

# 10.3 Analyze and Reconcile Accounts

This document is a draft and subject to change

## Table of Contents

Table of Contents.....	2
Analyze and Reconcile Accounts.....	3
General Information.....	3
Dependencies and Constraints.....	3
Business Process Overview.....	4
Subprocess Flow Details.....	4
Ledger Impacts.....	7
Reports.....	7
Terminology.....	9
Business Process Flow Diagrams.....	9

DRAFT

## Analyze and Reconcile Accounts

### 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 Analyze and Reconcile Accounts Business Process address the execution of the period close, the agency reconciliation, and the allocation processes. Period close within Florida PALM occurs monthly and is controlled by DFS. DFS communicates with agencies if changes occur to the close schedule. To begin the fiscal month recording and processing, DFS opens the accounting period for agencies. Transactions process on a continuous basis within Florida PALM. During the period, agencies proactively review, monitor, and correct transactions that are in an exception status. For example, a transaction that lacks budget does not post within Florida PALM and is held in an exception status until the transaction is addressed and successfully posts. At the end of the period, DFS closes the submodules to prevent further processing within the period. By utilizing Florida PALM reports, agencies can perform the period end reconciliation to ensure balances are accurate and reportable. If balances require corrections, agencies can either enter the correction directly into the general ledger (GL) for the prior period using a GL Journal or within the appropriate submodule for the current period. Account balances update as agencies process corrections and are available for reporting purposes. DFS officially closes the prior period by closing the GL for the prior period.

Upon having the prior period data, DFS and agencies access the data to perform allocations. Agencies review and analyze the data to ensure accuracy. If corrections are needed, the data is corrected within Florida PALM. Upon completion of the review process, agencies decide how to perform the allocation process within Florida PALM or by using an agency business system. Florida PALM offers an allocation process, which calculates the allocation amount, creates the journal entries, and post balanced allocation entries. Agencies using agency business systems to perform the allocation export the data from Florida PALM, import it into the agency business systems, and then perform the allocation process. Once the allocation process is complete within the agency business system, agencies create GL Journals to have the allocated amounts posted within Florida PALM.

## 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.

**10.3.1 – Perform Month-End Close**

<b>Swim Lanes – Definition</b>	<p><b>Agency GL Close Processor:</b> agency role responsible for GL close activities</p> <p><b>Agency Submodule Processor:</b> agency role responsible for entering and processing subledger transactions</p> <p><b>DFS GL Close Processor:</b> DFS role responsible for enterprise-level GL close activities</p>
--------------------------------	---

Process Step ID	Process Step Title	Description of Process
1	Open Current General Ledger and Submodule Period	A DFS Close Processor opens the GL and submodule periods for the current month to allow agencies to transact as needed.
2	Proactively Review Exception Reports	Throughout the month, Agency Submodule Processors proactively review exception reports. Proactive reconciliation helps limit the number of corrections at month-end.
3	Resolve in Appropriate Submodule	If exceptions are found during the review of exception reports, Agency Submodule Processors resolve the exception in the appropriate submodule.
4	Close Current Submodule Period	At the end of the month, the DFS Close Processor closes the submodule period for the month based on the predetermined schedule. Agencies begin transacting in the GL and submodule periods for the new month.
5	Run Preliminary Month-End Reports	Agency GL Close Processors run preliminary month-end reports, including budgetary and financial reports and online queries.
6	Review and Analyze Month-End Reports	Agency GL Close Processors review and analyze the month-end reports to identify any reconciling items. If reconciling items exist, Agency GL Close Processors determine if the correction should be made in the GL or in the submodule. If the correction should be in the GL, Agency GL Close Processors create a GL Journal via the Enter and Process Journals business process. Once corrections are made, the Agency GL Close Processors re-run the preliminary month end reports to look for reconciling items.
7	Correct in Appropriate Submodule	If the correction should be made in the submodule, Agency GL Close Processors make the correction in the appropriate submodule. Once corrections are made, the Agency GL Close Processors re-run preliminary month end reports to look for reconciling items.
8	Create Period End Financial Reports	Once all reconciling items have been resolved, period end financial reports/statements are available in various outputs/formats.
9	Create Period End Financial Reports	Period end financial reports/statements are available in various outputs/formats for access by DFS.

This document is draft and subject to change

Process Step ID	Process Step Title	Description of Process
10	Close Current General Ledger Period	If this process does not occur at fiscal year end, the DFS Close Processor closes the open GL period for what is the prior month.
11	Perform Year-End Activities	If this process occurs at fiscal year end, the Agency GL Close Processor performs year-end activities including posting agency accrual entries, completing any necessary DFS forms, and performing final reconciliations to ensure balances are accurate for reporting purposes. As part of year-end activities, a workbook for the Schedule of Expenditure of Federal Awards (SEFA) is prepared by agencies and submitted to DFS. The Agency GL Close processor continues year-end activities in the Close GL and Consolidate Results Business Process.

