2022 AFR Member Review Checklist

RED Text indicates FY 2022 Changes

Run Business Objects Queries for Desk Review (not applicable to TEEX and WTAMU)

TAMUS Shared/AFR Reports/AFR Review Queries folder
- Run Clearing Account Review query – if no benefit clearing accounts appear, re-run the query and add AFR Fund Group 20, Designated (AgRes, AgExt)
- Review 2210 Benefits Payable for large fluctuations, normal to see a payable for August benefits paid in September.
- Verify suspense accounts 000100 and 000105 are $0.
- Check for contra balances and review static balances.
- Review activity in subcodes 1600-1625 for reasonableness
- Run Frozen Code Activity and Budget Pool Actuals query (F.1). If there is activity, a correction may be needed.
- Run Agency & Fiduciary Transfers query (F.2), transfer codes 4994/5994 only allowed between Agency Fund accounts, OR between Fiduciary Accounts.
  - Transfers with Other Fund Groups – verify this is zero
  - Fiduciary Transfers – verify transfers net to zero
  - Agency Transfers – verify transfers net to zero
- Run Service Center Elimination query (F.3), this will be used later during service center analysis, the subtotals highlighted in Yellow correspond with columns on Sch IV-4.
- Run Capital Asset Transfer - Summary (incl Other Agencies) (F.4), this will be used later to review Capital Asset schedule to identify capital asset transfers with other agencies.

AFR Module Manual Entries
Review Manual Entry download (B) from Canopy. All System Members will have Ex V Cash Flow Statement entries, and possibly on Schedule IV-4 to adjust the service center ending balance to match FAMIS. Any other manual entries require explanation. (Exception for TEEX, WTAMU, and RF - they will have additional manual entries.)

Proprietary Statements

Exhibit III – Proprietary Statement of Net Position (-1-)
- *Total Assets and Deferred Outflows equals Total Liabilities, Deferred Inflows, and Net Position.
- In the Net Position section, verify Clearing Accounts row is zero.
- Due To/From Other Agencies matches FMQuery Interagency/Interfund report (M).
- Due To/From Other Members matches Due From/To Worksheet (S.1).
- Due From Other Funds ties to Due To Other Funds.
- Capital Lease Obligations, both Current and NonCurrent, are zero for the Current Year. (GASB 87 implementation, PY balance will remain.)
- NonCurrent Assets Held by System Office (Restricted and Unrestricted) ties by row to Proprietary section per Reconciliation of Assets Held for Investment by System Offices worksheet (O).
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- For Investments (NonCurrent section - Restricted and UnRestricted), balance reported must be verified to supporting documentation. \((N)\) \((Applicable \ to \ TAMU-C, \ WTAMU, \ RF)\)
- Employees’ Compensable Leave liability (Current and NonCurrent) matches ACAP worksheet \((P)\), \((For \ TAMU, \ verify \ to \ workpaper \ provided \ by \ member. \ Not \ applicable \ to \ RF. )\)
- Verify Deferred Compensation Liability per FAMIS Screen 80 account controls 2220 and 2225 to the Deferred Compensation Liability workpaper. \((E.1)\) \((included \ with \ Other \ Liabilities)\)
- Funds Held for Investment (current liabilities section) is zero, \textit{except for System Office}. \((RF)\)
- Assets Held in Trust (noncurrent liabilities section) is zero, \textit{except for TTI}. \((RF)\)
- Liabilities Payable from Restricted Assets (current, noncurrent) is zero, \textit{except for System Office}. \((RF)\)

\textbf{Schedule III-FUND – Statement of Net Position by Fund Group \((-20-\)\)}

- *Total Assets and Def. Outflows equal Total Liab., Def. Inflows, and Net Position \textbf{by fund group}. \((N)\)
- *Total Net Position matches IV-FUND \textbf{by fund group}. \((N)\)
- Total column ties to \textbf{Exhibit III}. \((N)\)
- Total Current and Total Restricted Cash & CE tie to \textbf{Schedule THREE-A} by fund group \((check \ figure)\).
- Review III-FUND for any unexpected negative balances, and verify explanation is provided on the Additional Explanations for AFR Review Worksheet \((D)\).
- Review Assets Held by System \textbf{by column}, all amounts must be positive. \((N)\)
- Review Due To/Due From Other Member \textbf{by column}, all amounts must be positive, negative items are not allowed. \((N)\)
- Review Restricted vs UnRestricted Assets Held by System allocation, the category should generally follow the net position category. \((For \ example, \ Designated \ Assets \ Held \ by \ System \ are \ Unrestricted, \ which \ follows \ the \ Designated \ net \ position \ category.) \((N)\)

\textbf{Analyze Net Position}

- Net Investment in Capital Assets row, the Investment in Plant column includes all Capital Assets (including RTU assets). The \textbf{total of this row should be \textit{net of any related debt}} including Lease Liability and Note from Direct Borrowing.

Each member will need to record an entry \textbf{by fund group} to \textbf{reclassify fund balance}.

\begin{align*}
\text{Debit} & \quad 2756-\text{Net Inv in Cap Asset} \\
\text{Credit} & \quad 4700-\text{Fund Balance Reclassification}.
\end{align*}

The amount for this entry for each fund group should be the \textbf{sum of Lease Liability (Current & NonCurrent) plus Notes from Direct Borrowing (Current & NonCurrent)}.

This entry will increase the net position in UnRestricted (or Restricted for Education if the fund group is Restricted) and result in a NEGATIVE balance in the Net Investment in Capital Asset column for each fund group that has a liability balance. This will offset the positive asset balance in Plant funds so the ending total on Net Investment in Capital Assets is net of related debt.

