

10.4 Close General Ledger and Consolidate Results

Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version

Table of Contents

General Information	4
Dependencies and Constraints	4
Business Process Overview	5
Subprocess Flow Details.....	6
Ledger Impacts	11
Reports	11
Terminology	133

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 particular 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 Chief Financial Officer (CFO) is responsible for maintaining accurate financial data on behalf of the State of Florida.
- 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).
- Component units are required to file all financial information and any supporting documentation with the parent agency for reporting purposes.

- The CFO must prepare and furnish the annual financial statements to the Auditor General (AG) by December 31.
- The CFO must prepare and publish the CAFR, in accordance with GAAP, by February 28.

Business Process Overview

The Set Up and Maintain Chart of 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.

This business process addresses the execution of the year end close process and the generation of the CAFR. DFS manages and communicates the closing process to agencies. State agencies are required to follow the outlined closing schedule and perform the month end closing process for the month of June.

The June closing process gives state agencies a chance to make corrections in the source module prior to the source module close. DFS coordinates with agencies to address additional adjustments needed prior to agency general ledgers (GL) being closed for the prior FY. Financial results are consolidated after closing and then adjusted as needed within Florida PALM, which include material adjustments, Component Unit financial statements, and additional agency year-end adjustments.

The GL adjustment period is used for adjustments related to the Comprehensive Annual Financial Report (CAFR) development and preparation process. CAFR preparation is performed substantively in Florida PALM to generate the unaudited CAFR for review by the Auditor General. The Auditor General performs the Statewide Financial Statement Audit and the Federal Awards Audit to identify audit adjustments to the financial statements. The agencies and DFS review the Auditor General's audit adjustments to determine the applicability of identified audit adjustments to be posted to the GL. After audit adjustments, DFS closes the GL Adjustment Period, generates the final CAFR, and updates the current FY with the final adjusted prior year balances.

Business Process Flow Details

The table below describes steps in the business subprocess as reflected on the Process Flow diagrams. The table also reflects 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 enterprise-based, and in some cases, are representative of an external party 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: Close General Ledger and Consolidate Results

10.4 – Close General Ledger and Consolidate Results		
Swim Lanes – Definition	Agency/Component Unit GL Close Processor: role responsible for GL close activities within an Agency or Component Unit Auditor General: role responsible for performing audits DFS Processor: role responsible for year-end close processing EOG/OPB: (Non-Florida PALM role) role responsible for receiving reports as appropriate	
Process Step ID	Process Step Title	Description of Process
1	Create Year-End Schedule and Define Closing Rules	Year End Close activities are scheduled and communicated appropriately to track completion of tasks and manage dependencies. Closing Rules are reviewed, managed, and monitored as appropriate for a successful close of the FY. Agencies are notified of the year end closing schedule and the expectations of the closing process before the closing period starts. Agencies are expected to continue the month end process until the end of the fiscal year. During the final month of the fiscal year, agencies will conduct the year end close activities outlined in the closing directives.
2	Close General Ledger Period for Prior Fiscal Year	Following June month-end activities, a DFS Processor closes the GL period for the prior FY.
3	Execute Year-End Close Process	Once DFS has determined agencies have performed all reconciliation activities between the source modules and the GL, the usual period-end reports, and any other special year end reports are produced prior to executing the close process. At this point, adjustments to the prior year may begin as appropriate. Alternatively, the appropriate accounting period

Process Step ID	Process Step Title	Description of Process
		<p>can be reopened to enter and post the entries and close the period again.</p> <p>To close the old year, the Close Request page is used to close revenue and expense accounts to retained earnings and roll forward beginning balances to the new year. GL performs closing according to the options selected in the closing rules.</p>
4	Generate Year-End Close Reports	Until the year end closing is run, the reports for the next year do not include any results from prior years. Once the close process is run, the balance sheet accounts and inception-to-date revenue and expense accounts are available for reporting.
5	Receive Annual Agency Closing Reports	The designated Annual Agency Closing Reports are transmitted to the Executive Office of the Governor/Office of Policy and Budget (EOG/OPB) for review and use.
6	Trial Balance Reports	EOG/OPB receives an interface file containing the beginning and ending trail balances for all agencies. These files are used at the discretion of EOG/OPB for further analysis or budget purposes.
7	Review and Analyze Year-End Close Reports	DFS reviews and analyzes the closing reports that are produced. The reports are analyzed/validated to confirm that the balances reflect expected outcomes. DFS confirms there are no discrepancies contained within the report.
8	Run Undo Process	If problems are identified, then the Close Undo process runs to reverse all closing actions taken by the system and return Florida PALM back to the previous state prior to executing close.
9	Correct Close Issue(s)	To correct the issues, the DFS Processor confirms the reasons for which the actual balances were not accurate before re-processing close. DFS may reach out to agencies to verify the reason for the required correction and provide a recommended solution to the agency. If the agency does not agree with the solution, the agency can provide a solution to resolve the issue. DFS ultimately prepares and enters all corrections that are necessary.
10	Trial Balance Data	If no issues are identified with close, the DFS Processor transmits trial balance data to the Auditor General for audit.
11	Perform Statewide Audit	The Auditor General performs the annual statewide audit using the trial balance data provided by DFS.
12	Identify Audit Adjustments	The Auditor General identifies any necessary audit adjustments and communicates those adjustments to the agency.
13	Input Component Unit Annual	Component units, required to submit annual financial statements to the respective parent agency, enters the

