Division of Financial Compliance
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Division of Financial Compliance

• What we do:
  – Perform student attendance compliance reviews and desk reviews
    • **Compliance Reviews** are process related (What are your attendance procedures?)
    • **Desk Reviews** are issues that were discovered in queries we run from PIEMS
  – Review Annual Financial and Compliance Reports
    > approximately 1200 including ISDs, charter schools and ESCs
  – Review Depository Contracts
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• What we do continued:
  – Perform investigations, fiscal management reviews and CPA reviews
    • *Investigations* are complaint driven
    • *Fiscal Management Reviews* are related to concerns with the LEAs financial operations for example: declining fund balance, material weaknesses or significant deficiencies in internal controls, late reporting of information to TEA, etc. (usually a culmination of several of these types over a couple of years)
    • *CPA reviews* are driven by the issues we identify with the audit or CPA
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*Update*

• Depository contracts
  – Rule amendment in progress changes paperwork requirements
    • Submit only the depository information
    • Retain the contract and bid proposal for audit purposes
  – Staff change
    • Gayle Escobedo
      – (512) 475-2372
      – gayle.escobedo@tea.state.tx.us
Division of Financial Compliance

*Update*

• Reviews of AFRs
  – Beginning with submissions of 2012–2013 AFRs
    • School districts – TEA staff will no longer run edit checks and close the submitted data text file
    • Charter schools – will be required to submit a similar data text file electronically
    • The data feed is included as part of your AFR package and is due at the same time as the AFR
*IMPORTANT NOTE*

• Recommend verification of CPA firm license before engagement.

• Texas State Board of Public Accountancy License Lookup (www.tsbpa.state.tx.us)

• Note license expiration date.
Annual Financial Report Submission
What?

• Submitted in electronic format only through TEA Secure Environment (TEASE) Audit and Indirect Cost application

• Two electronic files - PDF and data-feed text file
  • PDF document of the complete signed and board approved annual financial and compliance report (AFR)
  • Audit data-feed text file (ISDs and ESCs only). Currently not required from charter schools
When?

- AFR is due 150 days after the close of school’s fiscal year
  - November 27th (June 30th fiscal year end) or
  - January 28th (August 31st fiscal year end)

- Both the PDF and data feed text file need to be submitted by the due date.
How?

- Electronic PDF and text files are submitted through TEA Secure Environment (TEASE) Audit and Indirect Cost application.
  - Some external CPAs have accounts to submit the files.
  - However, at least one district user will also need to have a TEASE Audit account.
  - District personnel will have to finalize submission. *NEW*

- FY2013 submission in TEASE.
  - Audit application was scheduled to be moved to new TEA Login (TEAL) Summer of 2014. *ON HOLD*
How?

- File naming conventions and additional submission information can be found under Electronic Submissions of our division web pages: http://www.tea.state.tx.us/index4.aspx?id=3968&menu_id=645
How?

- Import Utility screen of Audit and Indirect Cost Rates application in TEASE

Annual Financial Report Submission
Example file name: **456987a3**
- “456978” is the school county-district number
- “a” is the letter for AFRs in pdf
- “3” is the fiscal year designation for FY2013 (school year 2012-2013)
Financial Report - PDF

• Some schools prefer that the original signatures not be published on the web.

• Schools can choose to submit their AFRs with the approver’s printed name in place of the required signature.

• If a school chooses to do this, it must then submit a 2nd pdf file of the complete board approved annual financial report with original signatures.

• The pdf report containing signatures is submitted separately in the section titled Signed Pages of the Annual Financial and Compliance Report (PDF) and will not be published on the web.

• NOTE: Verify external audit firm signatures are included on required report pages, in addition to board approval signatures.
Financial Report - PDF

- Example file name: **456987cparpt3**
  - “cparpt” is the letter for signed financial reports in pdf submitted separately in the section titled Signed Pages of the Annual Financial and Compliance Report (PDF)

Signed Pages of Annual Financial and Compliance Report (PDF)
The filename must conform to the following format: 999999aaax.PDF

999999 = The school district's (or charter's) county-district number

aaa = CPARPT, MGLT, or L, as appropriate to the selected Note below

x = the last digit of the audit year being submitted

(for example, 0 for fiscal year 2010, school year 2009-2010)

PDF to upload: [Browse...]

Note: [Choose a Note...]

