

## 10.3 Analyze and Reconcile Accounts

## Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version
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## General Information

This document describes and depicts the process steps and supporting information for the identified State of Florida financial management business process. This information should be read in conjunction with the Business Process Flow Diagrams.

The Dependencies and Constraints section describes any conditions or criteria that impact how or when the business process should be executed. These could be set within Florida PALM or from external sources (i.e., Law or Rule).

The Business Process Overview section summarizes the business process and provides context for understanding the objectives and desired outcomes of the described business process.

Within the Business Process Flow Details section, included for each process step are:

- **Process Step ID** – A unique number assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Process Step Title** – A short description assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Description of Process** – A detailed narrative description of the process step, which provides additional information and context for understanding the process step

Also described below are the Ledger Impacts and Reports, which are displayed as icons on the Business Process Flow Diagrams. Ledger Impacts describe where there is an update to one of the ledgers used to track activity for accounting, budget management, or financial reporting purposes. Reports describe where a report is identified to be produced at a process step or is used to support the completion of a process step.

Finally, included in the Terminology section are definitions of terms which will help the reader to better understand the document. These are terms that are used within this document that may be new or that require a description for common understanding.

## Dependencies and Constraints

- The Department of Financial Services (DFS) is the owner of Florida PALM
- The Chief Financial Officer (CFO) will use Florida PALM in the performance of and accounting for all his or her constitutional and statutory duties and responsibilities
- State agencies and the judicial branch are responsible for maintaining accounting records necessary for the effective management of their programs and functions
- The DFS State Expenditure Guide provides agencies guidance on classifying the obligations the state has incurred
- The DFS Statewide Financial Statements Guidance provides agencies additional guidance on accounting policies related to performing close.
- The Government Accounting Standards Board establishes accounting and financial reporting standards for U.S. state and local governments that follow the Generally Accepted Accounting Principles (GAAP)

## Business Process Overview

The Analyze and Reconcile Accounts business process is within the Account Management and Financial Reporting (AMFR) business process grouping. AMFR includes a collection of business processes that:

- Establish the statewide accounting framework and provide for agency-specific accounting and reporting needs;
- Update to the general ledger and maintain the integrity of the financial activities; and
- Perform month-end and year-end closing and reporting activities.

The Analyze and Reconcile Accounts Business Process addresses the execution of the period close, the agency reconciliation, and the allocation processes. Period close within Florida PALM occurs monthly and is controlled by DFS. DFS communicates with agencies if changes occur to the close schedule.

The business subprocesses included are:

- 10.3.1 Perform Month-End Close
- 10.3.2 Perform Allocations
- 10.3.3 Perform Grant/Project Month End

To begin the fiscal month recording and processing, DFS opens the accounting period for agencies. Transactions process on a continuous basis within Florida PALM. During the period, agencies proactively review, monitor, and correct transactions that are in an exception status. For example, a transaction that lacks budget does not post within Florida PALM and is held in an exception status until the transaction is addressed and successfully posts.

At the end of the period, DFS closes the source modules to prevent further processing within the period. By utilizing Florida PALM reports, agencies can perform the period end reconciliation to ensure balances are accurate and reportable. If balances require corrections, agencies can either enter the correction directly into the general ledger (GL) for the prior period using a GL Journal or within the appropriate source module for the current period. Account balances update as agencies process corrections and are available for reporting purposes. DFS officially closes the prior period by closing the GL for the prior period.

Upon having the prior period data, DFS and agencies access the data to perform allocations. Agencies review and analyze the data to ensure accuracy. If corrections are needed, the data is corrected within Florida PALM. Upon completion of the review process, agencies decide how to perform the allocation process within Florida PALM or by using an agency business system. Florida PALM offers an allocation process, which calculates the allocation amount, creates the journal entries, and posts balanced allocation entries. Agencies using agency business systems to perform the allocation export the data from Florida PALM, import it into the agency business systems, and then perform the allocation process. Once the allocation process is completed within the agency business system, agencies create GL Journals to have the allocated amounts posted within Florida PALM.

