70.2 Manage and Reconcile Bank Statements

Department of Financial Services

Date: 01/24/2022

Revision: 2.0

Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version
2.0	01/24/2022	Updates per Financials Wave Module Workgroup Sessions

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

Florida PALM screenshots are included within the sections following the Business Process Flow Diagrams to allow connections to be made from specific business subprocess steps to screens within Florida PALM.

Also described below are the Ledger Impacts, Interfaces and Key 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. Key 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. Interface IDs are provided for each interface identified on the Business Process Flow Diagrams.

Tables are included to identify the Conversions, Forms, Workflows, and Stakeholder Configurations related to this Business Process. These items may not be included within the Business Flow Diagrams, however, these items are important elements of each Business Process as a whole.

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

- Receiving bank transactions is dependent upon bank systems being operational and the availability of statement files
- Transactions are recorded in the source modules and are available for automated reconciliation

Business Process Overview

The Manage and Reconcile Bank Statements business process is within the Treasury Management (TM) business process grouping. TM includes a collection of business processes that:

- Manage banking relationships;
- Manage investments and interest apportionment for agencies and external entities;
- Support reconciliation of the concentration bank account, agency sub-accounts, and the bank account balances to general ledger balances;
- Support the management of cash transfers between bank accounts; and
- Support agency requests of Treasury.

This business process addresses how transactions in the Concentration Bank Account and related agency sub-accounts will be reconciled in Florida PALM. This business process also supports the review, escalation, and resolution of transactions reconciliation exceptions.

Section 17.57, Florida Statutes (F.S.), requires the deposit of money in the State Treasury to be deposited in qualified public depositories. Section 116.01, F.S., requires funds collected and due to the State to be deposited in the State Treasury no later than seven working days from the close of the week in which funds were received. Section 215.31, F.S., provides that revenue collected or received shall be promptly deposited in the State Treasury, immediately credited to the appropriate fund, and properly accounted for by the Department of Financial Services (DFS). Section 17.52, F.S., provides that DFS Division of Treasury (Treasury) is responsible for paying all warrants on the State Treasury drawn by the Chief Financial Officer (CFO) and other orders by the CFO for the disbursement of State funds by electronic means. Section 17.555, F.S., requires Treasury to keep a record of the warrants or other orders of the CFO that Treasury pays. Section 17.56, F.S., requires Treasury to turn over to DFS Division of Accounting and Auditing (A&A) all warrants drawn by the CFO and paid by Treasury.

Florida PALM receives a daily previous day bank statement from the banking partner, which includes the Concentration Account and related sub-accounts, disbursement accounts, the Consolidated Revolving Account (CRA), and any revolving accounts transacting in Florida PALM source modules (i.e., Deposits and Apply Receipts, Process Payments). This daily statement is reconciled to the activity in the source modules. When discrepancies in reconciliation occur, agencies work with Treasury to correct the source transaction or request a correction from the banking partner. Agencies with sub-systems that need electronic bank statements, receive a daily interface file of activity transmitted by the banking partner.

Business Process Flow Details

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

The Business Process Flow Diagram 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.

Disclaimer: The following business process/subprocess was implemented during the CMS Wave and is not changing for the Financials Wave. Minor edits have been made to remove references to FLAIR and to revise it into the Financials Wave business process model format.

70.2 – Manage and Reconcile Bank Statement Transactions

Table 1: Manage and Reconcile Bank Statement Transactions

70.2 - Manage and Reconcile Bank Statement Transactions	
Module	**Cash Management**
Related Module(s)	**N/A**
Swim Lanes – Definition	**Bank:** *(Non-Florida PALM role)* the banking partner by which bank accounts are provided **CM Bank Reconciliation Processor:** agency or DFS role responsible for reconciling bank accounts in Florida PALM

