

30.7 Accounts Payable Period Close

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 located as appendix to this document.

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
- **Process Step Title** – A short description assigned to each process step
- **Description of Process** – A detailed narrative description of the process step
- **Ledger Impacts ID** – The number assigned to the documented accounting entry associated with the 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 to 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

- Any Accounts Payable (AP) transactions not completed prior to period close are completed in the subsequent period
- The Accounts Payable Period Close Business Process is dependent on transaction processing in the normal course of business and resolution of failed transactions in the appropriate period.
- Journal entries are accounted for as part of the normal business processes.
- An Agency Financial Reporting Supervisor is responsible for the generation of journals for the Accounts Payable Module and for updating the period dates.

Business Process Overview

The Accounts Payable Period Close business process is within the Disbursement Management (DM) business process grouping. DM includes a collection of business processes that:

- Manage supplier information, including demographic and payment information for tax withholding and reporting purposes;
- Support the disbursement process for State obligations from encumbrance through payment request, payment creation, and escheatment; and
- Perform month-end and year-end closing activities.

The Accounts Payable Period Close business process highlights the activities to be completed in preparation to close the Accounts Payable Module. The Accounts Payable Period Close business process is applicable to both the month end and year end close. The completion of these closing tasks monthly facilitates a timely year end close for the AP module. The Agency AP Supervisor oversees the completion of accounts payable tasks such as the following: collecting and paying all outstanding invoices and expense payments, monitoring and managing encumbrance balances, resolving accounting and budget exceptions for vouchers and payments, recording revolving fund payments or other manual payments, and completing required voucher approvals to schedule payments (and corrections) prior to the last pay cycle for the period to be closed.

Upon completion of the last scheduled pay cycle, the Agency Financial Reporting Supervisor initiates the close process for the Accounts Payable Module and updates the applicable period dates. The Agency AP Supervisor then updates the dates for unposted vouchers for the new period. All transactions are then posted for the new current period.

The period close activities are intended to monitor and manage agency business operations and facilitate statewide reporting purposes. Monthly review and close-out of pending transactions are performed by authorized agency users. System jobs are run to update pertinent modules and the Accounts Payable Module is reconciled to the General Ledger.

Business Process Flow Details

The table below describes steps in the business process as reflected on the Business Process Flow Diagram. The table also reflects information associated with each step describing the intent of the specific process.

The Business Process Flow Diagram uses horizontal swim lanes to depict where activities are performed by different parties or systems. Each swim lane is titled with either an agency or an enterprise role. 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 Business Process Flow Diagram may reflect vertical swim lanes to further designate information such as systems or time intervals.

Table 1: Accounts Payable Period Close

| 30.7 – Accounts Payable Period Close | | |
|--------------------------------------|---|--|
| Swim Lane – Definition | Agency AP Supervisor: agency role responsible for managing the accounts payable period close Agency Financial Reporting Supervisor: agency role responsible for generating the AP journals | |
| Process Step ID | Process Step Title | Description of Process |
| 1 | Request Invoices with Three Date Stamp | The Agency AP Supervisor requests that contract managers submit any invoices to be processed. The Agency AP Supervisor confirms that the Agency AP Processor(s) entered all received invoices and the receiving information (i.e., the three-date stamp information) The Enter and Process Vouchers business process is applicable for processing these invoices. |
| 2 | Review Pending Voucher Approvals | The Agency AP Supervisor reviews the Voucher Aging Schedule report to identify unposted vouchers ready for review or return. The Agency AP Supervisor coordinates with the Agency AP Processor to complete the review of these vouchers. |
| 3 | Monitor/Adjust Encumbrances | The Agency AP Supervisor reviews available encumbrance reports (i.e., Outstanding Encumbrance Errors report and the Match Exceptions report) to determine if there are outstanding encumbrance errors to resolve, if encumbrances need to be closed, or if new encumbrances need to be recorded. The Agency AP Supervisor coordinates with the Agency AP Processor to update or close any encumbrances, as applicable. For example, the encumbrance is closed when the final invoice has been paid and a balance existed. |
| 4 | Resolve Exceptions | The Agency AP Supervisor reviews applicable reports and coordinates with the responsible processors to identify if exception handling is required prior to period close. Examples of exceptions include budget checking errors, cash checking errors, voucher or expenditure |