- For members with PUF balances held in Designated, verify Restricted for Capital Projects in Designated column matches the fund balance in PUF GL account, see workpaper \((E.2)\). \((applicable \ to \ AgriLife \ Ext., \ TAMUCT, \ TEES \ and \ HSC)\)
In the Endowment column, verify Net Position to the Endowment Net Position Category Summary (O.2), (excluding Fiduciary). Amounts should match by category - Endowment and Permanent Funds Expendable, Nonexpendable, and UnRestricted. Note: Balances reported should be equal to or greater than Category Summary (O.2). (III-Fund may be greater if there are other assets or cash that are not part of the SEF totals.)

For Agency Fund column, review Assets and Liabilities – if there are non-current assets, there should also be non-current liabilities.

Schedule THREE – Cash & Cash Equivalents (CE) (-15-)
- Total Current and Total Restricted Cash & CE tie to Exhibit III (check figure).
- Total Cash & CE matches Cash Flow Statement Exhibit V (check figure).
- Total Cash in State Treasury (CIST) matches State Comptroller’s CIST report by fund number (L).
- Assets Held for Investment by System Office rows (Restricted and Unrestricted) tie by row to Proprietary section on the Reconciliation of Assets Held by System Worksheet (O).
- Reconciliation of Assets Held by System (O) - Verify there are reconciling items listed and there is enough detail to distinguish outstanding checks and ACH’s from outstanding deposits or other adjustments. Review for reasonableness.
  - If there are outstanding equity transfers, members should coordinate to be sure BOTH members are including the pending equity transfer as a reconciling item.

Schedule THREE-A – Cash and Cash Equivalents (-22-)
- Totals tie to Schedule THREE (-15-)
- Review for negative cash by fund group. This may require a Due to/From or Transfer entry between funds groups.
- Verify “Cash Balance to Reclassify” row in Cash in Bank section is zero. These balances are reclassified to Assets Held by System for year-end reporting. (Row will not print if zero.)
- Verify “Legislative Appropriations” row at bottom of schedule is zero. The Leg Appn balance is reclassified to account control 1115 for year-end reporting. (Row will not print if zero.)

Schedule IV-1 – Functional Expenses by Natural Classification (-3-)
- IV-1 matches IV by NACUBO Function - Operating Expenses
- Review IV-1 for unexpected negative amounts, review Additional Explanations for AFR Review Worksheet (D) for explanations.

Schedule IV-FUND – Statement of Revenues, Expenses and Change in Net Position (-23-)
- Tuition revenue should be recorded in E&G and Designated columns only. Never in Auxiliary. Explanation required for Restricted tuition.
- Restatements–verify these are detailed in Notes worksheet (I, Note 14).
- NonOperating State Pass-Through should be zero (exception for TDEM).
- NonOperating Federal Pass-Through- institutions may have activity for CARES Act funding from Governor’s Office
- Activity on the “State Grant Revenue” row should include activity with state entities outside of Texas, analyze codes S 0253, 0261, 0281 and G 4110. (Review account names on Screen 80, or sponsor name on Screen 9) TxDot grants go in Other Grants & Contracts.
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- Reconciliation of Assets Held for Investment by System Offices (O.1), AFR Check Figure tab
  - Net Increase/Decrease in Fair Value row matches AFR Check Figure Section 1.
  - Realized Gain (Loss) on Sale of Investments row matches AFR Check Figure Section 2.
  - If there are NonCurrent CCP Investments Held by System (O), verify there are expenses reported on the Investing Activities Expense line item.
- Transfers From Other Funds matches Transfers To Other Funds.
- Intrafund Transfers In matches Intrafund Transfers Out.
- Verify Transfer From/To Other State Agencies (non-system) to FMQuery (M)
  (Federal and State Pass-Through activity is verified in the SEFA and SPTR section of checklist)
  - Legislative Transfer In
  - Legislative Transfer Out
  - Transfers From Other State Agencies matches Operating Transfer In (Excluding intra-system activity, review agency number listed in Agy GL field to identify intra-system.)
  - Transfers To Other State Agencies matches Operating Transfer Out (Excluding intra-system activity, review agency number listed in Agy GL field to identify intra-system)
  - Verify transfers within the same agency that have the same fund are eliminated.
- Transfers From/To Other Members matches Intra-System Transfer Worksheet (S.2).
  - Mandatory Transfers From/To Other Members
  - NonMandatory Transfers From/To Other Members
  - NonMandatory Transfers from Members – Capital Asset (exclude transfers from Other State Agencies per Schedule N-2-FN, this is a valid variance)
  - Legislative Transfers In/Out – Intra-System portion only
- Legislative Appropriations Lapsed matches lapse reported on GR Recon (X).
- Expended for Plant Facilities rows net to zero. (For System Offices, Bonds and Note & Loans rows should also net to zero.)
- In Operating Revenues, Interest Revenue should appear in the Loan Fund column only. (Expect to see a balance for Academics and HSC.)
- Review Other NonOperating Revenues and NonOperating Expenses for reasonableness.
- In Investment in Plant column, if there are large offsetting amounts in NonOperating Revenues and Expenses, an elimination entry is needed between GL codes 4495/5495. (This can sometimes happen when the FFX entries are posted to reclassify assets, FFX is correct, the entries inadvertently created revenue and expense.)
- Review any unexpected negative balances on the statement, review Additional Explanations for AFR Review Worksheet (D) for explanations.
- Totals should tie to Exhibit IV.