State Compensatory Education Agreed-Upon Procedures Report, if applicable:

Annual Financial Report Submission
Financial Report - PDF

• Other pdf reports which are submitted separately in the Signed Pages of the Annual Financial and Compliance Report (PDF) section:
  • The Exhibit L-1, Required Responses to Selected School First Indicators
  • Management letter

Example file name: 456987mgLt3
  • “L” is the letter for Exhibit L-1, Required Responses to Selected School First Indicators
  • “mgLt” is the letter for management letters
*IMPORTANT NOTE*

The financial audit report will only be considered submitted when a complete, signed and board approved annual financial report in **PDF** and corresponding data feed **text file** are received by the TEA in the **AUDIT-Audits and Indirect Cost Rates application in the TEASE environment**.
Financial Report – Text File

- Data feed text file information can be submitted one of two ways.
  - As a text file.
    - Checked with you external CPA to determine if they can provide you with this file.
  - District personnel manually enters each individual field.
    - Current CPA accounts do not allow schedule level access.
Financial Report – Manual Data Entry

• Select ENTER Schedules then click the Display button to begin manual entry of your AFR schedule data.

• Note: Your county district number should be displayed in the CD# field.
## Manual Data Entry

### A1 Worksheet - AUSTIN ISD 2012-13 (New) (Updateable)

<table>
<thead>
<tr>
<th>Data Codes</th>
<th>Account Descriptions</th>
<th>1 Governmental Activities</th>
<th>2 Business-type Activities</th>
<th>3 Total</th>
<th>4 Component Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1120</td>
<td>Current receivables</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1225</td>
<td>Property taxes receivables (net)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1210</td>
<td>Current property taxes receivable</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1220</td>
<td>Delinquent property taxes receivables</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>1230</td>
<td>Allowance for Uncollectible Taxes (credit)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1240</td>
<td>Due from other governments</td>
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</tr>
<tr>
<td>1250</td>
<td>Accrued interest</td>
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</tr>
<tr>
<td>1260</td>
<td>Internal balances</td>
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</tr>
<tr>
<td>1287</td>
<td>Due from auxiliary funds</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1290</td>
<td>Other receivables (net)</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>1330</td>
<td>Inventories</td>
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<tr>
<td>1410</td>
<td>Prepaid items</td>
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<td></td>
</tr>
<tr>
<td>1420</td>
<td>Capital Bond &amp; Other Debt Issuance Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Codes</td>
<td>Account Descriptions</td>
<td>1 Governmental Activities</td>
<td>2 Business-type Activities</td>
<td>3 Total</td>
<td>4 Component Unit</td>
</tr>
<tr>
<td>------------</td>
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<tr>
<td>1430</td>
<td>Other Current Assets</td>
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<tr>
<td>1510</td>
<td>Land</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1520</td>
<td>Buildings and Improvements (net)</td>
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<td></td>
</tr>
<tr>
<td>1530</td>
<td>Furniture and Equipment (net)</td>
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</tr>
<tr>
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<td>Distinct Defined Fixed Assets (net)</td>
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<tr>
<td>1550</td>
<td>Capital Lease Assets (net)</td>
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</tr>
<tr>
<td>1560</td>
<td>Literary Books and Media (net)</td>
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<td></td>
</tr>
</tbody>
</table>

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Annual Financial Report Submission
Manual Data Entry

• Enter data in corresponding field.
  • Whole dollars with no commas.
  • Leave non-applicable fields blank.

• Select Submit button to save.

• Select Show Errors button.

• Select Error List button, if one or more edits have failed.
**Edit Check**

Annual Financial Report Submission
Display of Failed Edits

Annual Financial Report Submission
Verification and Final Submission

- Resolve edits – allowing for small rounding differences of 100 or less.
  - Keep in mind – Not all edit failures are errors.

- Verify data consistency on each schedule.

- Finalize submission after reviewing all schedules.

- Report page will display submission of pdf and data text file information. *Note: Not in the current production environment and may change.*

Annual Financial Report Submission
How to Currently View Submitted PDFs

• Select VIEW PDF Reports to view submitted PDFs.
• File names and submission times should be immediately viewable.
• Currently the contents of the submitted PDFs are not viewable until screened by TEA personnel.
Viewing Submitted PDFs

TExAS EDUCAtion AGENCY
Division of School Financial Audits

Fiscal Year: 2012-2013
County-District #: 139911
County-District Name: NORTH LAMAR ISD

<table>
<thead>
<tr>
<th>File Name</th>
<th>File Size</th>
<th>Version</th>
<th>Date</th>
<th>Status</th>
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<td>5</td>
<td>9/24/2013 3:53:51 PM</td>
<td>Initial submission</td>
</tr>
</tbody>
</table>
Submission Issues

• The Exhibit L-1, *Required Responses to Selected School First Indicators* was not submitted as a data feed text file and/or a pdf.

• Accreted interest not reported on Exhibit L-1 or reported as an incorrect amount.
Summary

• Submit PDF and data text file of complete, signed, and board approved annual financial report.

• Review edits and finalize submission by due date.