**10.3.2 – Perform Allocations**

<b>Swim Lanes – Definition</b>	<b>GL Processor:</b> role responsible for GL activities
--------------------------------	---

Process Step ID	Process Step Title	Description of Process
1	Review Data for Prior Month/Period	The GL Processor reviews posted transactions in the GL to identify for allocation, namely, select expenditure transactions for cost allocations, cash transactions for interest apportionment allocations, etc.
2	Edit and Update Data	Upon review, the GL processor confirms whether corrections are required before proceeding with the allocation process. If there are identified modifications, the GL processor edits and updates the transactions as appropriate.
3	Run Allocations Process	Agencies have the option to run allocations in Florida PALM or externally in agency business systems. For allocations to be run in Florida PALM, the GL Processor runs the allocation process based on the allocation rules and configurations to appropriately create and post additional transactions to affect balances appropriately
4	Export Data to Agency Business Systems	For allocations that are run externally, the ledger data is exported from Florida PALM to agency business systems, to establish the starting point to begin allocations.
5	Perform External Allocations	Once the agency business system receives the Florida PALM extract, agencies can begin allocations. Agencies are responsible to create and maintain allocation rules that are external to Florida PALM. Once complete, the Agency GL Processors import their allocation results into Florida PALM to be recorded in the ledger

This document is draft and subject to change

Process Step ID	Process Step Title	Description of Process
		and update balances as GL Journals via the Enter and Process Journals Business Process.

### Ledger Impacts

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

### Reports

Report Number	Report Description	Report Frequency	Audience
R1	Submodule Transactional Reports – detailed reports used to determine successful posting and exception handling	On demand	Agency
R2	Journal Inquiry – online display of requested journals	On demand	Agency
R3	Ledger Inquiry – online display of ledger balances by ChartFields	On demand	Agency
R4	Budget vs Actuals Detailed Report – side-by-side comparison of budgets and actuals	On demand	Agency
R5	Trial Balance – provide debit/credit activity by ChartField and date	On demand	Agency
R6	GL Reconciliation Report – report to display reconciled and unreconciled balances by ChartField and submodule	On demand	Agency
R7	Balance Sheet Dashboard – reflects amounts in assets and liabilities and identifies the components that contributes to these amounts	On demand	DFS, Agency
R8	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	On demand	DFS, Agency

This document is draft and subject to change

Report Number	Report Description	Report Frequency	Audience
	can proactively manage those expenses		
R9	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, Agency
R10	Overview Dashboard – contains key financial indicators used to gauge the overall health of the organization	On demand	DFS, Agency
R11	GL Balance Dashboard – contains GL balances by specific GL ChartFields	On demand	DFS, Agency
R12	Schedule of Expenditure of Federal Awards – report of all federal expenditures within the current fiscal year by CFDA number	On demand, Annual	Agency
R13	Depreciation Report – a report of assets with monthly depreciation expense and accumulated depreciation	On demand, Annual	DFS, Agency
R14	Simulated Depreciation Report – a report that shows the impact of calculating monthly depreciation expense and accumulated depreciation prior to actual recording of depreciation	On demand, Annual	Agency
R15	Capital Assets Account Reconciliation– reconciliation of revenues and expenditures recorded in operating funds and the Fixed Assets Account Group	On demand, Monthly, Annual	DFS, Agency
R16	Long Term Debt Account Reconciliation - reconciliation of revenues and expenditures recorded in operating funds and the Long-Term Debt Account Group	On demand, Monthly, Annual	DFS, Agency

This document is draft and subject to change



## Terminology

**Agency Business System** – system, database, or other source of data wholly owned and operated by a state agency.

**Allocation** – process of distributing cost to a cost object or revenue, using a rational basis of allotment.

**Exception Report** – system generated report listing transactions or journals that did not successfully pass Florida PALM requirements.

**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.

**GL Journal** – accounting entries recorded directly in GL to update or transfer balances.

**Accounting Period** – represents fiscal month where detailed transactions from respective source modules and net activity in the GL is posted for a set of ChartField values. Accounting periods are segregated by respective sub modules and GL. This provides the ability to control and restrict recording and processing by modules.

**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.

**Modified Accrual Accounting Basis** – accounting method under which revenues are recognized in the period they become available and measurable, and expenditures are recognized in the period the associated liability is incurred.

**Reconciliation** – the process of validating the State of Florida accounting balances are accurate and available for reporting.

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

## Business Process Flow Diagrams

Please see 10.3 Analyze and Reconcile Accounts located in the [D54 Standardized Business Processes > Working > Workstream A folder](#).