70.7 Manage Investment Pools

Revision History

Version	Date	Revision Notes		
1.0	07/30/2019	Accepted Version		
2.0	09/14/2021	Accepted Financial Version		
2.1	01/24/2022	Updates per Financials Wave Module Workgroup Sessions		

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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

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

- Dependent on transaction information from the SPIA application
- Dependent on agencies recording their investments/disinvestments

Business Process Overview

Section 17.57, Florida Statutes (F.S.), establishes the Chief Financial Officer's (CFO) responsibilities to deposit and invest State money and establishes the types of investment securities that can be purchased. Section 17.61, F.S., establishes the CFO powers and duties in This document is a draft and is subject to change

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the investment of certain funds, which include General Revenue (GR), and agency trust funds, as well as funds from certain boards, associations, or entities created by the State Constitution or law that are part of the Special Purpose Investment Account (SPIA). This statute provides the State funds that cannot receive interest revenue and designates earnings from the balances in those funds be appropriated to GR. It further establishes the annual assessment referred to as the administrative fee that is charged to participants by the Department of Financial Services (DFS), Division of Treasury (Treasury) to administer the investment program.

During the Central Wave, the Manage Investment Pools business process addresses how interest apportionment is calculated and distributed to Trust Funds, GR, SPIA participants, and the Collateral Administration Program (CAP). The business subprocess included are:

- 70.7.1 Manage SPIA Balances
- 70.7.2 Distribute Interest Apportionment

Treasury maintains and reconciles participant investment and liquidation transactions and the average daily participant investment balance. Treasury invests excess cash and maintains a daily investment balance. The Manage SPIA Balances business subprocess documents the process for recording SPIA participant transactions in Florida PALM. The process integrates Florida PALM with the SPIA application where participants record investment transactions. This integration provides the daily balances for SPIA participants.

The Distribute Interest Apportionment business subprocess documents the monthly process for allocating investment earnings to Trust Funds, GR, CAP, and SPIA participants. The daily balances for Trust Funds, CAP and SPIA participants are maintained in the ledger. Based on the participant's average daily balance, Treasury apportions investment earnings and administrative fees earned on the investment portfolios monthly. Three critical components are used in the apportionment process: average investment balances, average daily participant balance, and the total amount of investments. The initial allocation apportions interest to Trust Funds, CAP and the SPIA participants. The undesignated investment balance is allocated to GR. A second distribution allocates the interest to individual Consolidated Revolving Accounts (CRA).

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 an 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(es) were implemented during the CMS Wave and are 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:

• 70.7.1

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• 70.7.2

70.7.1 – Manage SPIA Balances Table 1: Manage SPIA Balances

70.7.1 – Manage SPIA Balances				
Module	General Ledger			
Related Module(s)	Commitment Control			
Swim Lanes – Definition	Custodial Bank: (Non-Florida PALM role) External roles at banks that have bank accounts where investments are managed SPIA Participant: (Non-Florida PALM role) agency or external government that participates in the SPIA investment pool Treasury: (Non-Florida PALM role) DFS Treasury role managing SPIA participant transactions and balances in the SPIA Application			
Process Step ID	Process Step Title	Description of Process		
1	Determine Investment Need	SPIA Participant determines if a change in their investments (e.g., enroll, deposit, or withdrawal) are needed within the SPIA Application.		
2	New Participant Enrolled	If this is a new SPIA participant, Treasury enrolls the agency or local government within the SPIA Application and adds the new SPIA participant information into Florida PALM following the 10.1.3 Add or Modify Fund Values.		
3	Deposit Sent	For new participants, an initial deposit is sent to the Custodial Bank upon enrollment. For existing participants, a deposit is sent to the Custodial Bank to invest cash and increase their participant balance.		
4	Deposit Received	Treasury verifies the cash deposited into the SPIA Custodial account is received. The cash in the SPIA Custodial account is transferred to the Main Custodial Bank account for investment purposes.		
5	Load SPIA Deposits	Agencies send deposits following the 30.4 Process Payments business process and are loaded into the SPIA application.		
6	Record Deposit	The SPIA Participant records the deposit details into the SPIA Application.		
7	Withdrawal Request Submitted	The SPIA Participant request to liquidate investments within the SPIA Application.		
8	Withdrawal Request Reviewed	Treasury reviews and initiates the withdrawal request to the Custodial Bank.		
9	Withdrawal Sent	The Custodial Bank sends a wire to process the payment to the participant's account.		
10	Withdrawal Received	The SPIA participant receives the disbursement.		
11	Extract Daily SPIA Transactions	SPIA participant transactions are extracted daily from the SPIA Application. ocument is a draft and is subject to change		

