

## 60.2 – Deposit and Apply Receipts

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## 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

- Cash is not available for use until verified and recorded in Florida PALM
- The deposit verification process is dependent on the Florida PALM receiving a bank file and The Department of Financial Services (DFS), Division of Treasury (Treasury) performing the Manage and Reconcile Bank Statement Business Process
- Recording returned items are contingent upon the bank providing the interface files
- The State must obtain authority to implement the offsetting process

## Business Process Overview

The Deposit and Apply Receipts business process is within the Accounts Receivable (AR) business process grouping. AR includes a collection of business processes that:

- manage accounting, reporting, and collection of outstanding State revenues;
- support the intake and accounting for cash receipts; and

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- ensures that the write-off of outstanding debt is appropriately approved.

This business process addresses how the State records deposits in Florida PALM and monitors that deposits are reconciled to bank data.

The business subprocesses included are:

- 60.2.1 – Direct Journal Deposits
- 60.2.2 – AR Deposits
- 60.2.3 – Returned Items
- 60.2.4 – Offsets

Section 116.01, Florida Statutes (F.S.), requires funds collected and due to the State to be deposited in the Treasury no later than seven working days from the close of the week in which funds were received. Section 215.31, F.S., provides revenue collected or received shall be promptly deposited in the Treasury, immediately credited to the appropriate fund, and properly accounted for by the DFS as to source.

Direct journals are used to record deposits that are not normally associated with a customer or outstanding receivable, whereas AR Deposits are associated with a customer and outstanding receivable. Direct journals are also used to correct deposit accounting entries or reclassify revenues within their agency. Agencies use business systems and/or 3rd party providers to process customer transactions, receive customer payments, and process deposits. Once the deposit is recorded in Florida PALM, the deposit is reconciled to the bank deposit received by Treasury and the fund cash balance is updated in Florida PALM making the deposit available for agency use.

If checks, credit card payments, and Automated Clearing House payments deposited are returned by the bank (e.g., insufficient funds, credit card disputes, or closed accounts), a debit memo is systematically generated. Returned items are recorded in Florida PALM to reduce the cash balance in an agency default fund. The default fund can be changed as part of completing the returned item deposit. Agencies notify customers through their normal process to collect outstanding balances.

Offsetting is a process that allows a supplier payment to be applied against an associated customer outstanding receivable. DFS is responsible for identifying and approving the offset transactions.

## Business Process Flow Details

The tables below describe steps in each business subprocess as reflected on the Business Process Flow Diagrams. The tables also reflect 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: Direct Journal Deposits

60.2.1 - Direct Journal Deposits		
Swim Lanes – Definition	<b>Agency Deposit Approver:</b> agency role responsible for reviewing and approving deposits <b>Agency Deposit Processor:</b> agency role responsible for creating the deposit header and line detail information <b>DFS Audit Approver:</b> DFS role responsible for auditing expenditure refunds <b>DFS Bank Reconciliation Processor:</b> DFS role responsible for reconciling bank accounts	
Process Step ID	Process Step Title	Description of Process
1	Determines Need to Record Deposit	The Agency Deposit Processor receives a payment that is not tied to an open receivable item. Such payments are referred to as direct journal payments. The agency may also need to reclassify revenues.
2	Manual Direct Journal	If the Agency Deposit Processor receives a request to create a small volume of deposits, a direct journal deposit can be manually entered.
3	Spreadsheet Deposit Data	If the Agency Deposit Processor receives a request to create a large volume of deposits, the spreadsheet upload process can be used to upload the deposit information.
4	Import Deposit Data	A process loads the deposit data from the spreadsheet.
5	Deposit Data	Some agencies provide deposit information via a file, which can be uploaded to create the deposit. This can also include payments for goods or services made by other agencies/agency units not invoiced by the InterUnit Billing subprocess.
6	Import Deposit Data	An automated process loads the deposit data from an interface.
7	Create Deposit	The Agency Deposit Processor enters the required information related to payments on the deposit page. If the deposit is for a revenue reclassification, a \$0 deposit entry is created with payment lines representing the revenue reclassifications. For

