

70.2 Manage and Reconcile Bank Statements

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Business Process Name

General Information

This document describes and depicts the process steps and supporting information for the identified State business process. Within the *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*. Finally, included in the *Terminology* section are definitions of terms which will help the reader to better understand the document.

Dependencies and Constraints

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

Business Process Overview

Section 17.57, Florida Statutes (F.S.), requires the deposit of money in Accounts Inside of Treasury (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 subaccounts, disbursement accounts, the Concentration Revolving Account (CRA), and any revolving accounts transacting in Florida PALM sub-modules (i.e., Deposits and Cash Receipts, Process Payments). This daily statement is reconciled to the activity in the sub-modules. When discrepancies in reconciliation occur, agencies work with Treasury to correct the source transaction or request a correction from the

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banking partner. Agencies with sub-systems that need electronic bank statements, receive a daily interface file of activity transmitted by the banking partner.

Subprocess 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.

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Swim Lanes – Definition	Bank: the banking partner by which bank accounts are provided 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	Previous Day Bank Statement File	Each day, 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	Import Bank Statement	Nightly, Florida PALM imports the bank statements for all bank accounts automatically reconciled in Florida PALM. Bank accounts not subject to system reconciliation (e.g., non-CRA accounts), record transactions directly in the ledger as described in the Book to Bank Reconciliation Business Process.
3	Generate Outbound Bank Statement Interface	For agencies which bank statements are transmitted to their agency business systems (e.g., Department of Revenue, CRA statement recipients), Florida PALM generates an outbound bank statement interface.
4	Outbound Bank Statement Interface	The outbound bank statement interface is transmitted to agencies daily.

Process Step ID	Process Step Title	Description of Process
5	Import External Transactions	If there are transactions for the bank account that are not recorded in a sub-module (i.e., Accounts Payable (AP), Accounts Receivable (AR), or Cash Management (CM)), they are imported as External Transactions and system transactions are created.
6	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 Cash Process, disbursements via the Process Payments process, or the Process Bank Cash Transfers processes.
7	Perform Bank Statement Accounting	For any transactions which are first notice presentments (e.g., sweeps between bank accounts, revolving fund replenishments), Florida PALM automatically generates accounting. If the statement is fully reconciled, then the process is complete.
8	Review Exceptions	Any transaction that needs additional review, are reviewed manually by the Bank Reconciliation Processor and the appropriate action is taken. As part of this review, the Bank Reconciliation Processor determines if the source transaction needs to be corrected. If so, the 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 Bank Reconciliation Processor at the agency submits the Treasury Assistance Form for transactions that need to be corrected by the bank.
9	Notify Bank	For agencies with authority to contact the bank directly, the 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.
10	Force Reconciliation	For bank corrections, the 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.
11	Generate Treasury Accounting	Florida PALM generates accounting entries for accounting events associated with Bank Statement Accounting (i.e., first notice presentments, bank errors, and External Transactions) recorded in Florida PALM.

Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – BSP Zero Balance Account Sweep	Decreases Subaccount Cash Increases Subaccount Cash Clearing
LI2	Actuals Ledger – BSP Zero Balance Account Sweep	Decreases Subaccount 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

Reports

Report Number	Report Description	Report Frequency	Audience
R1	Bank Statement – provides the monthly bank statement for subaccounts	Periodic, On Demand	Agency DFS
R2	CRA Bank Statement – provides the monthly bank statement for CRA.	Periodic, On Demand	Agency DFS
R3	Reconciled/Unreconciled Items – lists all items reconciled or unreconciled	Periodic, On Demand	Agency DFS
R4	General Journal Entries Report – Provides a listing of Treasury accounting journal entries.	Periodic, On Demand	DFS

Terminology

Accounts Inside of Treasury – bank accounts associated with banking contracts negotiated and managed by Treasury

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

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

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

Cash Management (CM) – a submodule 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 an entity's financial transactions are recorded in detail or in summary form. Serves as a central repository for accounting data transferred from all sub-ledgers or process areas.

Sub-module – A module within Florida PALM containing detailed transactions, which ultimately impact General Ledger balances (e.g., AP, AR, CM)

Business Process Flow Diagrams

Please see 70.2 Manage and Reconcile Bank Statements located in the [D54 Standardized Business Processes > Working > Workstream D folder](#).