Process Step ID	Process Step Title	Description of Process
1	Inbound Previous Day Bank Statement File	The banking partner generates the previous day bank statement (i.e., BAI2) file for each bank account. The bank statements contain all balances, deposits, and disbursements posted to each bank account.
2	Inbound Previous Day Bank Statement Addenda File	The banking partner generates the previous day bank statement addenda file as necessary for each bank account. The bank statements contain additional details for transactions posted to each bank account.
3	Import Bank Statement	Florida PALM imports the bank statements for all bank accounts automatically reconciled in Florida PALM.
4	Extract BAI Bank Statement Data	Florida PALM generates an agency bank statement interface for agencies which bank statements are transmitted to their agency business systems (e.g., Department of Revenue, CRA statement recipients).
5	Outbound BAI Bank Statement Interface	The agency bank statement interface is transmitted to agencies daily.
6	Extract CD Principal Payments	CD application extracts the principal payment data.
7	Inbound External Transaction	If there are transactions for the bank account that are not recorded in a source module (i.e., Accounts Payable (AP), Accounts Receivable (AR), or Cash Management (CM), agencies transmit the data to Florida PALM as external transactions.
8	Import External Transactions	Florida PALM imports external transactions to create system transactions.

==This document is a draft and subject to change==

Process Step ID	Process Step Title	Description of Process
9	Process Automatic Reconciliation	Immediately after import, bank statement transactions are reconciled to the corresponding system transactions, which were recorded as deposits via the Deposits and Apply Receipts Business Process, disbursements via the Process Pay Cycle business subprocess, or the Process Bank Cash Transfers Business Process.
10	Extract Bank Deposit Transactions	Florida PALM generates a deposit file in which bank statement transactions are interfaced to agencies for use in their business systems.
11	Outbound Bank Deposit Transactions	The agency bank deposit transaction interface is transmitted to agencies daily
12	Perform Bank Statement Accounting	For any transactions which are first notice presentments (e.g., sweeps between bank accounts or bank fees), Florida PALM automatically generates accounting. If the statement is fully reconciled, the process is complete.
13	Review Exceptions	Any transaction that needs additional review, are reviewed manually by the CM Bank Reconciliation Processor and the appropriate action is taken. As part of this review, the CM Bank Reconciliation Processor determines if the source transaction needs to be corrected. If so, the CM Bank Reconciliation Processor works with the source Transaction Processor to correct the source transaction. If the source transactions are correct, a bank correction is completed. For accounts managed by agencies, the CM Bank Reconciliation Processor at the agency submits the Treasury Assistance Form for transactions that need to be corrected by the bank.
14	Resolve Exceptions	If the source transaction needs to be updated, the CM Bank Reconciliation Processor resolves the exception or works with the appliable agency or DFS role that is responsible for resolving exceptions in the Florida PALM source module. If needed, the agency or DFS role may also update transactions in external systems.
15	Notify Bank	For agencies with authority to contact the bank directly, the CM Bank Reconciliation Processor at the agency notifies the bank of the change needed. For all other accounts, Treasury notifies the bank of the change needed.
16	Bank Reviews and Adjusts Account	The bank researches the issue and adjusts the account for any discrepancies between items presented and items recorded in the account.
17	Force Reconciliation	The CM Bank Reconciliation Processor forces the bank and system transactions to reconcile. This generates an accounting entry to record the discrepancy. Upon the correction posting to the bank account, Florida PALM creates the accounting to reverse the discrepancy.
18	Generate Treasury Accounting	Florida PALM generates accounting entries for accounting events associated with Bank Statement Accounting (i.e., first notice

Process Step ID	Process Step Title	Description of Process
		presentments, bank errors, and External Transactions) recorded in Florida PALM.
19	Review and Approve Accounting	If accounting exceptions exist, the DFS CM Accounting Approver reviews and resolves the accounting exception within Florida PALM.

Figure 1: Automatic Reconciliation Page

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 – Bank Statement Processing (BSP) Zero Balance Account Sweep	Decreases Sub-account Cash Increases Sub-account Cash Clearing
LI2	Actuals Ledger – BSP Zero Balance Account Sweep	Decreases Sub-account Cash Clearing Increases Concentration Cash
LI3	Actuals Ledger – BSP Bank Error/Correction	Increases Cash Increases Bank Error Suspense
LI4	Actuals Ledger – BSP Bank Error/Correction	Decreases Cash Decreases Bank Error Suspense

Key Reports

Table 3: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	**CMR007 - Bank Statement Report** – provides the bank statement transactions and balances	Periodic	Agency, DFS
R2	**CMR005 - Reconciled/Unreconciled Bank Transactions** – lists banking items reconciled or unreconciled for a designated time period by bank account	Periodic	Agency, DFS
R3	**GLR115 - General Journal Entries Report** – listing of Treasury accounting journal by type of entry	Periodic	DFS
R4	**CMR004 - BAI Transaction Counts** – Lists all BAI codes associated with the bank/bank account combination and counts the number of BAI codes received for the date range.	Periodic	Agency, DFS
R5	**CMR018 - BAI Transaction Summary** – List of transactions by BAI code for Deposits, ACHs, and Wires. Includes total dollar amount by BAI code and percentage of electronic payments.	Periodic	Agency, DFS

Note: A complete list of reports may be found in the Reports Catalog[1].