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Process Step ID	Process Step Title	Description of Process
		the spreadsheet and file import, the deposit record is automatically created. The payment is marked for direct journal. Supporting documentation can be attached for each payment. The Expenditure Refund Form is attached at this step and may require an Accounts Payable (AP) payment query to obtain data for completion. Once created, the deposits go through a reconciliation process to match to the bank deposit record. If needed, a Change of Custody Report is generated to capture signatures of employees when cash changes hands.
8	Run ARUPDATE	This is an automated process that records cash as unverified until the bank reconciliation process is complete.
9	Submit Request for Treasury Assistance	In cases where deposit verification approval is needed prior to receiving the bank deposit file, the agency contacts Treasury for assistance.
10	Manual Deposit Verification	Treasury reviews and approves the same day deposit entry. This is used for large ACH or wire deposits on a case by case basis.
11	Review Unverified Deposits	After bank reconciliation runs, if the deposit is not verified, the Agency Deposit Processor must review and determine why the deposit is not verified. If a deposit correction is needed, the Agency Deposit Processor must correct the deposit entry. If a bank correction is needed, the Agency Deposit Processor must contact Treasury.
12	Submit Treasury Assistance Form	The Agency Deposit Processor submits a Treasury Assistance Request Form to provide the specific correction needed at the bank. The Agency Deposit Processor can also submit this form to claim a deposit not correctly identified.
13	Review Assistance Needed	If a bank correction is needed, the DFS Bank Reconciliation Processor contacts the bank. If an agency claims a deposit, the DFS Bank Reconciliation Processor manually reconciles the agency deposit to the bank deposit record. If the DFS Bank Reconciliation Processor needs further information, the Assistance Request Form is routed back to the Agency Deposit Processor.
14	Run Cash Control	Cash Control creates journal entries for transactions reconciled during bank reconciliation.
15	Create Direct Journal Accounting Entries	The Agency Deposit Processor uses Direct Journal deposit to create accounting entries, including accounting entries for returned items and revenue reclassifications. The Direct Journal subprocess routes to the Agency Deposit Approver for approval. If the deposit is for an Expenditure Refund, it routes to the DFS Audit Approver.
16	Run ARUPDATE	This is an automated system process that runs nightly. The Receivable Update process posts accounting entries, including recording verified cash. This process tracks the recognized

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Process Step ID	Process Step Title	Description of Process
		and collected revenue and compares it against the revenue estimate. This process also restores spending authority for Expenditure Refunds.
17	Export Transparency Portal Data	This process generates and exports a data file for State Transparency Portals.
18	Revenue, Receipts, and Transfers Data	The Chief Financial Officer (CFO) Transparency portal receives receipts and transfers by category type. The Executive Office of the Governor (EOG) Transparency portal receives revenues by agency, fund, and revenue category.

Table 2: AR Deposits

60.2.2 - AR Deposits		
<b>Swim Lanes – Definition</b>	<p><b>Agency AR Processor:</b> agency role responsible for confirming deposit lines post to the correct AR items</p> <p><b>Agency Deposit Approver:</b> agency role responsible for reviewing and approving deposits</p> <p><b>Agency Deposit Processor:</b> agency role responsible for creating the deposit header and line detail information</p> <p><b>DFS Audit Approver:</b> DFS role responsible for auditing expenditure refunds</p> <p><b>DFS Bank Reconciliation Processor:</b> DFS role responsible for reconciling bank accounts</p>	
Process Step ID	Process Step Title	Description of Process
1	Receives Payment from Customers	The Agency Deposit Processor receives a payment from a customer. If the Agency Deposit Processor receives a request to create a small volume of deposits, the Agency Deposit Processor creates a regular deposit in Florida PALM.
2	Spreadsheet Deposit Data	If the Agency Deposit Processor receives a request to create a large volume of deposits, the spreadsheet may be used to upload the deposit information.
3	Import Deposit Data	A process loads the deposit data from the spreadsheet.
4	Deposit Data	Some agencies provide deposit information via a file, which can be uploaded to create the deposit. This can also include payments for goods or services made by other agencies/agency units not invoiced by the InterUnit Billing subprocess.
5	Import Deposit Data	An automated process loads the deposit data from an interface.
6	Run Interface Process to Pull in AP Data	An automated process loads InterUnit Billing payment data. This process updates receivables information based on approved AP transactions.