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Process Step ID	Process Step Title	Description of Process
12	Inbound Investment Activity	SPIA participant transactions are transmitted from the SPIA Application to Florida PALM.
13	Import Investment Participant Transactions Data	Florida PALM systematically imports the investment participant transaction data from the SPIA Application and generates a journal entry following the 10.2.1 Create and Approve Journals. SPIA participant daily transactions are used to calculate the interest apportionment following the 70.7.2 Distribute Interest Apportionment.



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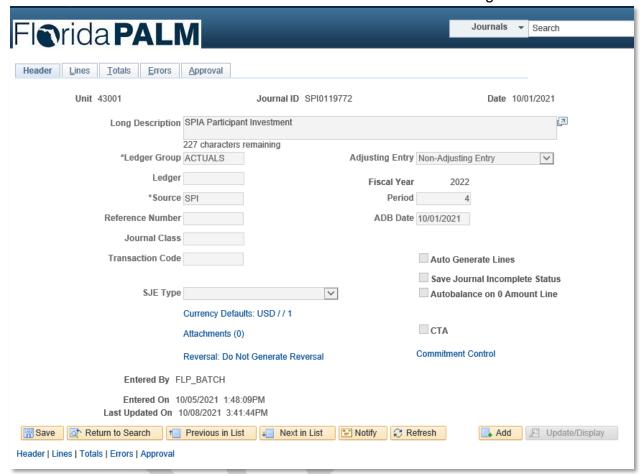


Figure 1: Journal Entry Header Tab for a SPIA Participant Investment

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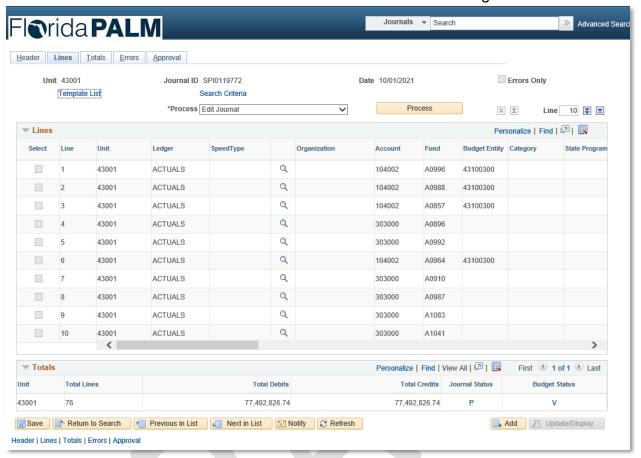


Figure 2: Journal Entry Lines Tab for a SPIA Participant Investment

70.7.2 - Distribute Interest Apportionment

Table 2: Distribute Interest Apportionment

70.7.2 – Distribute Interest Apportionment				
Module	General Ledger			
Related Module(s)	Commitment Control			
Swim Lanes – Definition	Agency CM Reporter: Agency role responsible for generating monthly interest apportionment reports in Florida PALM and transactions in Departmental FLAIR DFS GL Allocation Processor: DFS role responsible for processing interest distribution for SPIA Participants, Trust Funds, CAP, and GR			
Process Step ID	Process Step Description of Process			
1	Run ADB Process	The Average Daily Balance (ADB) Process automatically runs daily to capture the average daily balance for the General Fund, each Trust Fund participant, and SPIA participant. Treasury's total interest earned (cash and accrued) is apportioned based on the average daily investment balance of the general fund, trust fund participants, and SPIA participants.		

