

# 70.5 Reconcile Book to Bank Balances

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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.
- Automated reconciliation depends on the recording of transactions in the sub-modules.
- Daily bank statement reconciliation must be completed for all statements in the month before balances can be reconciled.
- Each bank account must have a unique General Ledger (GL) account.

### 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 7 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) as to source. 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.

At the end of the month, Treasury reviews the ledger cash balances and compares them to the bank account balances to verify that the ledger cash balances reconcile to the bank account balances. When discrepancies exist, Treasury reviews the Book to Bank Reconciliation results to determine the appropriate corrective action. Once the balances reconcile, the month may be closed. For bank accounts not transacting in sub-modules, agencies record the bank account

transactions directly in the ledger and validate the monthly balances reconcile to the ending bank statement balances.

## 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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<b>Swim Lanes – Definition</b>	<p><b>Agency Bank Reconciliation Processor:</b> agency role responsible for recording transactions and reconciling balances for bank accounts outside of the Treasury in Florida PALM</p> <p><b>Bank:</b> the banking partner by which bank accounts are provided</p> <p><b>Book to Bank Reconciliation Processor:</b> agency or DFS role responsible for reconciling bank accounts balances to ledger balances in Florida PALM</p>

Process Step ID	Process Step Title	Description of Process
1	Previous Day Bank Statement	Each day, the banking partner generates a previous day Bank Statement file. The Bank Statement file contains all balances, deposits, and disbursements posted to the bank account.
2	Import Previous Day Bank Statement	Nightly, Florida PALM imports the bank statements for all bank accounts reconciled in Florida PALM.
3	Run Book to Bank Reconciliation	If all bank statement transactions are reconciled, then the Book to Bank Business Process reconciles finalized ledger balances with the month end bank statement balance. This process is required for month end close procedures; it must be completed after all statement reconciliation is complete, and before the period may be closed. If all bank statement transactions are not reconciled, then it follows the Manage and Reconcile Bank Statements Business Process to complete transaction reconciliation. The Book to Bank Reconciliation Processor reviews the ending ledger and bank account balance. If the balances match, then reconciliation is complete.

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Process Step ID	Process Step Title	Description of Process
4	Review Deposit Balances	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies:</p> <ul style="list-style-type: none"> <li>• All the Accounts Receivables (AR) deposit transactions are reconciled to bank statement transactions;</li> <li>• All the journal entries from AR have been posted to the GL; and</li> <li>• All transactions posted to the GL have been recorded by the bank.</li> </ul> <p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Direct Journal Deposits and AR Deposits Business Process.</p>
5	Review Payment Balances	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies:</p> <ul style="list-style-type: none"> <li>• All the Accounts Payable (AP) disbursement transactions reconciled to bank statement transactions;</li> <li>• All the journal entries from AP have been posted to the GL; and</li> <li>• All transactions posted to the GL have been recorded by the bank.</li> </ul> <p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Process Pay Cycle subprocess.</p>
6	Review Treasury Balances	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies:</p> <ul style="list-style-type: none"> <li>• All the Cash Management (CM) bank transactions reconciled to bank statement transactions;</li> <li>• All the journal entries from CM have been posted to the GL; and</li> <li>• All transactions posted to the GL have been recorded by the bank.</li> </ul> <p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Manage and Reconcile Bank Statements process or the Process Bank Cash Transfer Business Process.</p>
7	Review GL Adjustments Balance	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies there are no transactions that are posted directly to the GL Bank Cash Account instead of a sub-module. If this situation exists, this transaction should be reversed and recorded in the appropriate sub-module.</p>

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Process Step ID	Process Step Title	Description of Process
		Once balances are corrected, the Book to Bank Reconciliation Processor reruns the Book to Bank Reconciliation. If the balances reconcile, then the process is complete.

### Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
N/A		

### Reports

Report Number	Report Description	Report Frequency	Audience
R1	CRA Bank Statement – provides daily transactions and balances for CRA.	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 sub-module containing detailed receipt transactions.

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

**Cash Management (CM)** – a sub-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.

**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 GL balances (e.g., AP, AR, CM)

## Business Process Flow Diagrams

Please see 70.5 Reconcile Book to Bank Balances located in the [D54 Standardized Business Processes > Working > Workstream D folder](#).