60.2 Deposit and Apply Receipts

![Florida PALM logo - Planning, Accounting, and Ledger Management]

Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version
2.0	04/29/2021	Accepted Departmental Version

Table of Contents

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

- Cash is not available for use until verified and recorded in Florida PALM.
- The deposit verification process is dependent on the Florida PALM receiving a bank file and the Department of Financial Services (DFS), Division of Treasury (Treasury) performing the Manage and Reconcile Bank Statements business process.
- Recording returned items are contingent upon the bank providing the interface files.

Business Process Overview

The Deposit and Apply Receipts business process is within the Accounts Receivable (AR) business process grouping. AR includes a collection of business processes that:

- Manage accounting, reporting, and collection of outstanding State revenues;
- Support the intake and accounting for cash receipts; and
- Ensures that the write-off of outstanding debt is appropriately approved.

This business process addresses how the State records deposits in Florida PALM and monitors that deposits are reconciled to bank data.

The business subprocesses included are:

- 60.2.1 – Direct Journal Deposits
- 60.2.2 – AR Deposits
- 60.2.3 – Returned Items
- 60.2.5 – Manage Electronic Receipts Data

Section 116.01, Florida Statutes (F.S.), requires funds collected and due to the State to be deposited in the Treasury no later than seven working days from the close of the week in which funds were received. Section 215.31, F.S., provides revenue collected or received shall be promptly deposited in the Treasury, immediately credited to the appropriate fund, and properly accounted for by DFS as to source.

Direct Journals are used to record deposits that are not normally associated with a customer or outstanding receivable, whereas AR Deposits are associated with a customer and outstanding receivable. Direct Journals are also used to correct deposit accounting entries or reclassify revenues within their agency. Agencies use business systems and/or 3rd party providers to process customer transactions, receive customer payments, and process deposits. Once the deposit is recorded in Florida PALM, the deposit is reconciled to the bank deposit received by Treasury and the fund cash balance is updated in Florida PALM making the deposit available for agency use.

If checks, credit card payments, and Automated Clearing House payments deposited are returned by the bank (e.g., insufficient funds, credit card disputes, or closed accounts), a debit memo is systematically generated. Returned items are recorded in Florida PALM to reduce the cash balance in an agency default fund. A Direct Journal Deposit is used to update the default fund to the appropriate fund. Agencies notify customers through their normal process to collect outstanding balances.

Manage Electronic Receipts Data is a process to import ePayment and ACH Notification of Change (NOC) data from financial institutions and make available to the agencies for use in customer transaction processing.

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 Department of Financial Services (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: Direct Journal Deposits

60.2.1 - Direct Journal Deposits		
Swim Lanes – Definition	**Agency Deposit Approver:** agency role responsible for reviewing and approving deposits **Agency Deposit Processor:** agency role responsible for creating the deposit header and line detail information **DFS Audit Approver:** DFS role responsible for auditing expenditure refunds **DFS Bank Reconciliation Processor:** DFS role responsible for reconciling bank accounts	
Process Step ID	**Process Step Title**	**Description of Process**
1	Determines Need to Record Deposit	The Agency Deposit Processor receives a payment that is not tied to an open receivable item. Such payments are referred to as Direct Journal Payments. The agency may also need to reclassify revenues.
2	Manual Direct Journal	If the Agency Deposit Processor receives a request to create a small volume of deposits, a Direct Journal Deposit can be manually entered.
3	Spreadsheet Deposit Data	If the Agency Deposit Processor receives a request to create a large volume of deposits, the spreadsheet upload process can be used to upload the deposit information.
4	Import Deposit Data	A process loads the deposit data from the spreadsheet.
5	Deposit Data	Some agencies provide deposit information via a file, which can be uploaded to create the deposit.
6	Import Deposit Data	An automated process loads the deposit data from an interface.
7	Run Interface for AP Data	An automated process loads interunit payment data. This process stages deposit information based on approved AP transactions.
8	Create Deposit	The Agency Deposit Processor enters the required information related to payments on the deposit page. ChartField values are used to link and report deposits associated with projects or grants. If the deposit is related to a clearing fund bank, a specific deposit type is used for