| Process Step ID | Process Step Title | Description of Process |
|-----------------|---|--|
| | | <p>reimbursement load and build errors, voucher matching errors, disputed invoices, and vouchers in return status.</p> <p>For example, the Agency AP Supervisor reviews the Budget Exceptions report for budget exceptions and confirms that Agency AP Processor has resolved accounting exceptions, by updating the voucher (i.e. incorrect category, account code, etc.) or through a budget amendment.</p> |
| 5 | Manage Manual Payments | The Agency AP Supervisor reviews the Manual Payments report and coordinates with the Agency AP Processor to validate that all manual payments are recorded in Florida PALM. Manual payments include: revolving funds, payroll warrants, and warrants issued by the Department of Financial Services (i.e., eight million series warrants). The step is completed using the Record Manual Payments business subprocess. |
| 6 | Manage Issued Payments | The Agency AP Supervisor reviews the Warrant Aging Schedule and coordinates with the applicable processor(s) to determine if there are any pending cancellations or to initiate applicable cancellations. |
| 7 | Initiate Last Pay Cycle | The Agency AP Supervisor verifies that all required steps have been performed prior to initiating the last pay cycle for the month. Vouchers with resolved budget or cash exceptions, or other corrected errors, are paid prior to period close. Any outstanding errors require resolution in a subsequent period and are subject to any applicable budget deadlines. |
| 8 | Run Generate Journal Process for AP | <p>The Agency Financial Reporting Supervisor schedules the Run Generate Journal Process for AP, which is an automatic function for payable accrual within the current accounting period.</p> <p>The AP GL Reconciliation report is used to reconcile the accounts payable module to the general ledger.</p> |
| 9 | Update AP Beginning Period | The Agency Financial Reporting Supervisor updates the AP Template dates (Begin Date and To Period). |
| 10 | Identify/Update Accounting Date for Unposted Vouchers | The Agency AP Supervisor updates the accounting date for unposted vouchers the first day of the next accounting period. |

Ledger Impacts

Table 2: Ledger Impacts Included on Business Process Flow Diagrams

| Ledger Impact ID | Ledger - Ledger Impact Title | Ledger Impact Description |
|------------------|------------------------------|---------------------------|
| N/A | N/A | N/A |

Reports

Table 3: Reports Included on Business Process Flow Diagrams

| Report Number | Report Description | Report Frequency | Audience |
|---------------|---|-----------------------------|-------------|
| R1 | Voucher Aging Schedule – an aging schedule of vouchers pending approval | Periodic, Monthly | Agency, DFS |
| R2 | Outstanding Encumbrance Errors – a report listing unresolved encumbrance exceptions | Periodic, Monthly | Agency, DFS |
| R3 | Match Exceptions – a listing of vouchers with match exceptions | Periodic, Monthly | Agency, DFS |
| R4 | Budget Exceptions – a listing of vouchers with budget exceptions | Periodic, Monthly | Agency, DFS |
| R5 | Manual Payments – a report of payments made outside of Florida PALM that are entered/loaded into Florida PALM either via manual entry, an agency business system, or PYRL | Periodic | Agency |
| R6 | Payment Register – a listing of electronic, warrant, or manual payments made as part of the pay cycle, and any offsets applied to those payments | Periodic | Agency |
| R7 | AP GL Reconciliation – a report used to reconcile accounts payable to the general ledger | Periodic, Monthly, Annually | Agency, DFS |

Terminology

Accounts Payable Period Close – the process that clears the balances of temporary accounts to be ready for the next accounting period.

Basis Date – a date field in Florida PALM used to calculate compliance with the prompt pay criteria and to calculate any interest due to suppliers for late payments.

Budget Check – compares the transaction to available spending authority. If there is available spending authority, the transaction continues processing. If there is not available spending authority, then the transaction stops. Budget Check exceptions are resolved via the Budget Execution and Management business process.

Business Unit – an operational subset of an organization, which enables tracking of specific business information for reporting and other data consolidation.

Encumbrance – amount of budget committed for the payment of goods and/or services.

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

Posting – the process that posts journal data to the General Ledger (the LEDGER table).

Voucher – a digital record created within Florida PALM to make a payment to an external entity such as a supplier.