

20.2 Budget Execution and Management

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.

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 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

- Agency appropriation balances should not exceed appropriations that are authorized in the General Appropriations Act (GAA) and subsequently adjusted to reflect vetoes, supplementals, failed contingents, and current Fiscal Year (FY) budget amendments. Authorized/Adjusted appropriations are required to be released prior to recording an expenditure
- The Manage Agency Allotments subprocess may create constraints for agency budgets to follow
- Department of Financial Services (DFS) and Executive Office of the Governor/Office of Policy and Budget (EOG/OPB) issue memorandums that provide direction and guidance for the management of appropriations

Business Process Overview

The Budget Execution and Management business process is within the Budget Management (BM) business process grouping. BM includes a collection of business processes that:

- Manage the tracking and reporting of appropriations, allotments, and revenue estimates, including the exchange of information between LAS/PBS and Florida PALM;
- Manage budget exceptions; and
- Support the close-out of appropriations.

The configuration of Florida PALM determines if a transaction is subject to Budget Check. Some transaction types such as assets, equity, liability, revenue, and others are configured to not be subject to Budget Check, therefore these transactions skip the Budget Check process and proceed with transaction lifecycle. All other transactions are Budget Checked.

The Budget Check process in Florida PALM compares the source transaction to the available appropriations (release, reserve, and allotment). If there are appropriations and/or an allotment available, the transaction continues processing. If appropriations and/or an allotment are not available, the transaction fails Budget Checking and results in an error. Some transactions may generate warnings, which function as exceptions that are automatically overridden. Budget Check exceptions are resolved via the Budget Checking process.

Designated users within an agency and the Department of Financial Services (DFS) can manage the exceptions resulting from the Budget Check process. The user determines if a modification to a source transaction is needed to rectify the error, or if the error lies with an encumbrance, appropriation, or allotment, and takes the appropriate steps to adjust. After correcting the error, the transaction goes through the Budget Check process again and proceeds to approval and posting.

There may be instances where a budget amendment is needed to correct an error, in which case the agency follows standard budgetary procedures to secure the budget amendment. If payment or actions are needed prior to official approval of the budget amendment, Florida PALM provides an agency and DFS override functionality for appropriate transactions. The DFS Budget Maintainers have the option of overriding the insufficient appropriations transaction error to allow the transaction to continue to approval and posting. The transaction's override is generally needed to process time sensitive transactions, or when a budget amendment has been processed and awaits the completion of the statutory consultation period to conclude but not yet implemented.

Business Process Flow Details

The table below describes steps in the business subprocess as reflected on the Process Flow diagrams. The table also reflects 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 enterprise-based, and in some cases, are representative of an external party 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: Budget Execution and Management

20.2 – Budget Execution and Management		
Swim Lanes – Definition	Agency Budget Maintainer: agency role responsible for assisting with managing budget errors Agency Processor: agency role responsible for Budget Check processing DFS Budget Maintainer: DFS role responsible for performing Budget Check tasks	
Process Step ID	Process Step Title	Description of Process
1	Create/Review Source Transaction	An Agency Processor creates and reviews a transaction. The configuration of Florida PALM determines if a transaction is subject to Budget Check based on the Account type. If the transaction is an excluded Account type (i.e. assets, equity, liability, revenue), the transaction is not subject to Budget Check. Transactions of non-excluded account types are subject to Budget Check.
2	Run Budget Check	The Budget Check is initiated by a user or an automated process. If no errors result from the Budget Check, the process ends, and the source transaction continues to approval and posting. If errors exist, the Agency Processor manages the Budget Check errors. Revenue transactions do not generate Budget Check errors and will proceed with transaction lifecycle. Expense transactions may generate Budget Check errors which will require exception handling.
3	Proceed with Transaction Lifecycle	Transactions for excluded account types, overridden transactions, and revenue transactions that have been budget checked are able to proceed with their transaction lifecycle.
4	Update Budget Ledger Balances	An expense transaction that successfully passes Budget Check, and does not generate errors, updates the budget ledger balances to consume budget. The transaction then proceeds with its transaction lifecycle.
5	Review Budget Check Errors	All transactions that produce errors are handled by the Agency Processor, who works with the source module, the Agency Budget Maintainer and/or the agency program office to review and resolve the errors.