Process Step ID	Process Step Title	Description of Process
		financial reporting purposes. If the deposit is for a revenue reclassification that does not require budget authority, a $0 deposit entry is created with payment lines representing the revenue reclassifications. For the spreadsheet and file import, the deposit record is automatically created. The payment is marked for Direct Journal. Supporting documentation can be attached for each payment. The Expenditure Refund Form is attached at this step and may require an Accounts Payable (AP) payment query to obtain data for completion. Once deposits are created by the agencies, the system transactions are automatically available for reconciliation to the bank statement transactions. The agencies can monitor the reconciliation process to confirm the deposit is verified. If needed, a Change of Custody Report is generated to capture signatures of employees when cash changes hands.
9	Submit Treasury Assistance Form	In cases where deposit verification approval is needed prior to receiving the bank deposit file, the agency submits a Treasury Assistance Request Form.
10	Manual Deposit Verification	Treasury reviews and approves the same day deposit entry. This is used for large ACH or wire deposits on a case by case basis.
11	Review Unverified Deposits	After bank reconciliation runs, if the deposit is not verified, the Agency Deposit Processor must review and determine why the deposit is not verified. If a deposit correction is needed, the Agency Deposit Processor must correct the deposit entry to match the bank deposit information. If a bank correction is needed, the Agency Deposit Processor must contact Treasury.
12	Submit Treasury Assistance Form	The Agency Deposit Processor submits a Treasury Assistance Request Form to provide the specific correction needed at the bank. The Agency Deposit Processor can also submit this form to claim a deposit not correctly identified.
13	Review Assistance Needed	If a bank correction is needed, the DFS Bank Reconciliation Processor contacts the bank. If the DFS Bank Reconciliation Processor needs further information, the Treasury Assistance Request Form is routed back to the Agency Deposit Processor.
14	Create Direct Journal Accounting Entries	The Agency Deposit Processor uses a Direct Journal Deposit to create accounting entries, including accounting entries for returned items and revenue reclassifications. The Direct Journal business subprocess routes to the Agency Deposit Approver for approval. If the deposit is for an Expenditure Refund, it routes to the DFS Audit Approver.
15	Run AR Update	This is an automated system process that posts accounting entries, including recording verified cash. This process

Process Step ID	Process Step Title	Description of Process
		tracks the recognized and collected revenue and compares it against the revenue estimate. This process also restores spending authority for Expenditure Refunds.
16	Export Transparency Portal Data	This process generates and exports a data file for State Transparency Portals.
17	Revenue, Receipts, and Transfers Data	The Chief Financial Officer (CFO) Transparency Portal receives receipts and transfers by category type. The Executive Office of the Governor (EOG) Transparency Portal receives revenues by agency, fund, and revenue category.

Table 2: AR Deposits

60.2.2 - AR Deposits	
Swim Lanes – Definition	**Agency AR Processor:** agency role responsible for confirming deposit lines post to the correct AR items **Agency Deposit Approver:** agency role responsible for reviewing and approving deposits **Agency Deposit Processor:** agency role responsible for creating the deposit header and line detail information **DFS Audit Approver:** DFS role responsible for auditing expenditure refunds **DFS Bank Reconciliation Processor:** DFS role responsible for reconciling bank accounts

Process Step ID	Process Step Title	Description of Process
1	Receives Payment from Customers	The Agency Deposit Processor receives a payment from a customer. If the Agency Deposit Processor receives a request to create a small volume of deposits, the Agency Deposit Processor creates a deposit in Florida PALM.
2	Spreadsheet Deposit Data	If the Agency Deposit Processor receives a request to create a large volume of deposits, the spreadsheet may be used to upload the deposit information.
3	Import Deposit Data	A process loads the deposit data from the spreadsheet.
4	Deposit Data	Some agencies provide deposit information via a file, which can be uploaded to create the deposit.
5	Import Deposit Data	An automated process loads the deposit data from an interface.
6	Run Interface for AP Data	An automated process loads interunit payment data. This process updates receivables information based on approved AP transactions.
7	Create Deposit	The Agency Deposit Processor enters the required information related to payments on the deposit page. For the spreadsheet and file import, this is automatically created. ChartField values are used to link and report deposits associated with projects or grants. If the deposit is related to a clearing bank, a specific deposit type is