Note 2 – Capital Assets (-17-)
- N-2 ending balance grand total ties to Exhibit III.
- N-2 Capital Assets amounts tie to CANSS reports (J), by column and by row.
  - CANSS Statement of Changes – Capital Assets
  - CANSS Statement of Changes – Intangible Right to Use
- N-2 adjustments column should net to zero. If not, the net amount should tie to the restatement of net assets line in the IV- Fund for Investment in Plant. Expect very few capital asset restatements.
- Completed CIP column should net to zero.
“Inc-Interagency Transactions” and “Additions” columns should have positive amounts, except for accumulated depreciation and amortization rows, which should be negative.

“Dec-Interagency Transaction” and “Deletions” columns should have negative amounts, except for accumulated depreciation and amortization rows, which should be positive.

Review business objects query for Capital Assets Transfer - Summary (incl Other Agencies) (F.5), the total should match transfers per N-2.

Verify Transfers to/from Other Members match intra-system transfer workpaper (S.2)
Verify transfers with other State Agencies (4415 and 5415) match the documentation provided by member (K), the amounts much match by asset type.

- Transfers with internal agencies should have a SPA screen print
- Transfers with both internal and external agencies (universities not using SPA) should be included on the Comptroller’s Excel template, External Agencies Transfers In and Out (Excel).

N-2-FN (-18-) Capital Asset Footnote

- Verify each N-2-FN row equals corresponding row per IV-FUND Investment in Plant column.
  - Completed CIP should net to zero, the CIP transfers in/out will not appear on IV-Fund.
  - Net the two “Gain/loss on Disposal” rows to match the IV-FUND total.
- Verify Depreciation/Amortization matches the expense amount per IV-FUND.

V – Statement of Cash Flows (-4-)

- Tie all amounts to Cash Flow template (U)
- Total Ending Cash & CE matches Schedule THREE (check figure).
- For institutions with Federal Direct Loans, inflows and outflows must be reported in the Cash Flows from Operating section, Proceeds from Loans and Payments for Loans. The amount should be similar to the Federal Direct Loan amount reported on SEFA Note 3.
- Operating Income (Loss) matches Exhibit IV Total Operating Income (Loss).
- Amortization and Depreciation matches Exhibit IV Depreciation/Amortization.
- Net Cash Provided by Operating Activities in the reconciliation matches the Net Cash Provided (Used) by Operating Activities in the Cash Flows from Operating Activities.
- Beginning Cash & Cash Equivalents matches last year’s ending Cash & Cash Equivalents per prior year column on Exhibit V.
- “Classification Differences” row (in the Reconciliation of Operating Income/Loss to Net Cash Provided by Operating Activities section) should be be zero.
- Proceeds lines should not be negative.
- Payments lines should not be positive.
- Verify Transfers Between Fund Groups line is $0.
- Verify Sales and Purchases of Investments Held by System matches Section 3 of the Reconciliation of Assets Held for Investment by System Offices, AFR Check Figures tab (O.1).
- Non-Cash Transactions - Net Change in Fair Value of Investments row matches the AFR Check Figure tab included in the Reconciliation of Assets Held for Investment by System (O.1).
- Non-Cash Transactions - Borrowing Under Capital Lease Purchase row matches Note 5 Additions column for Capital Leases Lease Liability and Notes from Direct Borrowings - Capital Leases.
Verify Other Noncapital Transfers From/To System, Transfers of Capital Debt Proceeds and Transfer to System for Capital Related Debt, and Transfers From/To System for Construction Proceeds tie to check figures section of Transfer worksheet (S.3).

Review cash flow workpaper and analyze activity by fund group.

On the Summary by Fund tab, verify Payments to Employees for Salaries and Benefits in the Cash Flows from Operating Activities section is spread among fund groups.

Analyze revenues/expenses with no accruals, or accruals where there is no operating activity.

Receivable/Payable adjustments should affect both PY and CY columns.

Items to Review on Agency tab

- Verify Fiduciary balances are excluded on CY 204 tab if applicable (members must manually enter); total excluded should match Fiduciary Stmt of Net Position (-5-)
- Agency Fund Cash Flows from Operating section should net to zero (if there is activity reclassified to this section).

Fiduciary Statements

**Exhibit VI – Fiduciary Statement of Net Position (-5-)**

- Total Assets and Deferred Outflows equals Total Liabilities, Deferred Inflows, and Net Position.
- Total Cash & Cash Equivalents tie to **Schedule THREE-F** (-16-)
- Due From Other Funds ties to Due To Other Funds.
- Due From Other Members ties to Due To Other Members
- Assets Held by System Office (Restricted and Unrestricted) ties by row to Exhibit VI amounts per Fiduciary section of the Reconciliation of Assets Held for Investment by System Offices (O).
- Verify Assets Held by System total matches Endowment Category Summary (O.2).

**Exhibit VI-FUND – Fiduciary Statement of Net Position by Fund Group (-31-)**

- Total Assets and Def. Outflows equal Total Liab., Def. Inflows, and Net Position by fund group.
- Total Net Position matches **VII-FUND** (-33- ) by fund group.
- Total column ties to **Exhibit VI**.
- Total Current and Total Restricted Cash & CE tie to **Schedule THREE-F2** (-32- ) by fund group.
- Review **VI-FUND** for any unexpected negative balances, and verify explanation is provided on the Additional Explanations for AFR Review Worksheet (D).

**Schedule THREE-F – Fiduciary Cash & Cash Equivalents (CE) (-16-)**

- Assets Held for Investment by System Office (Restr and Unrestr) ties by row to Schedule Three-F amounts in the Fiduciary section of Reconciliation of Assets Held by System Worksheet (O).