Process Step ID	Process Step Title	Description of Process
		<p>For Budget Check errors where the coding is correct, the Agency Processor manages the error as follows:</p> <ul style="list-style-type: none"> • Transactions that produce accounting errors are modified in the source module. • Transactions that error due to an insufficient budget allotment are further assessed to determine if override is necessary or if a budget allotment can be requested, modified and/or adjusted. • Transactions that produce encumbrance errors are vetted with the agency budget office and/or agency program office to adjust the encumbrance at the source module and prepare the transaction to be re-Budget Checked. • Transactions that produce errors due to insufficient appropriations and/or release require the Agency Processor to work with the agency budget office and agency program office to develop a budget amendment.
6	Delete Transaction in Source Module	If the Budget Check errors cannot be corrected, the Agency Processor deletes the transaction in the appropriate submodule and does not proceed with managing Budget Check errors.
7	Modify Transaction in Source Module	Transactions that produce accounting errors are modified in the appropriate source module. If necessary, the Agency Processor contacts the agency budget office and/or agency program office for assistance with modifying the transaction.
8	Modify Allotment (New, Adjust, or Transfer)	The Agency Processor, Agency Budget Maintainer and the agency program will work collaboratively to determine whether to create, adjust or transfer budget allotments to resolve the insufficient budget allotment Budget Check error.
9	Override Allotment Exception	The Agency Processor and Agency Budget Maintainer will reach determination to override the allotment exception, which updates the budget ledger balances to consume budget.
10	Insufficient Appropriations/Release	Transactions that generate budget errors but have a sufficient allotment balance are due to insufficient appropriations and/or release. The Agency Processor will review the transaction to determine if the issue is related to an encumbrance or if insufficient appropriations and/or release are the issue.
11	Contact Budget Office/Agency Program to Develop Budget Amendment	The Agency Processor communicates with the agency budget office and agency program office regarding the insufficient appropriations and/or release issue. The agency budget office will develop budget amendment to address insufficient appropriations and/or release.
12	Request Budget Amendment	The agency budget office requests a budget amendment from the EOG/OPB and the Legislature.

Process Step ID	Process Step Title	Description of Process
13	Request Appropriation Exception Override	The Agency Budget Maintainer requests an override of the appropriation exception.
14	Override Transaction	The DFS Budget Maintainer will determine if override is appropriate or if the transaction should be budget checked again. Where appropriate, the DFS Budget Maintainer overrides the transaction, which updates the budget ledger balances to consume budget.

Ledger Impacts

Table 2: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Budget Ledger - Commit Expenditures	Decrease spending authority Increase encumbrance
	Budget Ledger - Liquidate Committed Expenditures	Decrease encumbrance Increase expense
LI2	Budget Ledger - Revenue Transaction	Increase total estimated revenue Increase recognized and collected revenue

Reports

Table 3: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Budget Overview Inquiry - displays budget, encumbrance, expenditure, and remaining spending authority balances with the capability to drill into transactions.	Periodic	DFS, Agency
R2	Budget Exceptions Report – displays budget exceptions and adequate reasons for the exceptions with the capability to drill into transactions.	Periodic	DFS, Agency
R3	Posted Budget Journals Report – provides detail transactions regarding any budget journals posted (i.e., appropriations, allotments, Carry Forward,	Periodic	DFS, Agency

Report Number	Report Description	Report Frequency	Audience
	Certified Forward, estimated revenue) and available by designated journal type, time periods, and ChartField combinations.		
R4	Schedule of Allotment Balances Report – provides an accrual basis budget report within an expenditure category and account (object) code for recorded allotments, encumbrances, expenditures, and remaining balances. The report is grouped by Fund and/or Budget Entity and available at designated time periods by ChartField combinations.	Periodic	DFS, Agency
R5	Budget vs Consumption Trend Budget Period over Period - displays a budget period over budget period trend of budget amount, consumption amount and consumption variance by one user-selected dimension.	Periodic	DFS, Agency
R6	Funds Available Overview - displays an overview of budget amount, commitment amount, obligation amount, other encumbrances amount, expenditure amount, funds available and funds available percent by budget period and one user-selected dimension.	Periodic	DFS, Agency
R7	Budget Overview - displays initial budget amount, amount rolled forward, budget adjustments, budget amount by budget period, and one user-selected dimension.	Periodic	DFS, Agency
R8	Monthly/Quarterly Balance Sheet Dashboard - displays the balance sheet by month/quarters.	Periodic	DFS, Agency

Terminology

Account – types of classified transactions which are designated to be excluded from the Budget Check process.

Allotments – planned expenditures of State appropriations recorded by agencies in the State's financial management system.

Appropriations – the legal authorization to make expenditures for specific purposes within the timeframes and amounts authorized by law.

Budget – a proposed plan of revenue and expenditures for a given period.

Budget Check – the method of verifying adequate appropriations available at the time of journal entry or payment. Budget Check values include: Valid Budget, Not Budget Checked, Error in Budget Check, and Warnings.

Encumbrance – an amount of budget committed for the payment of goods and services ordered but not yet received.

Nonoperating Budget – nonoperating disbursement authority for purchase of investments, refunds, payments to the United States Treasury, transfers of funds specifically required by law, distributions of assets held by the State in a trustee capacity as an agent of fiduciary, special expenses, and other nonoperating budget categories, as determined necessary by the EOG and the chairs of the Senate and the House of Representatives appropriations committees, not otherwise appropriated in the GAA.

Releases – the method used for controlling the availability for use of an appropriation in which the amount of budget is identified (usually released quarterly in the case of general revenue and annually for trust funds and certain categories).

Reserves – a budgeted amount segregated from available appropriations and held until certain conditions set by the Legislature are met by an agency at which time they are released to the agency for their use.