Process Step ID	Process Step Title	Description of Process
		used to identify the activity for financial reporting purposes. The Expenditure Refund Form is attached at this step and may require an AP payment query to obtain data for completion. Once deposits are created by the agencies, the system transactions are automatically available for reconciliation to the bank statement transactions. Interunit transactions are not subject to bank reconciliation as they represent internal transfers of cash. The agencies can monitor the reconciliation process to confirm the deposit is verified. If needed, a Change of Custody Report is generated to capture signatures of employees when cash changes hands.
8	Submit Treasury Assistance Form	In cases where deposit verification approval is needed prior to receiving the bank deposit file, the agency submits a Treasury Assistance Request Form.
9	Manual Deposit Verification	Treasury reviews and approves the same day deposit entry. This is used for large ACH or wire deposits on a case by case basis.
10	Review Unverified Deposit	If the deposit is not verified, the Agency Deposit Processor must review and determine why the deposit is not verified. If a deposit correction is needed, the Agency Deposit Processor must correct the deposit entry to match the bank deposit information. If a bank correction is needed, the Agency Deposit Processor must contact Treasury.
11	Submit Treasury Assistance Form	The Agency Deposit Processor submits a Treasury Assistance Request Form to provide the specific correction needed at the bank. The Agency Deposit Processor can also submit this form to claim a deposit not correctly identified.
12	Review Assistance Needed	If a bank correction is needed, the DFS Bank Reconciliation Processor contacts the bank. If the DFS Bank Reconciliation Processor needs further information, the Treasury Request Assistance Request Form is routed back to the Agency Deposit Processor.
13	Payment Predictor	If the deposit is recorded to an open AR, then the Agency AR Processor uses the automatic Payment Predictor to apply payment to the open AR. Payment Predictor uses criteria to systematically match deposits to open AR. If Payment Predictor is incomplete, not selected, or expenditure refund related, the Agency AR Processor builds a Payment Worksheet and applies the payment manually.
14	Build Worksheet and Apply Payment	The Agency AR Processor builds a Payment Worksheet and selects open AR to apply payment. For Returned Items, the Agency AR Processor updates the

Process Step ID	Process Step Title	Description of Process
		Maintenance Worksheet to tie the original customer payment to the returned item.
15	Set Worksheet to Post	After the deposit is approved by Agency Deposit Approver, the system sets the Worksheet to post, except for Expenditure Refunds which also require approval by the DFS Audit Approver. Once completed, this allows the Run AR Update to post payments. If not approved, the workflow routes back to the Agency AR Processor to update and correct the Worksheet.
16	Run AR Update	This is an automated system process that posts accounting entries, including recording verified cash, and closes out the AR. This process also tracks the collected revenue and compares it against the revenue estimate.
17	Export Transparency Portal Data	This process generates and exports a data file for State Transparency Portals.
18	Revenue, Receipts, and Transfers Data	The CFO Transparency Portal receives receipts and transfers by category type. The EOG Transparency Portal receives revenues by agency, fund, and revenue category.

Table 3: Returned Items

60.2.3 - Returned Items		
Swim Lanes – Definition	**Agency AR Processor:** agency role responsible for confirming deposit lines post to the correct AR items **DFS Bank Reconciliation Processor:** DFS role responsible for reconciling bank accounts **DFS Deposit Processor:** agency role responsible for creating the deposit header and line detail information	
Process Step ID	Process Step Title	Description of Process
1	Returned Items Data	The Bank provides a returned items interface file to Florida PALM. Returned items include returned checks, credit card chargebacks, and credit card chargeback reversals.
2	Import Returned Items Data	An automated process runs to import the interface file and load into Florida PALM.
3	Create Deposit and Direct Journal Entries	The interface creates the returned item deposit to the agency default ChartField values and includes an image for returned checks. These returned item deposits go through a reconciliation process to match the bank deposit record.
4	Run AR Update	This is an automated system process that posts accounting entries, including reducing verified cash in the default ChartField values. This process reduces the recognized and collected revenue. If the Agency AR Processor determines the returned item is not related to a customer

