"175.80",,,,"ABC123","24.76","200.56",201,"85.00","49.84","65.72","200.56"
 - 2,501,"10.028",N,N,,,,,"Acme, Inc.,""1,514,742.94","XYZ",,"1,514,742.94",101,"1,514,742.94",,"","1,514,742.94"
 - 3,501,"10.960",N,Y,N,,,,,"987.43","987.43",,,,"987.43","987.43"
 - 4,501,"43.000",A,N,Y,,,,"ZZYY123","5,464.60","ab-c",,"5,464.60","517","4,232.30",,"1,232.30","5,464.60"
 - 5,501,"43.002",N,Y,,,,556,"20,575.45","xyz",,"20,575.45",,,,"20,575.45","20,575.45"
 - 6,501,"59.037",C,N,,,,,"2,499.46","2,499.46",,,,"2,499.46","2,499.46"
 - Each line must contain 18 fields--separated by 17 commas.
 - When a comma is part of the field's actual value--eg, "Acme, Inc." or "61,234.17"--enclose the entire value in double-quotes as shown.
(The spreadsheet's conversion program should take care of this automatically.)
- Select "Edit - Select All".
- Select "Edit - Copy"

6. Paste the raw data

- On the Batch Entry Screen, click inside the large text box.
- Select Edit - Paste
- Click Submit
- If the data was accepted, you can now go to the SEFA Main Menu for further processing.

Notes:

- a) U. S. Department of Education grants (excluding student financial aid like PELL, SEOG, CWS...) must be entered using an alpha character. Have to look at all award notices to find the alpha character. This requirement began in FY 2021. If a CFDA with alpha is not in the State Comptroller's database, you have to write to the SEFA contact and have them add the CFDA and alpha letter. Send copies of award notices from Department of Education as backup.
- b) Remove the letter "PO" from sponsor identifying number/award no.
- c) Reformat any identifying numbers that look like dates.
- d) All NSE names must be in exact format (capitals, words like "the," "of", as the SCO NSE Name list.
- e) Download cannot have any lines that = \$0.00. Data from FAMIS (BO report for Schedule 1A) may have lines = \$0.00.

Reports in Business Objects –Public Folders – TAMUS Shared – Year End

WHEN USING QUERIES IN THE PUBLIC FOLDER: Make a copy of the query and copy to your own folder in My Documents. Then make edits and revisions to the query as you so choose.

FAMIS Attributes

- 1) **Charts of Accounts** – Provides list of accounts, Fiscal Year, Mbr ID, Account, Account Desc, SL Responsible Person Name, SA Account, SA Account Desc, SA Responsible Person Name
- 2) **Function Effort Verification** - Mbrid, Account And Desc, Current AFR Fund Group, Current Function, Current Function Description, Current Effort Code, Current Effort Description, Effort Code, Function, SA Account
- 3) **GL-SL-SA Freeze Delete errors** – Review accounts to determine flags set on accounts between current FY and new FY
- 4) **Roll-Errors** – Report shows issues with FAMIS accounts and roll forward
- 5) **YE-Map Code Change** – Report shows GL Map Code changes. Fiscal Year, Mbrid, Account, Account And Desc, Account Desc, Executive Code, Division/College Code, Department Code, GL Account, SL Acct Count

Flux Analysis Folder – Various queries used to analyze AFR reports by revenues codes and sponsor type.

- 1) Annual Research_Expenditures TAMU Flux Analysis -Restricted Funds – Used to analyze change in research expenditures in restricted funds.
- 2) Federal CFDA Comparison Between Years – To analyze changes in ALN/CFDA amounts
- 3) Flux Analysis - By Object Codes Federal Pass Through
- 4) Flux Analysis - By Object Codes Foreign Sponsors
- 5) Flux Analysis - By Object Codes Other Grants & Contracts
- 6) Flux Analysis - By Object Codes Private Sponsors
- 7) Flux Analysis - By Object Codes Revenues Indirect Costs
- 8) Flux Analysis - By Object Codes State Grants & Contracts
- 9) Flux Analysis - By Object Codes State Pass Through
- 10) Flux Analysis - By Object Codes State Pass Through Grants & Contracts
- 11) Flux Analysis - Due to Other State Agencies
- 12) Flux Analysis - Expenditures by Subcode for Subcontractor Exp
- 13) Flux Analysis - Range of Accounts
- 14) Flux Federal Revenues and Expenses 0250 0260 Code – TAMU
- 15) Transactions Report - Federal Direct Loans – Compare change in Federal Direct Loans between current FY and prior FY

Pass Throughs

- 1) **1A Check Figures - Pass Thru To** – Can be used to verify pass through object codes for federal and federal flow through projects.

