

70.7 Manage Investment Pools

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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

- Dependent on transactions information from the Special Purpose Investment Account (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 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 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.

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 process documents the process for recording SPIA participant balances 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 process documents the monthly process for allocating investment earnings to Trust Funds, SPIA participants, and GR. The daily balances for funds and SPIA participants are maintained in the ledger. Treasury apportions investment earnings and administrative fees earned on the investment portfolios to participants monthly, based on the participant's average daily balance. Three critical components are used in the apportionment process: average investment balances, average daily participant

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balance, and the total amount of investments. The initial allocation apportions interest to Trust Funds, and the SPIA participants. The undesignated investment balance is allocated to GR. A second distribution allocates the interest to individual Consolidate Revolving Accounts (CRA).

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.

70.7.1 - Manage SPIA Balances	
Swim Lanes – Definition	<p>SPIA Participant: agency or external government that participates in the SPIA investment pool</p> <p>Custodial Bank: external roles at banks that have bank accounts where investments are managed</p> <p>SPIA Application: enterprise system at DFS/Treasury capturing SPIA participant transactions</p> <p>DFS General Ledger (GL) Journal Processor: DFS Treasury role responsible for processing income distribution for SPIA Participants, Trust Funds, and GR.</p>

Process Step ID	Process Step Title	Description of Process
1	New Participant Enrolled	Agencies or local governments enroll in SPIA.
2	Configure New Participant	Information for the new SPIA participant is configured in Florida PALM.
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	Agencies or local governments make deposits in the SPIA application.

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Process Step ID	Process Step Title	Description of Process
6	Withdrawal Request Submitted	Agencies or local governments request liquidations in the SPIA application.
7	Withdrawal Sent	The Investment Section generates a wire payment file that is sent to the Custodial Bank to process the wire payment to the participant account. The output is participant name, wire template number, and amount of outgoing wire.
8	Withdrawal Received	The SPIA participant receives the disbursement.
9	SPIA Application	The daily SPIA participant balances are calculated from the daily SPIA transactions.
10	SPIA Month End Close	Monthly, transactions and balances are finalized as part of the month end close process.
11	SPIA Balance Interface	SPIA participant balances are transmitted from the SPIA application to Florida PALM.
12	Import SPIA Balance Interface	Florida PALM imports the data from the SPIA application automatically once a month to record the daily balances.

70.7.2 - Distribute Interest Apportionment

Swim Lanes – Definition	<p>SPIA Application: enterprise system at DFS/Treasury capturing SPIA participant transactions</p> <p>DFS Investment Accounting Processor: DFS role responsible for accounting for investments</p> <p>DFS General Ledger (GL) Journal Processor: DFS Treasury role responsible for processing income distribution for SPIA Participants, Trust Funds, and GR.</p>
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Process Step ID	Process Step Title	Description of Process
1	Review Ledger Balances	<p>Prior to interest apportionment, the GL Journal Processor confirms that all entries affecting interest, revenues, and losses are posted as described in the Maintain Deals process; investment and disinvestment are posted as described in the Monitor Trust Fund Cash Balance process; and SPIA transactions are recorded as described in the Manage SPIA Balances process.</p> <p>The GL Journal Processor verifies that the period is ready to be closed and that Book to Bank reconciliation has been completed. If the period is not ready to close, then the GL Journal Processor works with the Month End Close team to validate that all entries affecting interest apportionment have been posted and there are no remaining</p>

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Process Step ID	Process Step Title	Description of Process
		entries that will affect the interest apportionment for the month through the Analyze and Reconcile Accounts subprocess.
2	Run ADB Process	<p>Once the entries affecting cash balances are tied out for the month, the GL Journal Processor runs the Average Daily Balance (ADB) Process to capture the average daily balances of each Trust Fund and SPIA participant.</p> <p>The interest, revenue, and losses are apportioned based on the average daily balance of each fund and the SPIA participants. Florida PALM automatically posts apportionments and administrative fees to Trust Funds and GR at the lowest level. The entry created by this allocation will follow the Create and Approve Journal subprocess.</p> <p>A second allocation apportions the balances to the funds in the CRA. This entry will also follow the Create and Approve Journal subprocess.</p>
3	Generate Outbound SPIA Transaction Interface	The SPIA apportionment amounts are sent to the SPIA application.
4	Outbound SPIA Transaction Interface	The SPIA application imports the apportionment amounts.
5	Generate Monthly Reports	After both interest allocations run, monthly apportionment reports are available.

Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – SPIA Participant Balance	Increase/Decrease Investment Balance Increase/Decrease Custodial Bank Cash
LI2	Actuals Ledger – Overall Interest Allocation	Decreasing Treasury Investment Trust Fund Investment Income Decreases Treasury Investment Trust Fund Cash Increases Participants' Fund Invested Cash Increasing Participants' Investment Income
LI3	Actuals Ledger – Overall Administrative Fee Allocation	Decreases Treasury Investment Trust Fund Admin Fee Increases Treasury Investment Trust Fund Cash Decreases Participants' Fund Invested Cash

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Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
		Increasing Participants' Admin Fee
LI4	Actuals Ledger – CRA Interest Allocation	Decreasing SPIA CRA Interest Investment Income Earnings Decreases SPIA Fund Invested Cash Increases CRA Subaccount Advancing Fund Invested Cash Increasing CRA Subaccount Advancing Fund Investment Income
LI5	Actuals Ledger CRA Administrative Fee	Decreases SPIA Admin Fee Increases SPIA Fund Invested Cash Decreases CRA Subaccount Advancing Fund Invested Cash Increasing CRA Subaccount Advancing Fund Admin Fee

Reports

Report Number	Report Description	Report Frequency	Audience
R1	General Journal Entries Report – journal entry details by type	Periodic, On Demand	DFS
R2	Investment Monitoring Report – investment activity and balances by pool and participant	Periodic, On Demand	DFS
R3	Apportionment Report – interest apportionment details by pool and participant	Periodic, On Demand	DFS
R4	Monthly Trust Fund Investment Report – investment details and balances by agency and fund	On Demand, Periodic	Agency, EDR

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.

Business Process Flow Diagrams

Please see 70.7 Manage Investment Pools located in the [D54 Standardized Business Processes > Working > Workstream D folder](#).