Process Step ID	Process Step Title	Description of Process
		and the default accounting needs reclassifying, a $0 Direct Journal Deposit is created.
5	Research and Find Original Payment	If a returned item is related to a customer, the Agency AR Processor researches and identifies the original payment associated with the returned item to confirm accuracy for unposting.
6	Unpost Original Payment	The Agency AR Processor creates a Maintenance Worksheet to unpost the payment, apply additional fees (e.g., bad check service charge, or late fees). An AR Deposit is created to reverse the default accounting and remove the original customer payment.

60.2.4 – Offsets

This subprocess has been removed. The Offsets business process will be included in the Florida PALM Phase 2 implementation.

Table 4: Manage Electronic Receipts Data

60.2.5 – Manage Electronic Receipts Data		
Swim Lanes – Definition	**Agency Deposit Processor:** agency role responsible for reviewing electronic receipts data **DFS Electronic Receipts Maintainer:** DFS role responsible for managing electronic receipts data	
Process Step ID	**Process Step Title**	**Description of Process**
1	ePayment Interface	The electronic payment interface contains details for electronic payments (e.g., credit cards).
2	Import & Parse ePayment Data	As data is received, Florida PALM imports the ePayment Data and parses the data by agency.
3	Export ePayment Data	Florida PALM generates the agency specific ePayment data.
4	Agency ePayment Interface	The agency specific ePayment data is transmitted to support processing in agency business systems. This information informs decisions related to deposits.
5	ACH NOC Interface	The ACH NOC interface contains details related to customer drafts that require changes to the banking information (e.g., insufficient funds, changes to bank routing/bank account numbers).
6	Import & Parse ACH NOC Data	As data is received, Florida PALM imports the ACH NOC data and parses the data by agency.
7	Export ACH NOC Data	Florida PALM generates agency specific ACH NOC data.
8	Agency ACH NOC Interface	The agency specific ACH NOC data is transmitted to support processing in agency business systems.

Process Step ID	Process Step Title	Description of Process
9	Review ACH NOC Data	The Agency Deposit Processor reviews the ACH NOC data online to determine updates needed to customer banking data.

Ledger Impacts
Table 5: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Direct Journal Or, Actuals Ledger – Direct Journal Expenditure Refund	Increases Subaccount Cash Increases Revenue Or, Increases Subaccount Cash Decreases Expenditure
LI2	Cash Ledger – Deposit	Increases Verified Cash
LI3	Budget Ledger – Direct Journal Or, Budget Ledger – Direct Journal Expenditure Refund	Increases Recognized Revenue Increases Collected Revenue Or, Decreases Expenditures Increases Spending Authority
LI4	Budget Ledger – Payment Application Or, Budget Ledger – Payment Application Expenditure Refund	Increases Collected Revenue Or, Decreases Expenditures Increases Spending Authority
LI5	Actuals Ledger – Payment Application Or, Actuals Ledger – Payment Application Expenditure Refund	Increases Subaccount Cash Decreases Open Accounts Receivable Or, Increases Subaccount Cash Decreases Open Accounts Receivable Decreases Expenditure Refund Clearing Decreases Expenditure
LI6	Actuals Ledger – Returned Item Deposit	Decreases Revenue in Default ChartField string Decreases Subaccount Cash in Default ChartField string
LI7	Cash Ledger – Returned Item Deposit	Decreases Verified Cash in Default ChartField string
LI8	Budget Ledger – Returned Item Deposit	Decreases Recognized Revenue in Default ChartField string Decreases Collected Revenue in Default ChartField string
LI9	Actuals Ledger – Reclassification $0 Deposit	Increases Revenue in Default ChartField string Increases Subaccount Cash in Default ChartField string