Conversions

Table 4: Data Converted from External System to Florida PALM

Conversion Number	Conversion Description	Conversion Frequency	Source
N/A			

Note: A complete list of conversions may be found in the Catalog of Conversion Offerings[2]. This is a protected publication that requires login. If your business or technical teams do not currently have access to the Smartsheet Florida PALM Dashboard, contact your Readiness Coordinator to request their access.

Interfaces

Table 5: Interfaces Included on Business Process Flow Diagrams

Interface Number	Interface Description	Interface Frequency	Source	Target
CMI003	**Inbound Previous Day Bank Statement File** - BAI2 information for bank statements from banking partners for previous day statements.	Daily	Third Party	Florida PALM
CMI004	**Outbound Bank Deposit Transactions** - Detailed bank deposit transactions by bank account distributed to agencies.	Daily	Florida PALM	Agency Business Systems
CMI005	**Inbound External Transactions** - Detailed data for banking transactions created from external systems.	Daily	Agency Business Systems	Florida PALM
CMI010	**Inbound Previous Day Bank Statement Addenda File (BOA)** - Inbound interface containing addenda information for bank statements from banking partners for previous day statements.	Daily	Third Party	Florida PALM
CMI013	**Outbound BAI Bank Statements** - Outbound interface containing BAI2 formatted previous day bank statement from Florida PALM to agencies.	Daily	Florida PALM	Agency Business Systems
CMI015	**Inbound Previous Day Bank Statement Addenda File (Wells Fargo)** - Inbound	Daily	Third Party	Florida PALM

---

[1] https://app.smartsheet.com/b/publish?EQBCT=a8d51896f0144ef6a87314b3c7824ba5
[2] https://app.smartsheet.com/dashboards/xW9gQgMRP6w5pfRGMQGjh4wvP676gf2h4mf57hP1
This document is a draft and subject to change

Interface Number	Interface Description	Interface Frequency	Source	Target
	interface containing addenda information for bank statements from Wells Fargo for previous day statements.			
CMI017	**Inbound Previous Day Bank Statement Addenda File (NIC)** - Inbound interface containing addenda information for bank statements from banking partners for previous day statements.	Daily	Third Party	Florida PALM

Note: A complete list of interfaces may be found in the Catalog of Interface Offerings[3]. This is a protected publication that requires login. If your business or technical teams do not currently have access to the Smartsheet Florida PALM Dashboard, contact your Readiness Coordinator to request their access.

Forms

Table 6: Forms Included on Business Process Flow Diagrams

Form Number	Form Description	End User Role
N/A		

Workflows

Table 7: Workflows Included on Business Process Flow Diagrams

Workflow Number	Workflow Description	End User Role
N/A		

Agency Configurations

Table 8: Configurations Defined and/or Maintained by Agencies

Configuration Number	Configuration Description	Frequency
N/A		

---

[3] https://app.smartsheet.com/dashboards/xW9gQgMRP6w5pfRGMQGjh4wvP676gf2h4mf57hP1

Terminology

Accounts Payable (AP) – a source module containing detailed disbursement transactions.

Accounts Receivables (AR) – a source module containing detailed receipt transactions.

Banking Partner – any financial institution providing banking services to the State of Florida.

Cash Management (CM) – a source module containing detailed banking transactions.

Concentration Account – depository account used by the Treasury to deposit cash received by the State. The Concentration Account has sub-accounts with unique identifiers to track balances by agency and location.

Consolidated Revolving Account (CRA) – single bank account managed by the Treasury with sub-accounts for individual agencies that is used by the agencies as a revolving fund to make direct payments and is replenished with General Revenue or a Trust Fund.

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 source modules or process areas.

Source Module – one of the supporting modules within Florida PALM that captures business transaction information and provides accounting or other information to other modules (e.g., to the general ledger for posting).