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Process Step ID	Process Step Title	Description of Process
7	Create Deposit	The Agency Deposit Processor enters the required information related to payments on the deposit page. For the spreadsheet and file import, this is automatically created. The Expenditure Refund Form is attached at this step and may require an AP payment query to obtain data for completion. If the depository bank account is reconciled in Florida PALM, the deposits go through a reconciliation process to match the bank deposit record. If needed, a Change of Custody Report is generated to capture signatures of employees when cash changes hands.
8	Run ARUPDATE	This is an automated process that records cash as unverified until the bank reconciliation process is complete.
9	Submit Request for Treasury Assistance	In cases where deposit verification approval is needed prior to receiving the bank deposit file, the agency contacts Treasury for assistance.
10	Manual Deposit Verification	Treasury reviews and approves the same day deposit entry. This is used for large ACH or wire deposits on a case by case basis.
11	Review Unverified Deposit	If the deposit is not verified, the Agency Deposit Processor must review and determine why the deposit is not verified. If a deposit correction is needed, the Agency Deposit Processor must correct the deposit entry. If a bank correction is needed, the Agency Deposit Processor must contact Treasury.
12	Submit Treasury Assistance Form	The Agency Deposit Processor submits a Treasury assistance request form to provide the specific correction needed at the bank. The Agency Deposit Processor can also submit this form to claim a deposit not correctly identified.
13	Review Assistance Needed	If a bank correction is needed, the DFS Bank Reconciliation Processor contacts the bank. If an agency claims a deposit, the DFS Bank Reconciliation Processor manually reconciles the agency deposit to the bank deposit record. If the DFS Bank Reconciliation Processor needs further information, the Assistance Request Form is routed back to the Agency Deposit Processor.
14	Run Cash Control	Cash control creates journal entries for transactions reconciled during bank reconciliation.
15	Run ARUPDATE	This is an automated system process that runs nightly. The Receivable Update process posts accounting entries, including recording verified cash, and close out the AR.
16	Payment Predictor	If the deposit is recorded to an open AR, then the Agency AR Processor uses the automatic Payment Predictor to apply payment to the open AR. Payment Predictor uses criteria to systematically match deposits to open AR. If Payment Predictor is incomplete, not selected, or expenditure refund related, the Agency AR Processor builds a Payment Worksheet and applies the payment manually.

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Process Step ID	Process Step Title	Description of Process
17	Build Payment Worksheet and Apply Payment	The Agency AR Processor builds a Payment Worksheet and selects open AR to apply payment. This process also picks up any AP payment offsets.
18	Set Worksheet to Post	After the deposit is approved by Agency Deposit Approver, the system sets the Payment Worksheet to post, except for Expenditure Refunds which also require approval by the DFS Audit Approver. Once completed, this allows the Receivables Update to post payments. If not approved, the workflow routes back to the Agency AR Processor to update and correct the Payment Worksheet.
19	Run ARUPDATE	This is an automated system process that runs nightly. The Receivable Update process posts accounting entries and closes out the AR. This process also tracks the collected revenue and compares it against the revenue estimate.
20	Export Transparency Portal Data	This process generates and exports a data file for State Transparency Portals.
21	Revenue, Receipts, and Transfers Data	The CFO Transparency portal receives receipts and transfers by category type. The EOG Transparency portal receives revenues by agency, fund, and revenue category.

Table 3: Returned Items

60.2.3 - Returned Items		
<b>Swim Lanes – Definition</b>	<p><b>Agency AR Processor:</b> agency role responsible for confirming deposit lines post to the correct AR items</p> <p><b>Agency Deposit Approver:</b> agency role responsible for reviewing and approving deposits</p> <p><b>Agency Deposit Processor:</b> agency role responsible for creating the deposit header and line detail information</p> <p><b>DFS Bank Reconciliation Processor:</b> DFS role responsible for reconciling bank accounts</p>	
Process Step ID	Process Step Title	Description of Process
1	Returned Items Data	The Bank provides a returned items interface file to Florida PALM. Returned items include returned checks, credit card chargebacks, and credit card chargeback reversals.
2	Import Returned Items Data	An automated process runs to import interface file and load into Florida PALM.
3	Create Deposit	The interface creates the returned item deposit to the agency default fund. These returned items deposits go through a reconciliation process to match the bank deposit record.