**Schedule THREE-F2 – Fiduciary Cash and Cash Equivalents by Fund Group (-32-)**

- Totals tie to Schedule THREE-F (-16-)
- Review for negative cash by fund group. This may require a Due to/From or Transfer entry between Fiduciary funds groups.

**Schedule THREE-C – Combined Cash & Cash Equivalents (-19-)**

- Review variance column and verify all amounts are zero.
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**Exhibit VII – Fiduciary Statement of Changes in Net Position (-6-)**

- Verify the line items for Salaries and Wages and Payroll Related Costs are zero
- Transfers From Other Funds equals Transfers To Other Funds
- Verify investment income to Fiduciary amounts excluded per Reconciliation of Assets Held for Investment by System Offices (O.1), AFR Check Figure tab
  - Net Increase/Decrease in Fair Value row equals Fiduciary amount excluded
  - For members with Fiduciary endowments (WTAMU, TAMUC, TAMUCT and TAMUSA), the Realized Gain (Loss) on Sale of Investments row equals Fiduciary amount excluded should include SEF appreciation reserve distributions (quarterly and year-end allocation).

**Schedule VII-Fund Fiduciary Statement of Changes by Fund Group (-33-)**

- Total column ties to Exhibit VII.
- Review any unexpected negative balances.

**Schedule VII-5-A Fiduciary Transfers, Beg. Balance, Restatement (-34-)**

- Beginning Balance, Total Restatements, and Restated Balance column totals tie to VII-FUND.

**Proprietary Workpapers**

**Schedule III-1 – Unrestricted Net Position (-21-)**

- Total UnRestricted Net Position matches by column to the Unrestricted Net Position per III-Fund (check figure).
- **Reserved for Annual Debt Service payment** matches Debt Service total per Treasury Services (Q). The amount may be lower by the HEF total, depending on whether the funds are available. Members with HEF will need to analyze and make that determination, also may be lower if they have Restricted funds reserved to pay a portion of the debt service payment.
- **Receivables** row ties by fund group to Receivable total shown at bottom of III-1, with the following exceptions:
  1. AUF balances for TAMU, HSC, and PVAMU already reserved on AUF row.
  2. Due From System for PUF balances held in Designated funds on members’ books, applicable to AgExt, TAMUCT, and HSC.
- **Inventories** row matches Consumable, plus Merchandise Inventory on III-Fund by fund group.
- Verify balance is reported for **Future Capital Renewal Projects** (deferred maintenance projects). Exception if Unallocated balance is negative after Reserve entries.
- **Unrealized Gain (Loss) on Investments**
  - Reserve amount is equal to or less than the Cash Concentration Pool (CCP) Unrealized Gain per Reconciliation of Assets Held by System (O). Amounts will be lower if a portion was allocated to Restricted funds, which are excluded from Schedule III-1.
  - Amount should not equal net change reported on the Net Incr (Decr) in Fair Value row on IV-Fund. The intent is to reserve the ending Net Position, not the net change.
- **TPEG Reserves** (Academics & HSC only) matches TPEG year-end balances per TPEG worksheet (W) for Designated and Loan funds. (Note: Loan funds are normally reported as Restricted, an allocation entry is needed to reclassify TPEG Loans as Unrestricted.)
  - Review TPEG Financial Information worksheet (W)
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- Verify transfers from/to Restricted funds are explained.
- Ensure Designated and Loans tie in sections 1 & 2.
- Ensure Transfer to Emergency Loans is not greater than 10% of total transfers.
- Ensure TPEG Designated year-end balance is not greater than 150% of total set asides.

- Designated Tuition Set-Asides has a balance for academics.
- Funds Functioning as Endowment total is equal to or greater than the Unrestricted Quasi total per Endowment Net Position Category Summary (O.2).
- If Unallocated is negative (by fund group) after Reserves have been entered, there are no funds left to Allocate, so the Allocated section should be zero.

State Pass-Through Reporting (SPTR) – Schedule 1-B (T.1)

Intra-system activity is excluded from USAS. Pass-through totals per FMQuery and Intra-System workpaper must be added together to reconcile to SPTR pass-through total.

- Verify SPTR workpaper is submitted in Excel format and not a PDF version.
- Verify total State Pass-Through Revenue per Exhibit IV matches SPTR Total Pass-Through From.
- Verify the SPTR State Grant Pass-Through From Other Agencies total matches the sum of FMQuery and Intra-System Pass-Through From workpaper totals – show calculation below.

<table>
<thead>
<tr>
<th>Amount</th>
<th>State Pass-Through From</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Amount Per FMQuery Interagency/Interfund report (M) (cobj 3842)</td>
<td></td>
</tr>
<tr>
<td>+ Amount Per Intrasystem Pass-Through worksheet (R)</td>
<td></td>
</tr>
<tr>
<td>= Total State Grant Pass-Through From Other Agencies</td>
<td></td>
</tr>
</tbody>
</table>

- Verify the SPTR State Grant Pass-Through To Other Agencies total matches the sum of FMQuery and Intra-System Pass-Through workpaper totals – show calculation below

<table>
<thead>
<tr>
<th>Amount</th>
<th>State Pass-Through To</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Amount Per FMQuery Interagency/Interfund report (M) (cobj 7615)</td>
<td></td>
</tr>
<tr>
<td>+ Amount Per Intrasystem Pass-Through worksheet (R)</td>
<td></td>
</tr>
<tr>
<td>= Total State Grant Pass-Through To Other Agencies per SPTR</td>
<td></td>
</tr>
</tbody>
</table>

- Schedule IV-3 (-26-) State Pass-Through expense column matches SPTR (Schedule 1B) Total State Grant Pass-Through To Other Agencies. (check figure)
- Review Comptroller Object codes shown on FMQuery – State Pass-Through Revenue/Expense should be reported as Operating, cobj 3842/7615, instead of NonOperating, 3725/7614.
- Verify all activity on FMQuery Interagency/Interfund report (M) has an AGL and there are no “NP”, or No Post, transactions (exception for Interfund Receivable/Payable).
- Verify Intrasystem State pass-through’s from/to per Intrasystem Pass-Through worksheet (R) match SPTR by Member.