Process Step ID	Process Step Title	Description of Process
	Financial Statement Balances	applicable financial information into Florida PALM. The parent agency may enter the required financial statement balances on behalf of the component units. The financial statement balances entered is translated to the Florida PALM COA as maintained by the parent agency. The entered financial information must be approved by the parent agency prior to inclusion within the statewide financial information.
14	Component Unit Annual Financial Statement Balances	Optionally, parent agencies may receive component unit annual financial statement balances via interface from their financial systems.
15	Statements Reviewed and Approved by Parent Agency	Agencies review and approve financial statements for their respective component units.
16	Review Year-End General Ledger Balances	<p>The DFS Processor can review year-end GL balances and process additional adjustments to the prior FY as needed for reporting purposes.</p> <p>Agencies need to submit the required financial statement forms based upon the preliminary trial balances. The forms are completed and submitted by the established dates determined by DFS. These forms are submitted via a process determined by DFS and are reviewed for completeness and accuracy.</p> <p>Approved component unit financial information is submitted to the DFS processor via workflow. The DFS Processor reviews the information and validate prior to including the data into the overall GL.</p>
17	Compile Year-End Accrual Journal Entries	<p>The Agency/Component Unit GL Close Processor needs to create, compile, and post additional year end accrual entries as necessary to balance. After the entries have been input, the Processor needs to analyze and review the reports again to verify the corrections were successful.</p> <p>As part of adjustments period, agencies need to notify DFS of any material adjustments and state level financial entries that are posted to GL. The DFS Processor reviews the adjustments and validates if the request qualifies as a material adjustment per the criteria. The DFS Processor provides further guidance to the agency once a determination of materiality has been established.</p>

Process Step ID	Process Step Title	Description of Process
18	Perform Review and Reconciliation	Once the adjustments have been posted to the GL, appropriate reports are generated for the DFS Processor to analyze and review. Reports can come from external data sources such as the current year estimated revenue report from LAS/PBS. The Processor uses the reports to complete reconciliations to determine if the financial statements are complete. If the reconciliation is not balanced, additional adjustments are required prior to moving forward.
19	Weekly Adjustments Reports	EOG/OPB receives weekly adjustment reports by Business Unit.
20	Generate Preliminary Year-End Close Reports	The Trial Balance report and other reports can be generated to continue to reconcile and review balances
21	Populate CAFR Templates	The DFS Processor needs to review the CAFR templates in preparation for the upcoming CAFR publication. These templates are created and edited using the Oracle Business Intelligence (BI) Template Editor. The template can reference both People Soft and external data for inclusion within the CAFR. Once the template has been loaded and the preliminary CAFR produced, the DFS Processor reviews the report to determine if the report is accurate and reflects all the correct data elements generated by either Florida PALM or an external party. If data is missing, the DFS Processor reviews all sources of information to determine which information is missing.
22	External Data	Agencies provide the DFS Processor any external data that is required to be included in the CAFR for reporting purposes. The DFS Processor receives all external data from sources in the prescribed manner. As data is received the processor should review the information to ensure it is valid and complete. If the information is incomplete, the processor needs to be in contact with the sender for corrected information.
23	Validate and Insert External Data	Data from external systems that need to be included in the CAFR can be included by using the Oracle BI template and referencing the information. The DFS Processor needs to review the information and the template to ensure the template is including the correct data.
24	Produce Draft/Unaudited CAFR	Using the BI tools, the DFS Processor produces the CAFR. The CAFR is then extracted for further publishing criteria.
25	Draft/Unaudited CAFR	The DFS Processor transmits a file containing all financial information for the prior year to the Auditor General. The file