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Drocess	Dragon Ctor	70.7 Manage investment Pools		
Process Step ID	Process Step Title	Description of Process		
2	Review Ledger Balances	Prior to interest apportionment, the DFS GL Journal Processor confirms: • All SPIA transactions are recorded as described in the 70.7.1 Manage SPIA Balances business subprocess • All Trust Fund investment and disinvestment transactions are recorded as described in the 80.2.1 Monitor Trust Fund Cash Balances business subprocess • All entries affecting interest earned are posted as described in the 70.6 Create and Maintain Deals business process • The monthly CD interest earnings have been entered as described in the 60.2.5 Mange Electronic Receipts Data If the 10.3.1 Perform Month End business subprocess and the 70.5 Book to Bank Reconciliation business process is not complete, the DFS GL Journal Processor cannot perform the allocation process.		
		A first allocation is run to allocate apportionments and administrative fees Trust Funds and GR at the lowest level following the 10.3.2 Perform Allocations business subprocess. The 10.2.4 Create and Approve Journals business subprocess creates the journal entries and posts the interest apportionment.		
		A second allocation apportions the balances to the funds in the CRA following the 10.3.2 Perform Allocations business subprocess. The creation of these entries will also follow the 10.2.4 Create and Approve Journals business subprocess.		
3	Extract Interest Apportionment	The interest apportionment amounts are extracted from Florida PALM.		
4	Outbound Interest Apportionment	The interest apportionment amounts are interfaced from Florida PALM to agency business systems.		
5	Import Interest Apportionment	SPIA interest apportionment amounts are imported into the SPIA Application.		
6	Import Interest Apportionment	CAP interest apportionment amounts are imported into the CAP Application.		
7	Generate Monthly Reports	After the first and second interest allocations run, the monthly apportionment reports are available.		

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Florida PALI	М		Journals	▼ Search
Header Lines Totals Errors	<u>Approval</u>			
Unit 43000	Journal ID 00	000100017	Date	09/01/2021
Long Description	TF Interest Apportionment			[7]
	L 229 characters remaining			
Ledger Group	-	Adjusting Entry	Non-Adjusting Entry	
Ledger		Fiscal Year	2022	
Source	ALO	Period	3	
Reference Number		ADB Date	09/01/2021	
Journal Class				
Transaction Code	GENERAL		Auto Generate Line	es
			Save Journal Incom	nplete Status
SJE Type			Autobalance on 0 A	Amount Line
	Currency Defaults: USD / / 1			
	Attachments (0)		СТА	
	Reversal: Do Not Generate Rever	sal	Commitment Control	
Entered By D	AVID.MITRY-DFS		David Mitry	
	9/21/2021 1:30:28PM 9/21/2021 1:38:22PM			
Save Return to Search	Previous in List Next in L	ist 🖺 Notify 🔑 Re	efresh	
Header Lines Totals Errors Approval				

Figure 3: Journal Entry Header Tab for a TF Interest Apportionment

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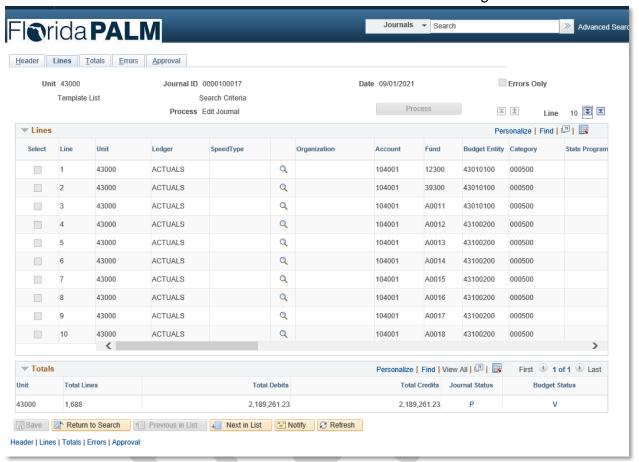


