

THE LEDGER

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ACCOUNTING & AUDITING

The mission of the Division of Accounting and Auditing is to safeguard public assets, settle the state's financial obligations, report financial information, and improve accountability of the state.

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Florida PALM Project Update

The Florida PALM Project, currently in its Pre-Design, Development and Implementation (Pre-DDI) Phase, has taken exciting new steps to further its mission to replace the State's cash management and accounting systems: CMS and FLAIR.

Aligned with House Bill 5003, the Project Team has revised its governance structure to broaden stakeholder involvement to include an Executive Steering Committee (ESC) comprised of 15 members from a diverse group of state agencies (Department of Children and Families, Department of Environmental Protection, Department of Financial Services, Department of Management Services, Department of Revenue, Department of Transportation,

and Executive Office of the Governor). This ESC has the overall responsibility for ensuring the Project meets its primary business objectives. The first ESC meeting was held on May 10, 2016 as the first of two "orientation" sessions.

One of the topics discussed in the May ESC meeting was the release date of the Invitation to Negotiate (ITN) for the Software and System Integrator (SSI). The SSI will assist the State in implementing a financial management solution that will replace CMS and FLAIR.

The ITN is expected to be released between November 2016 and January 2017. The next ESC meeting is scheduled for June 8, 2016. The Project looks forward to the guidance, input and support the ESC will

provide.

In April 2016, the Project team released Cycle 2 Business Requirements (Cycle 1 Business Requirements updated based on agency feedback). The Project team released draft Cycle 3 Business Requirements for the Payroll Process Area on May 17, 2016 and is hosting Workshops in June to review with agencies.

Material related to the Project including ESC meetings can be found on the Florida PALM Project website at www.myfloridacfo.com/floridapalm.

If you have any questions for the Florida PALM Project, please contact FloridaPALM@myfloridacfo.com.

Purchasing Cards to Get a Chip & PIN Modernization Makeover

As credit cards in the U.S. transition from magnetic stripe to chip cards, the State of Florida Purchasing Card (PCard) Program is following suit. Currently, the majority of the Program's 21,000+ PCards use magnetic stripes and require an authorizing signature. The move to chip and personal identification number (PIN) cards will provide greater security and enhanced fraud protection.

In an effort to update existing

PCards with the latest technology and to help minimize security risks, the PCard Program is enacting an accelerated migration to chip and PIN cards. In order to minimize workload issues, agencies will be assigned to phases, during which the Agency PCard Administrators will request chip and PIN cards to replace any PCards which still have magnetic stripes.

The Statewide PCard Administrator's Office at the

Department of Financial Services will facilitate the accelerated migration, serving as a liaison between the Agency Purchasing Card Administrators and the PCard vendor Bank of America. The goal is to complete the migration by the end of this calendar year.

Contact the Statewide PCard Administrator at PCardReporting@myfloridacfo.com or (850) 413-5512 with any questions or feedback regarding the PCard program.

TRENDING: New Travel Restrictions for the State

During the days that followed the end of the 2016 Session, the Division began receiving calls and emails from agencies, asking for assistance in interpreting language found in Section 120 of the Implementing Bill to the General Appropriations Act (GAA). Although Section 112.061, Florida Statutes, already governs the allowable rates for employee meals and per diem, it does not include specific dollar limits related to lodging expenses.

The Implementing Bill’s language addresses employee travel expenses related to lodging expenses, with specific emphasis on conferences, meetings or conventions. The language specifically states “costs for lodging

associated with a meeting, conference, or convention organized or sponsored in whole or in part by a state agency or the judicial branch may not exceed \$150 per day.”

Many agencies that contacted the Division struggled with what was meant by the phrase “organized or sponsored.” The Division heard many examples of conference-related travel, some which included employees as presenters, but where the employee had no involvement with the conference (agenda, location, dates, etc.).

After discussions with legislative staff, the Division was able to clarify the

language from the Implementing Bill.

An agency has “sponsored” a meeting or conference if the agency contributed money, not including registration fees, for the meeting, conference or convention. Agencies who participate in selecting the location, or in planning the activities related to the conference will be considered to have “organized” the conference or convention. In both of these clarifications, the \$150 per night lodging limit would apply.