Process Step ID	Process Step Title	Description of Process
		contains all items used to create the CAFR including the notes to the financial statements.
26	Perform CAFR Audit	The Auditor General performs the annual audit of the financial statements using the unaudited data provided by the DFS Processor based upon the audit engagement letter provided. If the Auditor General does not have any suggested adjustments to the CAFR, then it is available for further refinement and publishing by DFS. If during the audit, the Auditor General suggests adjustments, the adjustments are provided to the Agency F&A Maintainer and the DFS Processor.
27	Audit Adjustments	If audit adjustments are identified, the Auditor General uploads adjustments and provides the adjustment to the Agency GL Close Processor for review and response. The entry is also be provided to DFS Processor for input.
28	Address Audit Adjustments	<p>The Agency GL Close Processor reviews the suggested adjustment provided by the Auditor General. The agency reviews and responds to the suggested change as needed. If the change is accepted, the agency notifies the DFS Processor to proceed with the entry. The agency also needs to provide follow up response to the Auditor General related to the adjustment.</p> <p>Once all audit related adjustments have been entered, the DFS Processor needs to verify there are no further adjustments needed. If there are no further adjustments the DFS Processor is ready to Close the GL adjusting period. If further adjustments are needed, the processor needs to complete those entries prior to moving forward with the closing.</p> <p>After all adjustments are entered, the processor reruns the report to ensure all reports are in balance and it is ok to proceed with the closing of the final GL adjusting period within Florida PALM.</p>
29	Generate Audited CAFR	Once all internal and external data have been compiled and consolidated, the final CAFR is produced and exported for further publishing criteria.
30	Close General Ledger Adjustment Period	Once all adjustments have been made, the adjustment period can be closed for the prior FY. Rerun the year close process to regenerate new FY balances
31	Produce Final Audited Balance/Year-End Reports	The DFS Processor completes the publishing of the final CAFR and publishes the report online before the statutory due date.

Process Step ID	Process Step Title	Description of Process
		Agencies can see their final trial balance with all adjustments that were made for the prior FY. Agencies do not need to correct their beginning balances due to the balances being updated as the adjustments were being prepared during the final adjustment period.
32	Unreserved Fund Balances File	EOG/OPB receives and loads a final unreserved balance file for all agencies from Florida PALM to LAS/PBS.
33	Receive Final Audited Balance/Year-End Reports	EOG/OPB also receives a copy of all the final audited balances and the yearend reports that were produced because of the official closing of the prior FY.

Ledger Impacts

Table 2: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Establish Beginning Balance	Decrease expense and revenue Increase equity balances
LI2	Budget Ledger - Expenditure transaction Or Budget Ledger - Revenue transaction	Decrease available spending authority Increase expense Or Increase total estimated revenue Increase recognized and collected revenue

Reports

Table 3: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Budget vs Actuals Detailed Report – provide side-by-side comparison of budgets and actuals	Periodic	DFS
R2	Trial Balance – provide debit/credit summary activity by ChartField	Periodic, Annual	Agency, Auditor General, DFS, EOG/OPB
R3	Balance Sheet Dashboard – reflects amounts in assets and liabilities and identifies the	Periodic	DFS

Report Number	Report Description	Report Frequency	Audience
	components that contributes to these amounts		
R4	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 organization can proactively manage those expenses	Periodic	DFS
R5	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
R6	Overview Dashboard – contains key financial indicators used to gauge the overall health of the organization	Periodic	DFS
R7	GL Balance Dashboard – contains GL balances by specific GL ChartFields	Periodic	DFS, Agency
R8	Journal Inquiry – online display of requested journals	Periodic	Agency, DFS
R9	Ledger Inquiry – online display of ledger balances by ChartFields	Periodic	Agency, DFS
R10	CAFR Report – the annual financial statements	Periodic	DFS
R11	CAFR Template – template used to compile the annual financial statements	Periodic	DFS
R12	Agency Balance Sheet Report – finalized agency balance sheet reflecting the balances with any adjustments that were made during the close process	Annual	Agency, DFS, EOG/OPB
R13	Adjusting Period Entry Report – report detailing the entries that were created during the adjustment period	Periodic, Annual	Agency, Auditor General, DFS
R14	Disbursements Load Report – report detailing all the disbursements generated by Florida PALM	Periodic	LAS/PBS

Terminology

Adjustment Period – accounting period created specifically for entering adjustment and closing entries

Annual Report – report produced once a year for varying user needs, such as for statutory reporting requirements or federal reporting requirements.

Business Intelligence (BI) – umbrella term that includes the applications, infrastructure, tools, and best practices that enable access to and analysis of information to improve and optimize decisions and performance.

Component Unit – legally separate organization for which the elected officials of the State are financially accountable (e.g., state universities, colleges, and water management districts) and for which the nature and significance of their relationship with the primary government is such that exclusion of these organizations from the primary government's financial statements would be misleading.

Comprehensive Annual Financial Report (CAFR) – annually audited report that presents the financial condition of the State at FY end and the results of operations during the FY, as well as other financial information.

Fiscal Year (FY) – any consecutive twelve-month period when an organization's annual financial records commence and conclude. The FY for the State of Florida begins on July 1 and ends the following June 30.

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.

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

Parent Agency – state agency that has a significant relationship with a separate legal entity, is financially accountable for the entity, and has the responsibility of reporting the financial information of the entity.

Reports – formal records/statements of the financial activities and position of the State. Reports can be generated in many forms, such as Edit, On-Screen, Query, and Printed Reports for review.

Trial Balance – report of balances of the GL accounts.

Workflow – orchestrated and repeatable patterns of business activity enabled by the systematic organization of resources into processes with specific approvals that transform materials, provide services, or process transactional information.