

10.4 Close General Ledger and Consolidate Results

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Close General Ledger and Consolidate Results

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

- In accordance with section 215.86, Florida Statutes (F.S.), each agency and judicial branch establishes and maintains management systems and controls that promote and encourage compliance; economic, efficient, and effective operations; reliability of records and reports; and safeguarding of assets. Accounting systems are designed to fulfill the requirements of generally accepted accounting principles.
- In accordance with section 215.94 (2)(a) F.S., the Department of Financial Services (DFS) is the function owner of Florida PALM. Florida PALM is to provide timely data for producing financial statements for the state in accordance with generally accepted accounting principles.
- In accordance with section 216.141(3) F.S., the Chief Financial Officer shall use Florida PALM for account purposes in the performance of and accounting for all his or her constitutional and statutory duties and responsibilities. However, state agencies and the judicial branch are responsible for maintain accounting records necessary for the effective management of their programs and functions.
- The DFS State Expenditure Guide provides agencies guidance on classifying the obligations the state has incurred.
- The DFS Statewide Financial Statements Guidance provides agencies additional guidance on accounting policies related to performing close.
- The Government Accounting Standards Board establishes accounting and financial reporting standards for U.S. state and local governments that follow the Generally Accepted Accounting Principles (GAAP).

Business Process Overview

The Close General Ledger and Consolidate Results Business Process area addresses the execution of the year end close process and the generation of the comprehensive annual financial report. DFS manages and communicates the closing process to agencies. State agencies are required to follow the outlined closing schedule and perform the month end closing process for the month of June. The June closing process gives state agencies a chance to make corrections in the submodule prior to the submodule close. Upon submodule close, the new fiscal year budget is available for agencies to continue normal operations in July. DFS coordinates with agencies to address additional adjustment needed for prior to agency general ledgers (GL) being closed for the prior fiscal year. Financial results are consolidated after closing and then adjusted as needed within Florida PALM, which include material adjustments, Component Unit financial statements, and additional agency year-end adjustments (key information that supports the notes to the financial statements may also be maintained in the system).

The GL Adjustment Period is used for adjustments related to the Comprehensive Annual Financial Report (CAFR) development and preparation process. CAFR preparation is performed substantively in Florida PALM to generate the unaudited CAFR for review by the Auditor General. The Auditor General performs the Statewide Financial Statement Audit and the Federal Awards Audit to identify audit adjustments made to the financial statements. The agencies and DFS review the Auditor General's audit adjustments to determine the applicability of identified audit adjustments to be posted to the GL. After audit adjustments, DFS closes the GL Adjustment Period, generates the final CAFR, and updates the current fiscal year with the final adjusted prior year 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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Swim Lanes – Definition	<p>Agency/Component Unit GL Close Processor: role responsible for GL close activities within an Agency or Component Unit</p> <p>Auditor General: role responsible for performing audits</p> <p>DFS Processor: role responsible for year-end close processing</p> <p>EOG/OPB: role responsible for receiving reports as appropriate</p>

Process Step ID	Process Step Title	Description of Process
1	Create Year-End Schedule and Define Closing Rules	Year End Close activities are scheduled and communicated appropriately to track completion of tasks and manage dependencies. Closing Rules are reviewed, managed, and monitored as appropriate for a successful close of the fiscal year. Agencies are notified of the year end closing schedule and the expectations of the closing process.
2	Close General Ledger Period for Prior Fiscal Year	Following June month-end activities, a DFS Processor closes the GL period for the prior fiscal year.
3	Execute Year-End Close Process	<p>Once DFS has determined agencies have performed all reconciliation activities between the Subledgers and the GL, the usual period-end reports, and any other special year end reports are produced prior to executing the close process.</p> <p>At this point, adjustments to the old year may begin as appropriate. Alternatively, the appropriate accounting period can be reopened to enter and post the entries and close the period again.</p> <p>To close the old year, the Close Request page is used to close revenue and expense accounts to retained earnings and roll forward beginning balances to the new year. GL performs closing according to the options selected in the closing rules.</p>
4	Generate Year-End Close Reports	Until the year end closing is run, the reports for the next year does not include any results from prior years. Once the close process is run, the balance sheet accounts and inception-to-date revenue and expense accounts are available for reporting.
5	Receive Annual Agency Closing Reports	The designated Annual Agency Closing Reports are transmitted to Legislative Appropriations System/Planning and Budgeting Subsystem (LAS/PBS) for review and use.
6	Receive Trial Balance Reports	LAS/PBS receives an interface file containing the beginning and ending trail balances for all agencies. These files are used at the discretion of LAS/PBS for further analysis or budget purposes.