The Division will release a detailed Agency Addressed Memorandum in the next few weeks.

Posting New Fiscal Year Budget

Each year, the General Appropriations Act (GAA) is passed through a legislative bill that authorizes the spending of public money on an annual basis and comprises the state budget. The Office of Policy and Budget (OPB) within the Governor’s Office submits the budget through a batch file into Florida Information Resource (FLAIR). The batch file is processed when Central FLAIR becomes available in early July.

There are two common types of errors when the new budget is loaded: no account code on file, and Multiple Fund Identifier (FID) match.

The first error occurs when there is not an active account code established on the account description file. The second error occurs because OPB records the budget at the 20 digit

(SF, FID, BE, CATEGORY, YR) and does not include the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) fund type, and the last three digits of the Fund Identifier (FID).

As a result, when the budget file is processed there could be multiple account codes that match the 20 digit budget code thus creating what is called a multiple FID match.

If an error does occur when the new budget is loaded, DFS will reach out to

the applicable agencies for the 29-digit FLAIR account code and will post the budget as directed.

It is important to respond to DFS within 24 hours of the e-mail to ensure the entire state budget is posted timely.

If you have any questions, please contact NewAccountCode@myfloridacfo.com.

OPB ACCOUNT CODE	FLAIR ACCOUNT CODE
1-000-85100200-00-100777-00	85- <u>10</u> -1-000 <u>001</u> -85100200-00-100777-00
	85- <u>10</u> -1-000 <u>002</u> -85100200-00-100777-00

Example of a Multiple Fund Identifier Match



SEFA & SWCAP Workshop

The Bureau of Financial Reporting is planning a workshop to discuss changes affecting agencies regarding the Schedule of Expenditures of Federal Awards (SEFA) and an overview of the Statewide Cost Allocation Plan (SWCAP).

Currently, the Bureau is targeting mid-July.

More information will be released as it becomes available...

STAY TUNED!

A&A Changes

The Department is excited to announce that Rick Sweet is leaving A&A to become the DFS Administrative Services Director.

Additionally, Division has said goodbye to the Bureau of Unclaimed Property as they are now their own division, and the Office of Fiscal Integrity as they join the Division of Investigative and Forensic Services.

The Importance of Running Depreciation on Property at Year End

The Chief Financial Officer (CFO) is responsible for the safeguarding of assets for the State of Florida. Guidelines have been established governing the accountability, control, transfer and disposal of assets acquired by state agencies. Statutorily, Florida has mandated, from a statewide perspective, that asset management be maintained for consistent accountability and for the recording of financial information regarding assets and their related depreciation for the preparation of the Comprehensive Annual Financial Report (CAFR) compiled by the Department of Financial Services' Statewide Financial Reporting Section.

What is depreciation? A systematic and rational allocation of the cost of a capital asset over its useful life. Some exceptions to depreciation in the State of Florida are land and land improvements, certain works of art and historical treasures, the Department of Transportation's state highway system, and construction work in progress.

The Florida Accounting Information Resource (FLAIR) Property Subsystem is the tool used by agencies to create and maintain a Property File that contains detailed records for the accounting and management of both tangible and intangible property items. These items are under the supervision of a Property Custodian who maintains the general ledger accounts necessary to control property activity on a fund basis.

It is imperative that agencies using the Property Subsystem schedule depreciation to be recorded at year-end prior to closing. Before an agency runs depreciation, all depreciable assets must be on the Property Master File. This would include making sure the items on the Property Pending File have been approved and/or removed as applicable. In addition, agencies are responsible for recording their assets in the correct general ledger codes. Failure to do so will greatly affect the CAFR.