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
		Decreases Revenue in Original Payment ChartField string Decreases Subaccount Cash in Original Payment ChartField string
LI10	Cash Ledger – Reclassification $0 Deposit	Increases Verified Cash in Default ChartField string Decreases Verified Cash in Original Payment ChartField string
LI11	Budget Ledger – Reclassification $0 Deposit	Increases Recognized Revenue in Default ChartField string Increases Collected Revenue in Default ChartField string Decreases Recognized Revenue in Original Payment ChartField string Decreases Collected Revenue in Original Payment ChartField string
LI12	Actuals Ledger – Unpost AR Item	Increase Open AR in Original ChartField string Decrease Subaccount Cash in Original ChartField string
LI13	Actuals Ledger – Reclassification $0 AR Deposit	Increases Revenue in Default ChartField string Increases Subaccount Cash in Default ChartField string
LI14	Cash Ledger – Reclassification $0 AR Deposit	Increases Verified Cash in Default ChartField string Decreases Verified Cash in Original ChartField string
LI15	Budget Ledger – Reclassification $0 AR Deposit	Increases Collected Revenue in Default ChartField string Decreases Collected Revenue in Original ChartField string

Reports

Table 6: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Deposit Report – provides detailed information for deposits	Periodic	Agencies
R2	Debit Memo – provides returned item information	Periodic	Agencies
R3	Unverified Deposits Report – provides a report of unverified deposits	Periodic	Agencies
R4	Verified Deposits Report – provides deposits verified by the Treasury	Periodic	Agencies
R5	Payment Predictor Detail Report – provides a list of Payment Predictor activities based on set parameters	Periodic	Agencies

Report Number	Report Description	Report Frequency	Audience
R6	Change of Custody Report – provides the total deposit amount and count with names and signatures of employees transferring and receiving cash	Periodic	Agencies
R7	1099 Update Report – provides supplier name, ID, and amount for 1099 updates related to expenditure refunds	Periodic	A&A, Bureau of Vendor Relations
R8	Clearing Fund Bank Activity Report – provides deposits entered with a Clearing Fund Bank deposit type for financial reporting	Periodic	Agencies, A&A
R9	Deposit Monitoring Report – provides $0 reclassification deposits using expenditure coding	Periodic	Agencies, A&A
R10	Agency Bank Deposit Extract Report – provides a query to prepopulate the deposit spreadsheet from the bank statement file to assist agencies in recording deposits	Periodic	Agencies
R11	ACH Notifications of Change Report – provides a query and drilldown capability to the NOC detail	Periodic	Agencies, Treasury

Terminology

Automated Clearing House (ACH) – electronic funds transfer system.

ACH Notification of Change (NOC) – a notice of banking data that has become outdated.

Cash – includes all forms of receipt (e.g., checks, ACH, credit cards, and cash).

Credit Card Chargeback – credit card transactions disputed by the cardholder and subsequently deducted from the State Concentration Account.

Customer – individual, entity, or agency that conducts business and/or financial transactions with the State of Florida or otherwise is obligated to pay funds or incurs debt to the State.

Direct Journal Deposit – a journal entry to record deposits in AR.

Fund(s) – used by governmental units to control, monitor, and report on specific resources allocated/budgeted for a specific purpose; or used to denote cash or money.

General Ledger – master set of accounts in which an entity's financial transactions are recorded in detail or in summary form. Serves as a central repository for accounting data transferred from all sub-ledgers or Process Areas.

Payment – exchange of funds to compensate or discharge an obligation.

Payment Predictor – the automated process which compares and applies deposited payments to outstanding receivables in Florida PALM.

Returned items – check, credit card, and ACH payment types not paid by the financial institution (e.g., insufficient funds, credit card chargebacks, and closed accounts).

Verified – event of matching the cash deposited into the Concentration Account to the agency record in the accounting system to validate the amount and record the cash balance in the appropriate agency and fund.