- 2) **1B Check Figures - Pass Thru To – STATE** – Can be used to verify pass through amounts paid to other subrecipients from State Pass Through grants.
- 3) **Federal Pass Through by Sponsor ID** - Useful to prepare federal pass through confirmations at year-end. Query will ask for Sponsor ID (use sponsor number in FAMIS that is shown on Screen 009 in FAMIS) and Fiscal Year.
- 4) **Pass-Through Expenditures** - Use to review subrecipient/subcontractor object codes 6435 – 6450. Payments to State of Texas agencies/universities have to be confirmed as pass through TO.
- 5) **Pass-Through Expenditures TAMU and TAMUG** – Use to review subrecipient/subcontractor object codes 6435 – 6450. Payments to State of Texas agencies/universities have to be confirmed as pass through TO.
- 6) **State Agencies Revenues and Expenses TAMU** – Used to identify accounts with a state agency or university for pass through confirmations.
- 7) **State Pass Through by Sponsor ID** – Useful to prepare state pass through confirmations at year-end. Query will ask for Sponsor ID (use sponsor number in FAMIS that is shown on Screen 009 in FAMIS) and Fiscal Year.
- 8) **State Pass Through by Sponsor ID – With Exp** – Same as previously query with additional column added for expenses.
- 9) **Subrecipients FY 2009** – Shows amounts paid on codes 6435-6450.

Rev and Exp Reports

- 1) **02 & 10 FBMR061 for AFR Reporting** – Report can be used for determine amount for accounts receivable accrual amounts and deferred revenues. Shows amounts by account and revenue code
- 2) **FBMR061 – OSRS** – Shows FAMIS report format like FBMR061 for SRS accounts
- 3) **FBMR061 for AFR reporting - FY20 HSC** – Report can be used for determine amount for accounts receivable accrual amounts and deferred revenues. Shows amounts by account and revenue code
- 4) **GMReport** – Interest Income and Appreciation Reserve
- 5) **IDC Rev.Exp Comparison – TGM** – Report shows all indirect cost codes: Account, SubCode, Revenue Actuals, Expense Actuals, SubCode Desc
- 6) **IDC Revenue and Expenditure – For C&G activity analysis**
- 7) **Project Summary - Inception to Date_04072014** –FBMR061 report for individual account
- 8) **Research Expenditures and FOS Codes – TAMHSC** – Query shows all Function 15 accounts. Result Objects: Fiscal Year, Mbr ID, Executive Code, Division Code, College Code, Department Code, Project ID, Account, Account Desc, SL Responsible Person Name, Function, CFDA No, StartDate, EndDate, Sponsor, Sponsor Name, Sponsor Type, Sponsor Type Desc, Sponsor State, The CB Activity Code, The CB Field Code, The CB Char Work Code, THECB Special Areas Of Interest Code, The CB Select Proc Code, Actuals, Member Master Category, Member Master Category Desc, Rpt Cat Level 2, Instrument Type, Instrument Type Desc, Instrument Sub Type, Instrument Sub Type Desc, Revenue\Expense\Transfer Group, Revenue\Expense\Transfer Type, Master Category, Master Category Desc, SubCode And Desc

SEFA Folder

- 1) **02 & 10 FBMR061 for AFR Reporting** – Report can be used for determine amount for accounts receivable accrual amounts and deferred revenues. Shows amounts by account and revenue code
- 2) **1 A Check Figures** – Report shows object code 6439-6440 and 6441-6442. Useful to review SEFA amounts for Federal Flow Through pass throughs to TAMUS Members and other State of Texas agencies/universities.
- 3) **Accruals AR and Deferred Revenue Report** – Used for determine amount of account receivable revenue accruals or deferred revenues. Accounts are reviewed as Inception to Date.
- 4) **Accruals AR and Deferred Revenue Report_Non SRS** – Used for determine amount of revenue accruals or deferred revenues. Accounts are reviewed as Inception to Date.
- 5) **Federal Revenues and Expenses** – Report can be used to help identify where revenues and expenses are not in balance.
- 6) **Federal Schedule 1A** – Used to prepare the SEFA. Provides list of accounts and support accounts
- 7) **Federal Schedule 1A – TAMU** - Used to prepare the SEFA. Provides list of accounts and support accounts
- 8) **SEFA WORKSHEET UPLOAD** - Can be used for uploading records for SEFA to the State Comptroller’s Federal Schedule website
- 9) **SEFA WORKSHEET UPLOAD – SRS**. Can be used for uploading records for SEFA to the State Comptroller’s Federal Schedule website (SRS accounts only)
- 10) **SEFA WORKSHEET UPLOAD SL only** - Used for uploading records for SEFA to the State Comptroller’s Federal Schedule website using SL accounts.
- 11) **Transactions Report** – Accruals YER217 – Use report to determine if there are any Month13 accruals affecting accounts that need to be confirmed with a State agency or university.

SEFA Audit – Queries used for providing data to State Auditors.

- 1) 2021 Equipment Disposition Population
- 2) 2021 Federal R&D Grants 02 10 23V2 Trial Balance
- 3) 2021 Federal R&D Grants 02 10 23V2 Trial Balance – All Functions
- 4) 2021 Procurement Population
- 5) 2021 TAMU Equipment Population
- 6) 2021 TAMU Equipment Population_V2
- 7) 2021 Transactions Federal Main Population v2 maryd_02 10 23 with fund rev
- 8) 2021 Transactions Federal Main Population v2 maryd_02 10 23 with fund rev_with Mon13
- 9) Aggie Buy Invoices
- 10) Chart of Accounts – with GL
- 11) Object Code List with GL

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