CMSW.70.7 Manage Investment Pools

Revision History

Version	Date	Revision Notes
1.0	05/27/2020	Accepted Version
1.1	06/30/2022	Minor Updates Approved as Tier 0 Decision, Updated Agency CM Reporter role to GL Reporter role

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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 the investment of certain funds, which include General Revenue (GR), trust, and agency 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 CMS 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).

Dependencies and Constraints

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

Business Process Flow Details

Table 1: Process Steps Included on CMSW Business Process Model Flow

CMSW.70.7.1 – Manage SPIA Balances		
Swim Lanes – Definition	**Custodial Bank:** *(Non-Florida PALM role)* External roles at banks that have bank accounts where investments are managed **DFS GL Journal Processor:** DFS Treasury role responsible for processing income distribution for SPIA Participants, Trust Funds, and GR **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 Title	**Process Step Title**	**Description of Process**
1	Determine Investment Need	SPIA Participant determine if a change in their investments (e.g., enroll, deposit, or withdrawal) is needed within the SPIA Application.
2	New Participant Enrolled	Treasury enrolls the agency or local government within the SPIA Application and adds the new SPIA participant information into Florida PALM following the CMSW.10.1.3 Add or Modify Fund Values.
3	Deposit Sent	For new participants, an initial deposit is sent upon enrollment. For existing participants, a deposit is sent to the Custodial Bank when they determine to invest cash to increase their participant balance.
4	Deposit Received	Cash deposited into the SPIA account is included in the overall Custodial Bank account for investment purposes. Treasury verifies the deposit was received.
5	Record Deposit	The SPIA Participant records the deposit details into the SPIA Application.
6	Withdrawal Request Submitted	The SPIA Participant request to liquidate investments within the SPIA Application.
7	Withdrawal Request Reviewed	Treasury reviews and initiates the withdrawal request to the Custodial Bank.
8	Withdrawal Sent	The Custodial Bank sends a wire to process the payment to the participant's account.
9	Withdrawal Received	The SPIA participant receives the disbursement.
10	Extract Daily SPIA Transactions	SPIA participant transactions are extracted daily from the SPIA Application.
11	Inbound Investment Activity Interface	SPIA participant transactions are transmitted from the SPIA Application to Florida PALM.
12	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 CMSW.10.2.1 Create and Approve Journals. SPIA participant daily transactions

Process Step Title	Process Step Title	Description of Process
		are used to calculate the interest apportionment following the CMSW.70.7.2 Distribute Interest Apportionment.

Table 2: Process Steps Included on CMSW Business Process Model Flow

CMSW.70.7.2 - Distribute Interest Apportionment		
Swim Lanes – Definition	**Agency GL Reporter:** Agency role responsible for generating monthly interest apportionment reports in Florida PALM and transactions in Departmental FLAIR **DFS GL Journal Processor:** DFS Treasury role responsible for processing income distribution for SPIA Participants, Trust Funds, CAP, and GR	

Process Step ID	Process Step Title	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.
2	Review Ledger Balances	Prior to interest apportionment, the DFS GL Journal Processor confirms: • All SPIA transactions are recorded as described in the CMSW.70.7.1 Manage SPIA Balances business subprocess; • All Trust Fund transactions are recorded as described in the CMSW.80.2.1 Monitor Trust Fund Cash Balances business subprocess; • All entries affecting interest, revenues, and losses are posted as described in the CMSW.70.6 Create and Maintain Deals business process; and • The monthly CD interest earnings have been entered as described in the CMSW.10.2.1 Create and Approve Journals business subprocess. If the CMSW.10.3.1 Perform Month End business subprocess and the CMSW.70.5 Book to Bank Reconciliation business process are not complete, the DFS GL Journal Processor cannot initiate the Average Daily Balance (ADB) process. A first allocation is run to allocate apportionments and administrative fees to Trust Funds and GR at the lowest level following the CMSW.10.3.2 Perform Allocations business subprocess. The CMSW.10.2.1 Create and

Process Step ID	Process Step Title	Description of Process
		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 CMSW.10.3.2 Perform Allocations business subprocess. The creation of these entries will also follow the CMSW.10.2.1 Create and Approve Journals business subprocess.
3	Generate Interest Apportionment Interface	The SPIA apportionment amounts are generated in Florida PALM and are exported to the Central Florida Accounting Information Resource (FLAIR) and the SPIA Application.
4	Interest Apportionment Interface	SPIA interest apportionment amounts are interfaced to the SPIA Application.
5	Import Interest Apportionment	SPIA interest apportionment amounts are imported into the SPIA Application.
6	Generate Monthly Reports	After both interest allocations run, monthly apportionment reports are available.
7	Enter Apportionment Transaction	The agency enters a general accounting entry in Departmental FLAIR to increase the investment balance and record interest earnings and the administrative fees.
8	Disinvestment and Apportionment Interface	CRA interest apportionment amounts are interfaced to the Disinvestment and Apportionment Application.
9	Import Apportionment Data	CRA interest apportionment amounts are imported into Central FLAIR.
10	Generate Interest Apportionment Interface	The Trust Fund interest apportionment amounts are generated in Florida PALM and are exported to CAP.
11	Interest Apportionment Interface	The daily interest apportionment amounts are interfaced to CAP Application.
12	Import Interest Apportionment	CAP interest apportionment amounts are imported into the CAP Application.

Ledger Impacts

Table 3: Ledger Impacts Included on CMSW Business Process Model Flow

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – SPIA Participant Transaction	Increase/Decrease Investment Balance Increase/Decrease Custodial Bank Cash
LI2	Actuals Ledger – Overall Interest Allocation	Decreasing Treasury Investment Earning - Trust Fund Decreases Treasury Investment Cash - Trust Fund

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
		Increases Invested Cash – Participant's Fund Increases Interest Earning – Participant's Investment
LI3	Actuals Ledger – Overall Administrative Fee Allocation	Increases Treasury Investment Admin Fee Earned - Trust Fund 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 Fund Decreases Invested Cash - SPIA Fund Increases Spendable Cash - CRA Subaccount Advancing Fund Increases Investment Income - CRA Subaccount Advancing Fund
LI5	Actuals Ledger – CRA Administrative Fee	Increases Invested Cash - SPIA Fund Decreases Admin Fee - SPIA Fund Decreases Invested Cash - CRA Subaccount Advancing Fund Increasing Admin Fee - CRA Subaccount Advancing Fund

Reports

Table 4: Reports Included on CMSW Business Process Model Flow

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