Schedule of Expenditures of Federal Awards (SEFA) – Schedule 1-A (T.2)

- Verify SEFA workpaper submitted in Excel format and not a PDF version. (RF will submit their own file instead of a SEFA download.)
- Verify “Total Pass-Through From and Direct Program” column equals “Total Pass Through to and Expenditures” column.
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- Verify SEFA Pell (see Student Financial Assistance Cluster) and CARES Act (see CFDA 84.425) is reported on the IV-FUND as Federal Revenue Non-Operating.
- Review Pass-Through From Agencies or Universities columns on SEFA and verify all activity is with State of Texas Agencies.
- Ensure amounts from direct federal programs are included in the Direct Program column and NOT the NSE Pass-Through column on SEFA.

Reconcile SEFA Pass-Through Amounts to Workpapers
Intra-system activity is excluded from USAS. Pass-through totals per FMQuery and Intra-System workpaper must be added together to reconcile to SEFA total.

- Verify the SEFA Total Federal Pass-Through From Agencies or Universities column matches the sum of FMQuery and Intra-System Pass-Through workpaper totals - show calculation below.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Federal Pass-Through From</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+ Amount Per FMQuery Interagency/Interfund report (M) (cobj 3978)</td>
</tr>
<tr>
<td></td>
<td>+ Amount Per Intrasystem Pass-Through worksheet (R)</td>
</tr>
<tr>
<td></td>
<td>+ Federal Surplus Property, if applicable (CFDA 39.003 on SEFA)</td>
</tr>
<tr>
<td></td>
<td>= Total Federal Pass-Through From Agencies/Univ. per SEFA</td>
</tr>
</tbody>
</table>

(SEFA Note 2 section includes steps to verify Federal Pass-Thru From to the financial statements.)

- Verify SEFA Total Federal Pass-Through To Agencies or Universities column matches the FMQuery and Intra-System Pass-Through workpaper totals – show calculation below.

<table>
<thead>
<tr>
<th>Amount</th>
<th>Federal Pass-Through To</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+ Amount Per FMQuery Interagency/Interfund report (M) (cobj 7978)</td>
</tr>
<tr>
<td></td>
<td>+ Amount Per Intrasystem Pass-Through worksheet (R)</td>
</tr>
<tr>
<td></td>
<td>= Total Federal Pass-Through To Agencies/Universities per SEFA</td>
</tr>
</tbody>
</table>

- Schedule IV-3 (-26-) Federal Pass-Through expense column matches SEFA (Schedule 1A) Total Federal Pass-Through To Other Agencies/Universities. (check figure)
- Review Comptroller Object codes per FMQuery—**Federal Pass-Through Revenue/Expense should be Operating, cobj 3978/7978, instead of NonOperating, 3971/7971.**
  - **Exception:** may see Federal Pass-Through for CARES Act funded received from Governor’s Office, this will be NonOperating.
- Verify all activity on FMQuery Interagency/Interfund report (M) has an AGL and there are no “NP”, or No Post, transactions (exception for Interfund Receivable/Payable).
- Verify Intrasystem Federal pass-through’s from/to per Intrasystem Pass-Through worksheet (R) match SEFA by Member.

Schedule 1-A Notes (T.3)
Members will provide screen prints from SEFA web application

Note 1–Non-Monetary Assist. (Federal Surplus Property)-CFDA 39.003
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- Verify amount is reported in the “Pass-Through From Agencies or Universities” column on SEFA. (search for CFDA 39.003). This will be a reconciling item in Note 2. (It is included in the SEFA Pass-Through From column, but is not reported federal revenue on the operating statement.)

**Note 2 - Reconciliation**
- Verify revenues reported in “Note 2 Amount” column, Proprietary Funds, match the corresponding line items on Exhibit IV.
  - Federal Revenue Operating
  - Federal Revenue Non-Operating (Pell 0286, CARES Act 0300, 0301)
  - Federal Pass-Through Revenue Non-Operating (CARES Act 0302)
- On SEFA Schedule, verify the total “Pass Through from Agencies or Universities” column (less Federal Surplus Property reported in Note 1) matches the Federal Pass-Though Revenue total per Note 2.
- New loans processed reconciling item matches Total Student Loans Processed amount per Note 3.
- Reconciling item for Research Foundation (RF) activity matches the amount per Intra-system Pass-Thru Activity Verification worksheet (R). (Funds received from or passed to RF are listed as negative amounts SEFA Note 2 reconciliation. RF activity is reported as Federal Revenue, but excluded from SEFA.)
- Total Pass-Through From and Expenditures per SEFA schedule match total per SEFA Note 2.