References:

- FLAIR Asset Manual, Chapters 517-519
<http://www.myfloridacfo.com/Division/AA/Manuals/500AssetMgmt.pdf>
- CFO Memorandum No. 05, 2011-2012: "Capital Asset Guidance and Rules for Tangible Personal Property"
<http://www.myfloridacfo.com/Division/AA/Memos/default.htm>
- Capital Assets and Long Term Debt Accounting Entries (under "References")
<http://www.myfloridacfo.com/Division/AA/Links/default.htm>

Processing Year End Settlements

Typically, we see a surge of settlement agreements during the last two to three months of each fiscal year. A trend analysis for the last three years indicates a monthly increase of settlement related payments. In anticipation of this increase, it is required that all settlement payments be vouchered and received by the Bureau of Auditing's Enterprise Trends & Analysis Section by the deadline of **June 10, 2016**.

All settlements received after this date will be returned to the agency for processing during the 2016-2017 fiscal year. When submitting settlement related vouchers, it is extremely important to clearly identify the payment as a settlement to avoid delays in processing.

For questions, email Jennifer Patnode at jennifer.patnode@myfloridacfo.com.

CAFR Workshop

When: June 10, 2016

Time: 9:00 am - 11:00 am

Where: Department of
Children & Families

This workshop will provide updated information related to the preparation of the Comprehensive Annual Financial Report (CAFR) and is intended for agency personnel involved in the preparation of the CAFR.

Registration is available through the DFS Learning Management System:

<https://apps8.fldfs.com/lms/Home.aspx>

All registrations must be received by June 8.

Changes to Direct Deposit

Effective May 20, 2016, employees must now submit requests for Direct Deposit through People First or by mail.

Faxed requests will no longer be accepted.

Federal Uniform Guidance Changes

This time has finally arrived to fully implement the Uniform Guidance. Are you prepared to make all the changes? The Uniform Guidance is the final guidance published by the Federal government. This guidance takes the administrative requirements (A-102, A-110), Federal cost principles (A-2, A-87, and A-122), and the single audit requirements (A-50, A-89, and A-133) into one location. The codification can be located at this address:

www.ecfr.gov/cgi-bin/ECFR?page=browse.

So how do these changes affect agencies? Agencies will need to review the cost principles related to all their awards to ensure that they are in compliance. Also, due to the timing of the implementation of the guidance, agencies will need to determine if their grants are regulated by the Uniform Guidance or the OMB Circular. If grant awards were received prior to December 26, 2014, then those awards are governed by the OMB Circular. If grant awards were received on or after December 26, 2014, those awards will be regulated by the Uniform Guidance. Please be sure to refer to the correct cost principle to determine allowable and disallowable cost.

In addition to combining and standardizing the cost principles, the uniform guidance also identifies changes that must be made to the Schedule of Expenditures of Federal Awards (SEFA). The change that directly affects agencies is the requirement to determine what indirect cost rate was used. Specifically, agencies are going to have to provide the

indirect cost rate associated with each award expenditure listed on the SEFA workbook. For DFS, we will consolidate the indirect rates provided and create an indirect schedule to demonstrate the rates that are utilized, by agency, to each award. This schedule will be reported in the notes to the SEFA.

Lastly, our stakeholders will greatly benefit from the changes that are mandated by the Uniform Guidance. The guidance allows for easier identification of grants and the amounts that are expended for those grants. This is due to the guidance requiring pass-through information to be included on the face of the SEFA along with amounts expended for loans and non-cash items. This provide better transparency because all the information will be on the face versus in the notes to the SEFA.

The DFS Division of Accounting and Auditing will provide more details about the changes due to implementation of the Uniform Guidance during our workshop this summer. We look forward to your attendance and participation.

Did you know...

“The Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was officially implemented in December 2014 by the by the Council on Financial Assistance Reform.” - www.grants.gov

References:

- Electronic code of Federal Regulations - Codifications: A-102, A-110, A-2, A-87, A-122, A-50, A-89, and A-133
<http://www.ecfr.gov/cgi-bin/ECFR?page=browse>
- Effective Date- “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
<https://www.federalregister.gov/articles/2013/12/26/2013>
- Uniform Guidance Crosswalk from Existing Guidance to Final Guidance
<https://www.whitehouse.gov/uniform-guidance-crosswalk-from-predominate-source-in-existing-guidance.pdf>
- Policy Statements: “Uniform Grant Guidance”
https://www.whitehouse.gov/omb/grants_docs