40.4 Asset Management Period Close

Department of Financial Services

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Florida PALM

Planning, Accounting, and Ledger Management

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This document is draft and subject to change

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 particular 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

- Any asset transactions not completed prior to period close are completed in the subsequent period
- The Asset Management Period Close Business Process is dependent on transaction processing in the normal course of business and resolution of failed transactions in the appropriate period.
- Journal entries are accounted for as part of the normal business processes.
- An Agency Financial Reporting Supervisor is responsible for the generation of journals for the Asset Management Module and for updating the period dates.

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Business Process Overview

The Asset Management Period Close business process is within the Asset Accounting and Management (AAM) business process grouping. AAM includes a collection of business processes that:

- manage the records of agency property that supports State operations, including financial and custodial information;
- establish the controls that ensure the integrity of stateside financial reporting; and
- perform month-end and year-end closing activities.

This business process highlights the activities to be completed in preparation to close the Asset Management Module. The Asset Management Period Close process is applicable to bot the month end and year end close process. The completion of these closing tasks monthly facilitates a timely year end close process for the Asset Management Module. The Agency Asset Supervisor oversees the completion of asset tasks such as the following: identification of assets to be recorded; clearing the pending items populated from the Accounts Payable Module; completing pending transfers or dispositions; running scheduled depreciation; and system closing jobs.

The Agency Financial Reporting Supervisor initiates the close process for the Asset Management Module and updates the applicable period dates. All pending transactions are then posted for the new current period.

The period close activities are intended to monitor and manage agency business operations and facilitate statewide reporting purposes. Monthly review and close-out of pending transactions are performed by authorized agency users. System jobs are run to update pertinent modules and the Asset Management Module is reconciled to the General Ledger.

Business Process Flow Details

The table below describes steps in the business process as reflected on the Business 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 within Department of Financial Services (DFS), and in some cases, are representative of an external entity 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: Asset Management Period Close

40.4 – Asset Management Period Close		
Swim Lanes – Definition	**Agency Asset Supervisor:** agency role responsible for reconciling period closing activities **Agency Financial Reporting Supervisor:** agency role responsible for period closing reporting activities	
Process Step ID	**Process Step Title**	**Description of Process**
1	Identify Asset Records to be Created	The Agency Asset Supervisor performs Identify Asset Records function to create and update records in Florida PALM if applicable. The need for creating an asset record could result from assets created or constructed, assets received through donation or seizure, and purchased assets from the Accounts Payable Module that were not created automatically.
2	Review Pending AP Interface Transaction	The Agency Asset Supervisor reviews AP Interface to identify Asset related transactions originating from Accounts Payable Module and run Transaction Loader to create Asset in AM. Agency Asset Supervisor performs Review Load Data/Correct Information function to complete this step.
3	Complete Pending Transfer/Disposal	The Agency Asset Supervisor reviews the Pending Transfers report and performs Initiate/Update Asset Transfer Request or Initiate/Update Asset Transfer Request function, to complete pending transfers if applicable. Agency Asset Supervisor reviews the Asset Due for Disposition report and performs Initiate Asset Disposal Request function to complete pending disposals if applicable.
4	Run Depreciation	If depreciation parameters are satisfactory, the Agency Asset Processor runs scheduled depreciation to calculate depreciation expense and accumulated depreciation in compliance with reporting requirements. (Mass Depreciation)

Process Step ID	Process Step Title	Description of Process
		The Agency Asset Processor runs depreciation on-demand to update individual Asset records (up-to-date valuation of an asset is required prior to change in ownership fund, transfer, or disposal). (Single Item Depreciation)
5	Run Depreciation Close	This automated process generates period depreciation accounting entries for all depreciable assets in a given accounting period. Florida PALM calculates the depreciation expense and accumulated depreciation. Calculation of depreciation using the straight-line depreciation method begins in the first month the asset is placed into service. Depreciation is calculated in full month increments, no matter what day of the month the depreciation is run. Property placed in service at any time during a month is treated as though it was placed in service on the first day of the month. The depreciation calculation should be through the time of disposal and include the month of disposal. Depreciation Report is used to identify Assets that have been depreciated during the period.
6	Load Depreciation Reporting Tables	When the Agency Asset Processor runs the Load Depreciation Reporting table process, Florida PALM generates cost and depreciation reports for the current period.
7	Load Asset Net Book Value Table	When the Agency Asset Processor runs the Load Net Book Value Table process, Florida PALM displays depreciation information for download (Asset Processor can load results into a spreadsheet for analysis).
8	Run Journal Generator Process for AM	When the Agency Financial Reporting Supervisor runs Journal Generator Process, Florida PALM takes accounting entries from AM, and creates journal entries in the General Ledger.
9	Update AM Beginning Period	The Agency Financial Reporting Supervisor updates AM beginning period.
10	Load AM/GL Table/Perform Reconciliation	The Agency Financial Reporting Supervisor loads AM/GL Table and performs reconciliation.

Ledger Impacts

Table 2: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Reporting Ledger – Depreciation Close Process	Increases Expense (Depreciation Expense) Increases Asset Contra (Accumulated Depreciation)

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Reports

Table 3: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Summary of Assets – a report of total assets and changes made to asset records for a given period. The report includes changes in asset status, useful life, or re-categorization. This report is used to monitor changes to the records and support the details required for financial reporting	Periodic	DFS, Agency
R2	Asset Approval/Denial Report - a report of asset transactions that were approved or denied	Periodic	Agency
R3	Pending Transfers – a report of Inter-Unit Transfers with issues pending resolution	Periodic	Agency
R4	Assets Due for Disposition – a report of assets due for disposition, based on the remaining estimated useful life, disposal date and Asset Type.	Periodic	Agency
R5	Asset Dispositions – a report of asset dispositions by type. The report provides totals for the asset dispositions and details regarding the asset descriptions, custodians, and dates of acquisition and disposition. This report is used to monitor asset dispositions for compliance with applicable statutory and other requirements, and supports details required for financial reporting	Periodic	DFS, Agency
R6	Depreciation Report – a report of assets with monthly depreciation expense and accumulated depreciation	Periodic	DFS/Agency

Terminology

Asset Management Period Close – the process of monitoring and completing asset transactions for a specific accounting period and adjusting the transaction dates for the next accounting period.