## Business Process Flow Details

The tables below describe steps in each business subprocess as reflected on the Business Process Flow Diagrams. The tables also reflect information associated with each step describing the intent of the specific process.

The Business Process Flow Diagrams use horizontal swim lanes to depict where activities are performed by different parties or systems. Each swim lane is titled with a role, either agency-based or within DFS, and in some cases, are representative of an external entity or system. The swim lanes may change from page to page within a single business subprocess as more or fewer roles are required to execute sections of the business subprocess. Optionally, the process flow diagram may reflect vertical swim lanes to further designate information such as systems or time intervals.

Table 1: Perform Month-End Close

10.3.1 – Perform Month-End Close		
Swim Lanes – Definition	<b>Agency GL Close Processor:</b> agency role responsible for GL close activities <b>Agency Source Module Processor:</b> agency role responsible for entering and processing source module transactions <b>DFS GL Close Processor:</b> DFS role responsible for enterprise-level GL close activities	
Process Step ID	Process Step Title	Description of Process
1	Open Current General Ledger and Source Module Period	<p>A DFS Close Processor opens the GL and source module periods for the current month to allow agencies to transact as needed.</p> <p>As a part of the year end preparation activities, DFS creates and communicates the year end closing schedule and defines the closing rules. During the final month of the fiscal year, DFS opens the current GL and Source Modules for agency operations.</p>
2	Proactively Review Exception Reports	Throughout the month, Agency Source Module Processors proactively review exception reports. Proactive reconciliation helps limit the number of corrections at month-end.
3	Resolve in Appropriate Source Module	If exceptions are found during the review of exception reports, Agency Source Module Processors resolve the exception in the appropriate source module.
4	Close Current Source Module Period	At the end of the month, the DFS Close Processor closes the source module period for the month based on the predetermined schedule. Agencies begin transacting in the GL and source module periods for the new month.
5	Financial Balances for Transparency Reporting	Florida PALM provides financial balances to the Transparency Florida Site and the CFO Transparency Site, on-demand and nightly.

Process Step ID	Process Step Title	Description of Process
6	Run Preliminary Month-End Reports	Agency GL Close Processors run preliminary month-end reports, including budgetary and financial reports and online queries.
7	Review and Analyze Month-End Reports	Agency GL Close Processors review and analyze the month-end reports to identify any reconciling items. If reconciling items exist, Agency GL Close Processors determine if the correction should be made in the GL or in the source module. If the correction should be in the GL, Agency GL Close Processors create a GL Journal via the Enter and Process Journals Business Process. Once corrections are made, the Agency GL Close Processors re-run the preliminary month end reports to look for reconciling items.
8	Request Correction	If the correction should be made in the source module, Agency GL Close Processors coordinates with the Source Module Processor to have the corrections input into the proper source module. Once corrections are made, the Agency GL Close Processors re-run preliminary month end reports to look for reconciling items.
9	Create Period End Financial Reports	Once reconciling items have been identified and resolved, period end financial reports/statements are available in various outputs/formats.
10	Create Period End Financial Reports	DFS runs and reviews period end financial reports on an as needed basis. Financial reports/statements are available in various outputs and formats.
11	Close Current General Ledger Period	If this process does not occur at fiscal year end, the DFS Close Processor closes the open GL period for what is the prior month.
12	Perform Year End Activities	If this process occurs at fiscal year end, the Agency GL Close Processor performs year-end activities including posting agency accrual entries, completing any necessary DFS forms, and performing final reconciliations to ensure balances are accurate for reporting purposes. The Agency GL Close processor continues year-end activities in the Close GL and Consolidate Results Business Process.