**Note 3 – Student Loans (Academics & HSC only)**
- Perkins amount reported in the SEFA (CFDA 84.038) matches Note 3, Total Loans Processed and Administrative Costs Recovered. (only some universities have this, many are in the process of closing out their Perkins programs)
- Ending Balance of PY loans does not match prior year SEFA Note 3, not applicable to Federal Direct Loans (84.268), this should be the remaining balance of prior year loans made from Federal funds.

Notes 4-6 are not applicable to TAMUS

**Note 7 – Federal Deferred Revenue (applicable to TDEM)**

**Note 8 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) CFDA 97.036**
- If there is activity on CFDA 97.036, required to include disclosure information.

**Note 9 – Economic Adjustment Assistance CFDA 11.307**

**Note 10 - 10% de Minimis Indirect Cost Rate** – Required to respond to question whether your agency elected to use the 10 percent de minimis indirect cost rate.

**IV-3-A, IV-3 Schedule of Expenses (-25-, -26-)**
- Review IV-3-A and IV-3 for unexpected negative amounts. Any unexpected negative amounts should be explained on the Additional Explanations for AFR Review document (D).
- On IV-3-A and IV-3, in each fund group section, verify total for “Other” is zero. (indicates NACUBO function code is missing on an account, requires correction)
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Schedule IV-4 – Service Departments (-27-)
_ Review Service Center Elimination query (F.4)
_ Use the query, along with Schedule IV-4 and information provided by member in Notes Worksheet (I), Service Department tab, to analyze service center activity.
_ Review Operating Losses per IV-4. Losses flow to IV-3/IV-3-A as Institutional Support expenses. If the service department has a function other than Institutional Support per business objects report, adjustment may be needed to report expenses in correct function. Review Notes Worksheet (I).
_ Review Operating Income per IV-4. Income flows to IV-3/IV-3-A as negative Institutional Support expenses. If income exceeds $25,000, OR creates a negative expense on IV-3/IV-3-A, review Notes Worksheet (I) to verify required journal entry was made to reclassify the income as revenue.
_ Analyze non-operating activity on IV-4. Service departments should contain mostly operating revenues/expenses.
_ Review Schedule IV-4 ending balances. Service departments should operate with the goal of breaking even, unusual to have deficit or large balances. Review Notes Worksheet (I) Service Center tab for details explaining negative or excessive balances.

Schedule IV-5-A Schedule of Transfers to Other Funds (-28-)
_ Beginning Balance, Total Restatements, and Restated Balance column totals tie to IV-FUND (check figures).

N-6 – Pledged/Non-Pledged Revenues (-29-)
_ Net receipts column of N-6 matches IV-FUND by row, verify Operating Revenues sub-total.

Tuition Discounting (TANDF-TD) (-30- ) (V) (Academics & HSC only)
_ Reconcile Tuition Discounting Element B (financial aid revenue) to Scholarship section of TANDF-TD.
  _ Total Scholarships (TANDF-TD)
  _ Plus Scholarship Discount (TANDF-TD)
  _ Less Tuition & Fee Exemptions (TANDF-TD) Element F
  _ Element (B) – Tuition Discounting worksheet

_ Verify federal financial aid to SEFA (see Student Financial Assistance Cluster)
Exception - Totals per SEFA may be higher by the administrative cost allowance (optional administrative fees collected to offset the cost of managing student aid programs) look for explanation in space provided at bottom of Tuition Discounting workpaper.
  _ CFDA 84.007 SEOG (Suppl. Educ. Opportunity Grants)
  _ CFDA 84.038 Perkins Loans (See SEFA Note 3 for Admin Fees, subcode 5197)
  _ CFDA 84.268 Federal Direct Student Loans (includes PLUS loans)
  _ CFDA 84.063 Pell Grants (valid difference for admin fees, subcodes 0336/9636)

_ Review percent change from PY (as shown on Calculation tab) and request explanation for any significant changes in percentages from PY to CY.
_ On TANDF-TD, amounts per three exemption line items match by fund group
2022 AFR Member Review Checklist

- Total Exemptions
- Total Exemptions (Offset) – negative amounts
- Tuition & Fees Remissions & Exemptions (from Scholarship Section)

(Exemptions and Exemptions (Offset) rows must net to zero since the related sub codes are not reported on IV-FUND.)

- Match the tuition discount journal entries per tuition discounting template to discount amounts per TANDF-TD (except for Discounts & Allowance—Sales, which should tie to Exhibit IV Discounts and Allowance row for Auxiliary).
- On tuition discounting workpaper, the Auxiliary Funds-Sales & Service Housing & Board line item should be LESS than the Auxiliary Enterprises reported on IV-FUND.
- Verify Tuition and Fee Revenue per template equals IV-FUND by fund group.
- Reconcile TANDF-TD to IV-FUND by fund group.
  - Gross Tuition and Fee Revenues
  - Tuition and Fee Discounts and Allowances
- Bad Debt related to fees should be reported in the “fees” section of TANDF-TD.