Figure 4: Journal Entry Lines Tab for a TF Interest Apportionment

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Ledger Impacts *Table 3: Ledger Impacts Included on Business Process Flow Diagrams*

Ledger	Ledger - Ledger Impact	Ledger Impact Description
Impact ID	Title	
LI1	Actuals Ledger – SPIA	Increase/Decrease Investment Balance
	Participant Transaction	Increase/Decrease Custodial Bank Cash
LI2	Actuals Ledger – Overall Interest Allocation	Decreasing Treasury Investment Earning - Trust Fund
		Decreases Treasury Investment Cash - Trust Fund Increases Invested Cash – Participant's Fund
		Increases Interest Earning – Participant's
1.10		Investment
LI3	Actuals Ledger – Overall	Increases Treasury Investment Admin Fee Earned -
	Administrative Fee	Trust Fund
	Allocation	Increases Treasury Investment Cash - Trust Fund
		Decreases Invested Cash – Participant's Fund
		Increases Admin Fee – Participant's Fund
LI4	Actuals Ledger – CRA Interest Allocation	Decreases Interest Earning - SPIA CRA Participant Fund
		Decreases Invested Cash – SPIA CRA Participant Fund
		Increases Spendable Cash - CRA Subaccount Advancing Fund
		Increases Investment Income - CRA Subaccount
		Advancing Fund
LI5	Actuals Ledger – CRA	Increases Invested Cash - SPIA CRA Participant
	Administrative Fee	Fund
		Decreases Admin Fee - SPIA CRA Participant Fund
		Decreases Spendable Cash - CRA Subaccount
		Advancing Fund
		Increasing Admin Fee - CRA Subaccount
		Advancing Fund

Key Report
Table 4: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	GLR083 - Investment Activity Report – investment transactions and balances by pool and participant	Periodic	DFS
R2	GLR087 - SPIA Reconciliation Report – investment activity and transaction by SPIA participant	Periodic	DFS
R3	GLR082 - Apportionment Report – interest and administrative fee apportionment details by pool and participant	Monthly	Agency, DFS

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Note: A complete list of reports may be found in the Reports Catalog¹.

Conversions

Table 5: 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 <u>Catalog of Conversion Offerings</u>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 6: Interfaces Included on Business Process Flow Diagrams

Interface Number	Interface Description	Interface Frequency	Source	Target
GLI037	Inbound Investment Activity - Inbound interface containing participant transactions imported from external applications to record daily balances.	Daily	DFS	Florida PALM
GLI010	Outbound Interest Apportionment - Outbound interface containing interest apportionment amounts are interfaced to external applications.	Monthly	Florida PALM	DFS, DEO

Note: A complete list of interfaces may be found in the <u>Catalog of Interface Offerings</u>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 7: Forms Included on Business Process Flow Diagrams

Form Number	Form Description	End User Role
N/A		

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¹ https://app.smartsheet.com/b/publish?EQBCT=a8d51896f0144ef6a87314b3c7824ba5

² https://app.smartsheet.com/dashboards/xW9gQgMRP6w5pfRGMQGjh4wvP676gf2h4mf57hP1

https://app.smartsheet.com/dashboards/xW9gQqMRP6w5pfRGMQGjh4wvP676gf2h4mf57hP1
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Workflows

Table 8: Workflows Included on Business Process Flow Diagrams

Workflow Number	Workflow Description	End User Role
N/A		

Agency Configurations Table 9: Configurations Defined and/or Maintained by Agencies

Configuration Number	Configuration Description	Frequency
N/A		



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Terminology

Average Daily Participant Balances – an amount calculated by adding the amount of the participant balance for each day and dividing by the number of days in the month.

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.



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