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Process Step ID	Process Step Title	Description of Process
4	Run ARUPDATE	This is an automated process that records cash as unverified until the bank reconciliation process is complete.
5	Review Unverified Deposits	If the deposit is not verified, the Agency Deposit Processor must review and determine why the deposit is not verified. If a deposit correction is needed, the Agency Deposit Processor must correct the deposit entry. If a bank correction is needed, the Agency Deposit Processor must contact Treasury.
6	Submit Treasury Assistance Form	The Agency Deposit Processor submits a Treasury assistance request form to provide additional detail information from the bank to support the returned item.
7	Review Assistance Needed	If more information is needed from the bank, the DFS Bank Reconciliation Processor contacts the bank. If the DFS Bank Reconciliation Processor needs further information, the Assistance Request Form is routed back to the Agency Deposit Processor.
8	Run Cash Control	Cash Control creates journal entries for transactions reconciled during bank reconciliation.
9	Run ARUPDATE	This is an automated system process that runs nightly. The Receivable Update process posts accounting entries, including recording verified cash. This process also tracks the recognized and collected revenue balances and compares it against the revenue estimate.
10	Research and Find Original Payment	If a returned item is not related to a customer, the Agency Deposit Processor uses the Direct Journal Deposits subprocess. If a returned item is related to a customer, the Agency AR Processor researches and identifies the original payment associated with the returned item to confirm accuracy for unposting.
11	Unpost Original Payment	Agency AR Processor creates a Maintenance Worksheet to unpost the payment, apply additional fees (e.g., bad check service charge, or late fees), and reclassify the default accounting information. If additional data pertaining to an open AR needs to be entered, the Agency AR Processor follows the Enter and Maintain Receivables Process. This process will include options for interfacing AR data.
12	Complete Maintenance Worksheet	Agency AR Processor completes the Maintenance Worksheet which routes to the Agency Deposit Approver.
13	Set Worksheet to Post	If approved, the system sets the Maintenance Worksheet to post. Once completed, this allows the Receivables Update to post the returned items, associated fees, and reclassified accounting information. If not approved, the workflow routes back to the Agency AR Processor to update and correct the Maintenance Worksheet.

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Process Step ID	Process Step Title	Description of Process
14	Run ARUPDATE	This process selects the returned items ready for posting and generates accounting entries. This process also tracks the recognized and collected revenue balances and compares it against the revenue estimate.
15	Export Transparency Portal Data	This process generates and exports a data file for State Transparency Portals.
16	Revenue, Receipts, and Transfers Data	The CFO Transparency portal receives receipts and transfers by category type. The EOG Transparency portal receives revenues by agency, fund, and revenue category.

Table 4: Offsets

60.2.4 – Offsets		
<b>Swim Lanes – Definition</b>	<b>DFS Offset Approver:</b> DFS role responsible for reviewing and approving offset transactions <b>DFS Offset Configuration Maintainer:</b> DFS role responsible for maintaining the configuration of the contracts, suppliers, and customers <b>DFS Offset Processor:</b> DFS role responsible for matching offsets	
Process Step ID	Process Step Title	Description of Process
1	Create an Offset Transaction	The DFS Offset Processor needs to offset an open AR with an AP payment.
2	Configure Offset Contract	If the offset is performed systematically and a contract doesn't exist, the DFS Offset Configuration Maintainer creates an offset contract, which includes selecting the rules to be used.
3	Define the Supplier and Customer Relationship	The DFS Offset Configuration Maintainer defines the supplier and customer relationship by associating the Supplier ID to the Customer ID for each AP and AR Business Unit. The supplier record must be marked for offset capabilities.
4	Specify Offset and Offset Exclusion	The DFS Offset Configuration Maintainer can exclude specific Suppliers, Supplier Locations, Supplier Classifications, and ChartField values from the offset process.
5	Automatically Select Transactions for Process	This is an automated process that identifies payment transactions and open AR that meet applicable offset rules.
6	Create a Manual Offset Transaction	If the offset is performed manually, the DFS Offset Processor begins creating the offset transaction by entering the primary information (e.g., Offset Date, Contact, or General Ledger Business Unit)
7	Identify Payable Transactions	The DFS Offset Processor manually identifies the payable transaction(s) by selecting the Business Unit and Voucher ID.

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Process Step ID	Process Step Title	Description of Process
8	Identify Receivable Transactions	The DFS Offset Processor manually identifies the receivable transaction(s) by selecting the Business Unit, Customer ID, and Item ID.
9	Review Offset Information	Once the manual offset transaction is complete, the DFS Offset Processor submits the transaction.
10	Approve Offset Process	If the transaction is accurate, the DFS Offset Approver reviews and approves the transaction. Once approved, the transaction runs through the Process Pay Cycle and the AR Deposits Business Process.
11	Cancel Offset	If the transaction is no longer valid, the DFS Offset Approver cancels the offset transaction. Once a transaction is cancelled, it cannot be reopened and runs through the Process Pay Cycle. If a correction is needed, the DFS Offset Processor must modify the transaction.