Table 2: Perform Allocations

10.3.2 – Perform Allocations		
Swim Lanes – Definition	<b>GL Processor:</b> role responsible for GL activities	
Process Step ID	Process Step Title	Description of Process
1	Review Data for Prior Month/Period	The GL Processor reviews posted transactions in the GL to identify for allocation, namely, select expenditure transactions for cost allocations, cash transactions for interest apportionment allocations, etc.
2	Edit and Update Data	Upon review, the GL processor confirms whether corrections are required before proceeding with the allocation process. If there are identified modifications, the GL processor edits and updates the transactions as appropriate.
3	Run Allocations Process	Agencies have the option to run allocations in Florida PALM or externally in agency business systems. For allocations to be run in Florida PALM, the GL Processor runs the allocation process based on the allocation rules and configurations to appropriately create and post additional transactions to affect balances appropriately.
4	Financial Data	For allocations that are run externally, the ledger data is exported from Florida PALM to agency business systems, to establish the starting point to begin allocations.
5	Perform External Allocations	Once the agency business system receives the Florida PALM extract, agencies can begin allocations. Agencies are responsible to create and maintain allocation rules that are external to Florida PALM. Once complete, the Agency GL Processors import their allocation results into Florida PALM to be recorded in the ledger and update balances as GL Journals via the Enter and Process Journals Business Process.

Table 3: Grant/Project Financial Monitoring and Closeout

10.3.3 – Grant/Project Financial Monitoring and Closeout		
Swim Lanes – Definition	<b>Agency Grant Reporter:</b> Agency role responsible for the execution and monitoring of the grant. <b>Agency Project Reporter:</b> agency role responsible for entering and monitoring project activities. <b>Agency Project Maintainer:</b> agency role responsible for maintaining and managing projects and activities <b>Agency Grant Maintainer:</b> agency role responsible for maintaining and managing grants	
Process Step ID	Process Step Title	Description of Process

1	Project Cost Collection (Actuals)	The project costing Cost Collection program will run daily via a scheduled batch process. This process captures expenditure and revenue data from the General Ledger, Accounts Payable and Accounts Receivable modules.
2	Monitor Grant/Project	The Agency Grant/Project Reporter will monitor the grant/project activities financial transactions throughout the month and ensure vendors/subrecipients are performing the grant or project activities as agreed upon.
3	Review Reports	The Agency Grant/Project Reporter will monitor project financial activities using a variety of Florida PALM reports (i.e. encumbrances, purchase orders/contracts, expenditures, revenue), managing exceptions on an on-going basis.
4	Grants/Project Details	Agency Business Systems (ABS) will interface with Florida PALM to provide details for grants or project activities within those systems. All incoming information can be reviewed by the Agency Grant/Project Maintainer for accuracy and agreement with internal agency policies.
5	Review Corrections/Updates	The Agency Grant/Project Maintainer will review changes received from ABS's via interface, and updates or corrections that are identified as a result of the review of Florida PALM reports. The Agency Grant/Project Maintainer will make any necessary updates or corrections within the appropriate Source Module.
6	Resolve Errors	Agency Grant/Project Maintainer will complete any corrections within the originating source module such as Accounts Payable, Assets, Accounts Receivable or the General Ledger as appropriate.
7	Make Updates to Grant or Project Details	The Agency Grant/Project Maintainer will make updates identified by the Agency Grant/Project Reporter or changes coming from the ABS.
8	Analyze Grant/Project Data for Financial Closure	The Agency Grant/Project Reporter will analyze the Grant/Project data to determine if the Grant or Project is ready for close out.  If the process is being performed at year end and the project utilizes Fixed Capital Outlay (FCO) appropriation, the Agency Project Reporter must complete the FCO Certification Process.
9	Review Request for Financial Closure	The Agency Grant/Project Maintainer will review request for Grant/Project closure and will perform any close out activities.
10	Perform Closeout Activities	The Agency Grant/Project Maintainer perform final closeout activities within Florida PALM such as, verifying all payments are complete, billing and final drawdowns are complete, corrections and final closure of the Project