GR Recon (X)
Amounts in the Direct Strategy column are extracted from USAS, including beginning balance.
- Verify Legislative Appropriation Revenue to Schedule IV-Fund, Footnote A.
  - Original Appropriation Revenue - Line Numbers 100100-100500
  - OASI - Line Number 200100
  - ORP - Line Number 200300
  - GIP – Line Number 200500
  - Salary Increase – Line Number 200700
  - TRS Retirement Contribution – Line Number 400100
  - Line Number 400200 is reserved for ERS, this row should be zero.
  - UCI – Line Number 400300, expect to see an amount in the Other column for UCI expenses paid to TWC (could be zero if none was funded from GR)
- Verify Legislative Transfers to operating statement
  - HEF Distribution per GR Recon line 50000 equals Higher Education Fund per Schedule IV-Fund Footnote A.
  - Salary/Longevity increase transfer w/in agency (line number 500200) nets to zero
  - Committed Budget Transfers Out (line number 500400) matches intra-system Legislative Debt Service Transfers Out per Transfer Worksheet (S.2).
- Other Income Adjustment (FRS Entry Only) should be zero (line number 590000).
- Verify Committed Appropriations Lapsed (row 600100) matches Legislative Appropriation-Lapsed per operating statement.
- Verify Legislative Appropriation Lapse to supporting documents.
  - TRB lapse amount per Return of Unused TRB Debt Service Funds schedule (X.1).
  - Explanations for additional lapses reported on Additional Explanations for AFR Review document (D)
- Legislative Appropriation ending balance per GR Recon equals Legislative Appropriation per Statement of Net Position (Exhibit III).
- Difference between Calculation I and Calculation II is zero.
2022 AFR Member Review Checklist

Flux Review Analysis (G)
- Amounts used in Flux analysis tie to AFR reports. (verify sub-totals)
- Verify all required explanations are provided (fluctuations greater than 20% and $100k)
- Analyze Exhibit III Statement of Net Position Flux Review (G.1).
- Analyze Exhibit IV Statement of Revenues, Expenses, and Changes in Net Position (G.2).
- Analyze IV-1 NACUBO Function to Natural Classification (G.3).
- Analyze III-1 Unrestricted Net Position Flux Review (G.4).
- Analyze Exhibit VI and Exhibit VII, Fiduciary Flux Review (if applicable). (G.5)
- Analyze N-2 Capital Assets Flux Review (G.6)

Notes Worksheet (I)
Verify Notes Worksheet data matches financial statements.

- **Note 5 - Long Term Liability Note**
  - Verify liability amounts match Exhibit III by row.
  - Verify Notes-Direct Borrowings (Current plus Non-Current) matches the total future year payments per Direct Borrowings tab and the related text disclosures are provided.
  - For Asset Retirement Obligations (ARO), verify disclosure information is provided on the ARO tab.
  - If an amount is listed for Pollution Remediation, verify details are provided on the Pollution Remediation tab.
  - Verify Capital Lease Obligations (Current plus Non-Current) matches the total future year Capital Lease payments, Principal amount, per Note 8.

- **Note 12 - Interfund Receivable/Payable** - Matches balance sheet rows (Current and Non-Current)
- **Note 14 - Restatements** - Verify amounts to Proprietary IV-Fund and Fiduciary VII-Fund.
  Ensure prior period adjustments/restatements from any schedule or exhibit are documented with adequate explanations.

- **Note 17 - Risk Management** - Verify amounts match Claims & Loss expenses per IV-Fund (Operating & Non-Operating).
- Review Allowance for Doubtful Accounts footnote per Schedule III-Fund for reasonableness.
  Analyze large variations and compare to related Receivable balance. (If Allowance and Receivable are both high, this could indicate balances that are due to be written off.)
- **Gifts** tab - verify Gifts, Capital Contributions, and Additions to Endowments match operating statement (Ex IV) and the adjusted Total Gifts match the 4th quarter GDGE report (I.1).
- **CARES Act tab** — verify amounts reported match the subcode totals per FAMIS screen 80.

GASB 87 – Lease Note Disclosure
- Review GASB 87 LeaseQuery (LQ) report (provided by System Office). (I.2)
  - Verify Lease Liability total per LQ report (Current and NonCurrent) matches ending liability balance per Note 5.
  - Verify RTU Asset and Accumulated Amortization per LQ report matches Schedule N-2 RTU Asset totals.
  - Verify Lease Receivable per LQ report (Current and NonCurrent) matches Lease Receivable balances per Exhibit III.
  - Verify Deferred Inflow total per LQ report matches Exhibit III.
- Review GASB 87 Note Disclosure Template (I.3)
For each tab verify all fields are completed, or the schedule is marked N/A.

- Variable Payment and Receipts - variable lease amounts not included in LQ
- Residual Value/Termination Penalty – provide details if either of these apply
- Regulated Leases – SSO only
- ARO – enter details if applicable

**Checklist and Title Page**

- Member Review Checklist (Z) is signed by Fiscal Officer or CFO (CFO is optional) and all steps are completed.
- Title Page includes names and titles of the Member Officers and correct fiscal year.
APS011 Benefits Proportional Review (Y)

- Verify PY expenses - Run Benefits Expense by Bank query for PY and verify to final version of FY20 APS011 Benefits Proportional calculation. Analyze corrections to determine if an adjustment to APS011 calculation is needed.


Section I – Revenue (Y, Y.1, Y.4)
Revenues must be reported in the correct section on the Comptroller’s form, based on the 4 methods of finance used in the General Appropriations Act (GAA) - General Revenue (GR), General Revenue Dedicated (GRD), Federal Funds (FF), Other Funds (OF).

- Review changes in proportionality percentage from PY to CY for reasonableness. (%’s typically stay consistent year to year)

Verify Revenue Calculation
- General Revenue Appropriations match the GAA (Y.4).
- Federal Revenue and Indirect Cost Revenue, Fund 7999, 0092, 0325 is 100% excluded. (Funding received for specific programs that are not available for salaries are 100% excluded.)
- Interagency Receipts tie, or can be reconciled to the AFR. (pass-through’s)
- GR-Dedicated revenue ties to workpapers that reconcile to the Operating Statement (IV-Fund).
- Appd Fund # is entered in Column 1 (0001, 0257, etc.), funds held locally are listed as Fund 7999.
- For universities, verify Fund 02xx Tuition Revenue reconciles to operating statement.