## Ledger Impacts

Table 5: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Create Deposit	Increases Deposit in Transit Increases Uncleared Collection
LI2	Budget Ledger – Create Deposit	Increases Unverified Cash
LI3	Actuals Ledger – Reconciled Deposit	Increases Subaccount Cash Decreases Deposit in Transit
LI4	Budget Ledger – Reconciled Deposit	Decreases Unverified Cash Increases Verified Cash
LI5	Budget Ledger – Direct Journal Or, Budget Ledger – Direct Journal Expenditure Refund	Increases Recognized Revenue Increases Collected Revenue Or, Decreases Expenditures Increases Spending Authority
LI6	Actuals Ledger – Direct Journal Or, Actuals Ledger – Direct Journal Expenditure Refund	Increases Revenue Decreases Uncleared Collection Or, Decreases Expenditure Decreases Uncleared Collection
LI7	Budget Ledger – Payment Application Or, Budget Ledger – Payment Application Expenditure Refund	Increases Collected Revenue Or, Decreases Expenditures Increases Spending Authority

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Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI8	Actuals Ledger – Payment Application Or, Actuals Ledger – Payment Application Expenditure Refund	Decreases Open Accounts Receivable Decreases Uncleared Collection Or, Decreases Open Accounts Receivable Decreases Expenditure Refund Clearing Decreases Expenditure Decreases Uncleared Collection
LI9	Actuals Ledger – Create Deposit	Decreases Deposit in Transit Decreases Uncleared Collection
LI10	Budget Ledger – Create Deposit	Decreases Unverified Cash
LI11	Actuals Ledger – Reconciled Deposit	Decreases Subaccount Cash Increases Deposit in Transit
LI12	Budget Ledger – Reconciled Deposit	Increases Unverified Cash Decreases Verified Cash
LI13	Budget Ledger – Direct Journal	Decreases Recognized Revenue Decreases Collected Revenue
LI14	Actuals Ledger – Direct Journal	Decreases Revenue Increased Uncleared Collection
LI15	Budget Ledger – Payment Application	Decreases Collected Revenue
LI16	Actuals Ledger – Payment Application	Increases Open Accounts Receivable Increases Uncleared Collection

## Reports

Table 6: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Deposit Report – provides detailed information for deposits	On Demand, Periodic	Agencies
R2	Debit Memo – provides returned item information (includes image for returned checks)	On Demand, Periodic	Agencies
R3	Unverified Deposits Report – provides a report of unverified deposits	On Demand, Periodic	Agencies
R4	Verified Deposits Report – provides deposits verified by the Treasury	On Demand, Periodic	Agencies
R5	Agency Notification Report for Offsets – provides agencies a notice of offset transactions	On Demand, Periodic	Agencies
R6	Offset Report – lists comprehensive balance information for all offsets of a specified status and time period	On Demand, Periodic	Agencies

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Report Number	Report Description	Report Frequency	Audience
R7	Payment Predictor Detail Report – provides a list of Payment Predictor activities based on set parameters	On Demand, Periodic	Agencies
R8	Change of Custody Report – provides the total deposit amount and count with names and signatures of employees transferring and receiving cash	On Demand	Agencies
R9	1099 Update Report – provides supplier name, ID, and amount for 1099 updates related to expenditure refunds	On Demand, Periodic	A&A Bureau of Vendor Relations

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## Terminology

**Automated Clearing House (ACH)** – electronic funds transfer system.

**Cash** – includes all forms of receipt (e.g., checks, ACH, credit cards, and cash).

**Credit Card Chargeback** – credit card transactions disputed by the cardholder and subsequently deducted from the State Concentration Account.

**Customer** – individual or entity that conducts business and/or financial transactions with the State of Florida or otherwise is obligated to pay funds or incurs debt to the State.

**Direct Journal Deposit** – a journal entry to record deposits in AR.

**Fund(s)** – used by governmental units to control, monitor, and report on specific resources allocated/budgeted for a specific purpose; or used to denote cash or money.

**General Ledger** – 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.

**Offset** – a process that allows a supplier's payment to be applied against an associated customer's delinquent receivable. Offsets are referred to as Bi-Lateral Netting in Florida PALM.

**Payment** – exchange of funds to compensate or discharge an obligation.

**Payment Predictor** – the automated process which compares and applies deposited payments to outstanding receivables in Florida PALM.

**Returned items** – check, credit card, and ACH payment types not paid by the financial institution (e.g., insufficient funds, credit card chargebacks, and closed accounts).

**Verified** – event of matching the cash deposited into the Concentration Account to the agency record in the accounting system to validate the amount and record the cash balance in the appropriate agency and fund.