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Process Step ID	Process Step Title	Description of Process
7	Review and Analyze Year-End Close Reports	DFS reviews and analyzes the closing reports that are produced. The reports are analyzed/validated to confirm that the balances reflect expected outcomes. DFS confirms there are no discrepancies contained within the report.
8	Run Undo Process	If problems are identified, then the Close Undo process runs to reverse all closing actions taken by the system and return Florida PALM back to the previous state prior to executing close.
9	Correct Close Issue(s)	To correct the issues, the DFS Processor confirms the reasons for which the actual balances were not accurate before re-processing close. DFS may reach out to agencies to verify the reason for the required correction and provide a recommended solution to the agency. If the agency does not agree with the solution, the agency has the opportunity to provide a solution to resolve the issue. DFS ultimately prepares and enters all corrections that are necessary.
10	Transmit Trial Balance Data to Auditor General	If no issues are identified with close, the DFS Processor transmits trial balance data to the auditor general for audit.
11	Perform Transactional Audit	The Auditor General performs a transactional audit using the trial balance data provided by DFS.
12	Identify Audit Adjustments	The Auditor General identifies any necessary audit adjustments and communicates those adjustments to the agency.
13	Input Component Unit Annual Financial Statement Balances	Component units, required to submit annual financial statements to the respective parent agency, enters the applicable financial information into Florida PALM. The entered financial information must be approved by the parent agency prior to inclusion within the statewide financial information.
14	Statements Reviewed and Approved by Parent Agency	Agencies review and approve financial statements for their respective component units.
15	Review Year-End General Ledger Balances	<p>The DFS Processor has the ability to review year-end GL balances and process additional adjustments to the prior FY as needed for reporting purposes.</p> <p>Agencies need to submit the required financial statement forms based upon the preliminary trial balances. The forms are completed and submitted by the established dates determined by DFS. These forms are submitted via a process determined by DFS and are reviewed for completeness and accuracy.</p> <p>Approved component unit financial information are submitted to the DFS processor via workflow. The DFS process reviews the</p>

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Process Step ID	Process Step Title	Description of Process
		information and validate prior to including the data into the overall GL.
16	Compile Year-End Accrual Journal Entries	<p>The DFS Processor needs to create, compile, and post additional year end accrual entries as necessary to balance. After the entries have been input, the processor needs to analyze and review the reports again to verify the corrections were successful.</p> <p>As part of adjustments period, agencies need to notify DFS of any material adjustments and state level financial entries that are posted to GL. The DFS Processor reviews the adjustments and validates if the request qualifies as a material adjustment per the criteria. The DFS processor provides further guidance to the agency once a determination of materiality has been established.</p>
17	Perform Review and Reconciliation	Once the adjustments have been posted to GL, appropriate reports are generated for the DFS processor to analyze and review. The processor also use the reports to complete reconciliations to determine if the financial statements are complete. If the reconciliation is not balanced, additional adjustments are required prior to moving forward.
18	Receive Weekly Adjustments Reports	LAS/PBS receives weekly adjustment reports by Business Unit.
19	Generate Preliminary Year-End Close Reports	Trial Balance report and other reports can be generated to continue to reconcile and review balances
20	Populate CAFR Templates	The DFS Processor need to review the CAFR templates in preparation for the upcoming CAFR publication. These templates are created and edited in using the Oracle Business Intelligence (BI) Template Editor. The template has the ability to have to reference both People Soft and External data for inclusion within the CAFR. Once the templated has been loaded and the preliminary CAFR produced, the DFS Processor reviews the report to determine if the report is accurate and reflects all the correct data elements generated by either Florida PALM or an external party. If data is missing, the DFS Processor reviews all sources of information to determine which information is missing.
21	Provide External Data	The DFS Processor receives all external data from sources in the prescribed manner. As data is received the processor should review the information to ensure it is valid and complete. If the information is incomplete, the processor needs to be in contact with the sender for corrected information.

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Process Step ID	Process Step Title	Description of Process
22	Validate and Insert External Data	Data from external systems that need to be included in the CAFR can be included by using the Oracle BI template and referencing the information. The DFS Processor needs to review the information and the template to ensure the template is including the correct data.
23	Produce Draft/Unaudited CAFR	Using the BI tools, the DFS Processor produces the CAFR. The CAFR is then extracted for further publishing criteria.
24	Produce Draft/Unaudited SEFA	The DFS Processor produces a draft, unaudited Schedule of Expenditures of Federal Awards (SEFA) report.
25	Transmit Draft/Unaudited CAFR/SEFA to AG	The DFS Processor transmits a file containing all financial information for the prior year to the Auditor General. The file contains all items used to create the CAFR including the notes to the financial statements.
26	Perform CAFR/SEFA Audit	The Auditor General performs the annual audit of the financial statements using the unaudited data provided by the DFS Processor based upon the audit engagement letter provided. If the Auditor General does not have any suggested adjustments the CAFR, then it is available for further refinement and publishing by DFS. If during the audit, the Auditor General suggests adjustments, the adjustments are provided to the Agency F&A Maintainer and the DFS Processor.
27	Identify Audit Adjustments	If audit adjustments are identified, the Auditor General provides the adjustment to the Agency F&A Maintainer for review and response. The entry is also be provided to DFS Processor for input.
28	Address Audit Adjustments	<p>The Agency F&A Maintainer reviews the suggested adjustment provided by the Auditor General. The agency reviews and responds to the suggest change as needed. If the change is accepted, the agency notifies the DFS Processor to proceed with the entry. The agency also needs to provide follow up response to the Auditor General related to the adjustment.</p> <p>Once all audit related adjustments have been entered, the DFS Processor needs to verify there are no further adjustments needed. If there are no further adjustments the DFS Processor is ready to Close the GL adjusting period. If further adjustments are needed, the processor needs to complete those entries prior to moving forward with the closing.</p> <p>After all adjustments are entered, the processor reruns the report to ensure all reports are in balance and it is ok to proceed</p>