<table>
<thead>
<tr>
<th>Fund 02xx Revenue per IV Fund E&amp;G Column</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td></td>
</tr>
<tr>
<td>Fees</td>
<td></td>
</tr>
<tr>
<td>Other (Sales, Operating, NonOperating)*</td>
<td></td>
</tr>
<tr>
<td>Interest (earned in State Treasury)</td>
<td></td>
</tr>
<tr>
<td><strong>Total per APS011 (Column 2)</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Other revenue may not match exactly to IV-Fund, members must determine which of these revenues are subject to APS011.

- Include license plate revenue for fund 0802 in column 1 for Other Funds and Exclude in column 2 (revised guidance per ACO for 2021)

Verify Exclusions tie to the GAA or supporting work papers.
- TRB exclusion matches GAA (do not adjust for returned TRB funds, report total per GAA)
- Exclusions for Other Debt Appropriations (TVMDL, TEES, and HSC) match GAA.
- For institutions, verify Fund 02xx exclusions
  - Tuition & Fee Exemptions match TANDF-TD schedule, Total Exemptions, E&G column.
  - TPEG exclusion amount matches the TPEG workpaper (W), Section II, total transfers, including transfers to Loan funds.
2022 AFR Member Review Checklist

- Legal Cites and Documentation section is completed and amounts match the exclusions, must be actual legal cites – not simply an explanation.

Section II – Benefit Expenses (Y, Y.1, Y.2, Y.3)
For each benefit type, verify benefit expense by fund, to both
- FAMIS (business objects query – benefit expense by bank) and
- USAS APS011 Check Report (Y.2) received from ACO.

When reviewing the APS011 check report, expenses should be reflected in FY22 column, expenses in the FY23 column should net to zero for benefit appropriations. (APS011 calculation looks at AY22 expenses, if the expenses are reported in FY23 they will not be picked up on the FY22 GR Recon.)

Benefit Expense Crosswalk (provided as a reference)

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>FAMIS Subcodes Eligible Expenses</th>
<th>FAMIS Subcodes Ineligible Expenses</th>
<th>USAS Cobj</th>
<th>USAS Appn</th>
</tr>
</thead>
<tbody>
<tr>
<td>OASI</td>
<td>1920</td>
<td></td>
<td>7043</td>
<td>91142</td>
</tr>
<tr>
<td>GIP</td>
<td>1910, 1909 (Retiree)</td>
<td></td>
<td>7041</td>
<td>95002</td>
</tr>
<tr>
<td>TRS</td>
<td>1960</td>
<td>1961</td>
<td>7909</td>
<td>99323</td>
</tr>
<tr>
<td>ORP</td>
<td>1955, 1958</td>
<td>1956, 1957</td>
<td>7086</td>
<td>97646</td>
</tr>
</tbody>
</table>

- OASI Social Security, State Employee Match (USAS 7043, FAMIS 1920)
  - Verify OASI Expenses per Column 5, Calculated Proportional Benefits, matches business objects query by Bank and State Fund
  - Verify OASI Expenses match APS011 Check Report by USAS fund

- GIP Group Insurance Premium (USAS 7041, FAMIS 1910, plus 1909 for retirees)
  - Verify GIP Expenses per Column 5, Calculated Proportional Benefits, matches the business objects query by Bank and State Fund, sum of subcodes 1910 and 1909.
    - **Exception** – Fund 0001 GIP, may be eligible for additional GIP from System Office, but their APS011 calculation will be limited to the GIP amount appropriated in GAA.
    - If this is the case, APS011 benefit worksheet Column 4, the APS011 check report and FAMIS expenses should equal GAA amount, even though Column 5 may calculate a higher amount.
  - Verify GIP Expenses match APS011 Check Report by USAS Fund.
  - Verify Retiree GIP information is completed in the box on the form and the expenses are posted to 1909 object code (will appear on business objects query).

- TRS Teacher Retirement System (USAS 7909, FAMIS 1960)
  - Verify GR Fund 0001 TRS contribution amount reported in Column 4, Benefits Subject to Proportionality, matches the workpaper provided by System Office.
  - Verify TRS GR expenses per Column 5, Calculated Proportional Benefits, matches the business objects query by Bank and State Fund; and subcode 1961 is not included.
    - **NOTE:** If GRD calculated benefits in Col 5 are less than actuals per Col 4, the benefits will match Col 4 (can’t take fund 0001 credit until later)
_ Verify TRS **non-GR** expenses (funds other than 0001) per Column 5 match APS011 Check Report (less 1961 expenses) by Fund.
  - Verify to Column 5
    - In 2020 the ACO is now requiring TRS expenses for fund 02xx to match the APS011 Check Report.
    - **Note:** TRS New Member contribution – first 90 days, subcode 1961, is not included in the calculation and may not be charged to TRS appropriation 99323. Expense is allowed for GR main Appn, Fund 02xx, or other funds, but can’t be included in benefits proportional calculation.

_ ORP Optional Retirement Program (USAS 7086, FAMIS 1955, 1958)
  - Verify ORP Expenses per Column 5 match the business objects query by Bank and State Fund; subcodes 1956 and 1957 are **not** included.
    - **Note:** ORP benefit appropriation 97676 should only include ORP base expenses, FAMIS subcode 1955 and, for some members 1958 ORP (limited use). ORP Supplement (1956) and ORP Differential (1957) cannot be charged to ORP benefit appropriation 97646 or used in the Benefits Proportional calculation for any other fund.