		<p>ChartField. Activities occurring outside of Florida PALM such as the finalization of monitoring and audit requirements, will also be performed.</p> <p>If closeout activities result in the need for General Ledger journal entries the maintainer will follow 10.2 Enter and Process Journals.</p>
11	Update Grant/Project End Date for Closeout	<p>Upon verification that all closeout activities are completed, the Agency Grant/Project Maintainer will update the end date for the Grant/Project. The end date will be the effective end date of the Project ID ChartField making it no longer available for use on transactions.</p> <p>If the Grant/Project is closed at year end, the Agency Grant/Project Maintainer should complete the FCO Certification process.</p>
12	Compile Expenditures for Funding Source Indicator (FSI) Reporting	To support the agency Legislative Budget Request development process, the Agency Grant/Project Maintainer will compile grant expenditures and work with the Agency Budget Maintainer to assign the appropriate Funding Source Indicator using reporting tools provided by Florida PALM.
13	Perform FCO Certification Process	Projects that utilize FCO appropriation must be reconciled to the Commitment Control ledger. Agency Project Maintainer will perform reviews and reconciliation to identify reversion balances and align to activities in preparation for inclusion in budgetary interfaces. FCO projects will adhere to the certification process defined in 20.3.2 Certified Forward subprocess.
14	Grant/Projects Details	Project/Grant details will be available via interface to external entities and Agency Business Systems.

## Ledger Impacts

Table 3: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger - Expenditure Transaction Reclassification Or Actuals Ledger - Revenue Transaction Reclassification	Decrease expense in ChartField String 1 Increase expense in ChartField String 2 Or Decrease revenue in ChartField String 1 Increase revenue in ChartField String

## Reports

Table 4: Reports Included on Business Process Flow Diagrams

R1	Source Module Transactional Reports – detailed reports used to determine successful posting and exception handling	Periodic	Agency
R2	Journal Inquiry – online display of requested journals	Periodic	Agency
R3	Ledger Inquiry – online display of ledger balances by ChartFields	Periodic	Agency
R4	Budget vs Actuals Detailed Report – side-by-side comparison of budgets and actuals	Periodic	Agency
R5	Trial Balance – provide debit/credit activity by ChartField and date	Periodic	Agency
R6	GL Reconciliation Report – report to display reconciled and unreconciled balances by ChartField and source module	Periodic	Agency
R7	Balance Sheet Dashboard – reflects amounts in assets and liabilities and identifies the components that contributes to these amounts	Periodic	DFS, Agency
R8	Budget vs Actuals Dashboard – enables users to perform quick budget variance analysis and provides insight into those areas that are close to going over budget, so that the agency can proactively manage those expenses	Periodic	DFS, Agency
R9	Cash Flow Dashboard – provides information on an agency’s ability to generate cash from operations and provide trends in the flow of cash relating to investing and disinvesting	Periodic	DFS, Agency
R10	Overview Dashboard – contains key financial indicators used to gauge the overall health of the agency	Periodic	DFS, Agency
R11	GL Balance Dashboard – contains GL balances by specific GL ChartFields	Periodic	DFS, Agency
R12	Schedule of Expenditure of Federal Awards – report of all federal expenditures within the current fiscal year by the Catalog of Federal Domestic Assistance (CFDA) number	Periodic, Annual	Agency

R13	Depreciation Report – a report of assets with monthly depreciation expense and accumulated depreciation	Periodic, Annual	DFS, Agency
R14	Simulated Depreciation Report – a report that shows the impact of calculating monthly depreciation expense and accumulated depreciation prior to actual recording of depreciation	Periodic, Annual	Agency
R15	Capital Assets Account Reconciliation – reconciliation of revenues and expenditures recorded in operating funds and the Financial Reporting Ledger	Periodic, Monthly, Annual	DFS, Agency
R16	Long Term Debt Account Reconciliation - reconciliation of revenues and expenditures recorded in operating funds and the Financial Reporting Ledger	Periodic, Monthly, Annual	DFS, Agency
R17	Summary of Assets – a report of total assets and changes made to asset records for a given period. The report includes changes in asset status, useful life, or re-categorization. This report is used to monitor changes to the records and support the details required for financial reporting	Periodic	DFS, Agency
R18	Cash Transfers Report – provides a listing of all InterUnit Cash Transfers for a designated period	Periodic	DFS, Agency
R19	Atypical Balance Report – provides atypical balances by agency, Fund, and account	Periodic	DFS, Agency
R20	Inconsistent Transfer Report – details journal entries containing transfer and non-transfer accounts	Periodic	DFS, Agency
R21	Cash Transfer Reconciliation Report – assists in reconciling initiating and receiving agency cash transfers	Periodic	DFS, Agency
R22	SAB by Project - Schedule of Allotment Balance report by Project, also grouped by Grant	Periodic	DFS, Agency
R23	Active Grants Report - Report that displays all active grants for a Project Business Unit to include start and end date, Sponsor, and Grant total	Periodic	DFS, Agency
R24	Grant Draw History - A report that displays revenue deposits related to the grant draw history	Periodic	DFS, Agency
R25	Grant Summary Report with Details - A report that displays historical summaries with drill down to detailed data for	Periodic	DFS, Agency