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Process Step ID	Process Step Title	Description of Process
		with the closing of the final GL adjusting period within Florida PALM.
29	Generate Audited CAFR	Once all internal and external data have been compiled and consolidated, the final CAFR is produced and exported for further publishing criteria.
30	Close General Ledger Adjustment Period	Once all adjustments have been made, the adjustment period can be closed for the prior fiscal year. Rerun year close process to regenerate new fiscal year balances
31	Produce Final Audited Balance/Year-End Reports	The DFS Processor completes the publishing of the final CAFR and publish the report online before the statutory due date. Agencies are able to see their final trial balance with all adjustments that were made for the for the prior fiscal year. Agencies do not need to correct their beginning balances due to the balances being updated as the adjustments were being prepared during the final adjustment period.
32	Receive Unreserved Fund Balances File	LAS/PBS receives a final unreserved balance file from Florida PALM for all agencies.
33	Receive Final Audited Balance/Year-End Reports	LAS/PBS also receives a copy of all the final audited balances and the year reports that were produced because of the official closing of the prior fiscal year.

Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
L1	Actuals Ledger – Establish Beginning Balance	<ul style="list-style-type: none"> Decrease Expense and Revenues Increase Equity Balances

Reports

Report Number	Report Description	Report Frequency	Audience
R1	Budget vs Actuals Detailed Report – provide side-by-side comparison of budgets and actuals	On demand	DFS
R2	Trial Balance – provide debit/credit activity by ChartField and date	On demand	DFS

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Report Number	Report Description	Report Frequency	Audience
R3	Balance Sheet Dashboard – reflects amounts in assets and liabilities and identifies the components that contributes to these amounts	On demand	DFS
R4	Budget vs Actuals Dashboard – enables users to perform quick budget variance analysis and provides insight into those areas that are close to going over budget, so that the organization can proactively manage those expenses	On demand	DFS
R5	Cash Flow Dashboard – provides information on an agency’s ability to generate cash from operations and provide trends in the flow of cash relating to investing and disinvesting	On demand	DFS
R6	Overview Dashboard – contains key financial indicators used to gauge the overall health of the organization	On demand	DFS
R7	GL Balance Dashboard – contains GL balances by specific GL ChartFields	On demand	DFS, Agency
R8	Journal Inquiry – online display of requested journals	On demand	Agency, DFS
R9	Ledger Inquiry – online display of ledger balances by ChartFields	On demand	Agency, DFS
R10	CAFR Report	On demand	DFS
B1	CAFR Template	On demand	DFS

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Terminology

Annual Report – report produced once a year for varying user needs, such as for statutory reporting requirements or federal reporting requirements.

Business Intelligence (BI) – umbrella term that includes the applications, infrastructure, tools, and best practices that enable access to and analysis of information to improve and optimize decisions and performance.

Component Unit – legally separate organization for which the elected officials of the State are financially accountable (e.g., state universities, colleges, and water management districts) and for which the nature and significance of their relationship with the primary government is such that exclusion of these organizations from the primary government's financial statements would be misleading.

Comprehensive Annual Financial Report (CAFR) – annually audited report that presents the financial condition of the State at fiscal year-end and the results of operations during the fiscal year, as well as other financial information.

Department of Financial Services (DFS) – state agency that oversees the fiscal functions of the State of Florida.

Component Unit Portal – provides component units the ability to enter annual financial information for financial statement reporting purposes.

Parent Agency – state agency that has a significant relationship with a separate legal entity and is financially accountable for the entity.

Fiscal Year – any consecutive twelve-month period when an organization's annual financial records commence and conclude. The fiscal year for the State of Florida begins on July 1 and ends the following June 30.

General Ledger (GL) – master set of accounts in which the State of Florida's financial transactions are recorded in detail or in summary form. This serves as a central repository for accounting data transferred from all sub-ledgers or process areas.

Ledger – permanent summary of amounts entered in supporting journals, which list individual transactions by date.

Management Report – provides summary information for decision making and performance monitoring.

Reports – formal records/statements of the financial activities and position of the State. Reports can be generated in many forms, such as Edit, On-Screen, Query, and Printed Reports for review.

Schedule of Expenditures of Federal Awards (SEFA) – report of all federal expenditures within the current fiscal year by CFDA number.

Trial Balance – report of balances of the General Ledger accounts.

Workflow – orchestrated and repeatable patterns of business activity enabled by the systematic organization of resources into processes with specific approvals that transform materials, provide services, or process transactional information.

Business Process Flow Diagrams

Please see 10.4 Close General Ledger and Consolidate Results located in the [D54 Standardized Business Processes > Working > Workstream A folder](#).

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