	Revenue, Encumbrance and Expenditure amounts by month, quarter, and year for the life of the grant / subrecipient agreement		
R26	Expense and Revenue by CFDA - A report that displays summary of expenses and revenues by CFDA numbers	Periodic	DFS, Agency
R27	Open Activities by Project Report - A report that displays all open activities for each project	Periodic	DFS, Agency
R28	Project Expenditures by Type - A report that summarizes project expenditures by type	Periodic	DFS, Agency
R29	Project Expenditures by Vendor/Invoice Number - A report that summarizes project expenditures by vendor/subrecipient and by invoice number	Periodic	DFS, Agency
R30	Project Expenditures by Period - Report displaying project expenditures by period; i.e. monthly, quarterly, annually or user defined period	Periodic	DFS, Agency
R31	Project Direct and Indirect Costs -A report that displays project direct and indirect cost	Periodic	DFS, Agency
R32	Project Summary with details - A report that displays historical summaries with drill down to detailed data for Revenue, Encumbrance and Expenditure amounts by month, quarter, and year for the life of the project	Periodic	DFS, Agency
R33	Outstanding Contracts/Subrecipient Agreement by Project - A report displaying all open contracts or subrecipient agreements by project	Periodic	DFS, Agency
R34	Fixed Capital Outlay Certified Forward (FCO CF) Report - A report listing all open projects and activity balances where agencies can request the balance be certified forward	Periodic	DFS, Agency
R35	Funding Source Indicator (FSI) Report - A report focusing on grant and other expenditures used to assign a funding source indicator for budgeting purposes	Periodic	DFS, Agency
R36	Inactive Projects – Projects with no financial activity within a designated timeframe	Periodic	DFS, Agency

R37	Project budget Versus Appropriation Budget – Report will sum up projects in Project costing based on the unique combination of Account, Fund, Budget Entity and Category. The total will be matched against the budget ledger to identify differences	Periodic	DFS, Agency
R38	Grant/Project Details Report – Report will show Grant and Project Details inbound from external systems	Periodic	Agency

## Terminology

**Accounting Period** – represents fiscal month where detailed transactions from respective source modules and net activity in the GL is posted for a set of ChartField values. Accounting periods are segregated by respective sub modules and GL. This provides the ability to control and restrict recording and processing by modules.

**Agency Business System** – system, database, or other source of data wholly owned and operated by a state agency.

**Allocation** – process of distributing cost to a cost object or revenue, using a rational basis of apportionment.

**Exception Report** – system generated report listing transactions or journals that did not successfully pass Florida PALM requirements.

**General Ledger (GL)** – master set of accounts in which the State of Florida’s financial transactions are recorded in detail or in summary form. This serves as a central repository for accounting data transferred from all sub-ledgers or process areas.

**GL Journal** – accounting entries recorded directly in GL to update or transfer balances.

**Ledger** – permanent summary of amounts entered in supporting journals, which list individual transactions by date.

**Management Report** – provides summary information for decision making and performance monitoring.

**Project** – temporary endeavor requiring the separate accumulation of costs and containing a set of activities designed to achieve a specific outcome.

**Reconciliation** – the process of validating the State of Florida accounting balances are accurate and available for reporting.