

CMSW.80.2 Monitor and Manage Fund Cash

Revision History

| Version | Date | Revision Notes |
|---------|------------|------------------|
| 1.0 | 05/27/2020 | Accepted Version |

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Business Process Overview

Section 215.32, Florida Statutes (F.S.), requires all monies received by the State to be deposited in the GR Fund, agency Trust Funds, or the Budget Stabilization Fund, unless specifically provided otherwise by law. The majority of cash collected by agencies is received and recorded to GR or agency Trust Funds. The combination of GR, Trust Funds, and the Budget Stabilization Fund account for the total balance of the State Treasury. Section 17.61, F.S., establishes the Chief Financial Officer's (CFO) powers and duties in the investment of funds and requirements for agencies to invest Trust Funds. It requires agencies to notify the CFO at least monthly of the amount of Trust Fund cash available for investment.

Trust Fund cash balances are managed at the agency level and controlled at the Fund level by the Department of Financial Services (DFS), Division of Accounting and Auditing (A&A). Certain agencies are required by law to track and report cash at levels lower than the Fund level (e.g., entity, activity, and funding source).

The Monitor and Manage Fund Cash business process addresses how cash balances in Trust Funds and General Revenue (GR) are managed. This business process also supports the payment of GR Service Charge and the management of Fund loans. The business processes also address the recording of Revolving Fund transactions and generating the annual CMIA report.

The business subprocesses included are:

- 80.2.1 – Monitor Trust Fund Cash Balance
- 80.2.6 – Manage Revolving Funds

During the CMS Wave, the Monitor Trust Fund Cash Balances business subprocess describes how agencies invest and disinvest Trust Fund cash. Agencies record investment transactions either same day through a manual voucher process or next day through a Departmental voucher process. Investment transactions are loaded into Florida PALM as a journal entry. Agencies provide Treasury the subfund level detail for redistribution of investments. As investments and disinvestments are recorded, the average daily balance is maintained to support interest apportionment.

During the CMS Wave, the Manage Revolving Funds business subprocess documents the process by which agencies manage their Consolidated Revolving Account (CRA). Florida PALM imports the bank statement and systematically generates external transactions for CRA activity and creates accounting entries to support the tracking of CRA balances for interest apportionment. This process also includes the agency receipt of bank statements to assist with their CRA account reconciliation, and the request for cancellation of CRA payments.

Dependencies and Constraints

- Receiving bank transactions are dependent upon bank systems being operational and the availability of statement files.
- Agencies access Florida PALM to view the CRA Bank Statement Report within Florida PALM.

Business Process Flow Details

Table 1: Process Steps Included on CMSW Business Process Model Flow

| CMSW.80.2.1 Monitor Trust Fund Cash Balance | | |
|---|--|--|
| Swim Lanes – Definition | DFS Audit Approver: DFS A&A role responsible for auditing and approving investment vouchers Fund Cash Processor: Agency role responsible for managing the cash balance of Trust Funds | |
| Process Step Title | Process Step Title | Description of Process |
| 1 | Determine Investment Needs | The agency reviews fund cash and determines whether cash is available for investing or if investments need to be liquidated to cover payment needs. |
| 2 | Extract Disinvestment Journal Transfers | If the agency determines to liquidate investments, the agency creates a disinvestment journal entry within Florida PALM following the CMSW.10.2.1 Create and Approve Journals. The disinvestment data is systematically extracted from Florida PALM. |
| 3 | Disinvestment and Apportionment Interface | The disinvestment journal transfer data is interfaced to Central FLAIR. |
| 4 | Load Disinvestment Journal Transfers | Central FLAIR automatically loads the journal transfer data to maintain disinvestment balances for agencies. |
| 5 | Enter Disinvestment | The agency enters a Departmental FLAIR disinvestment transaction to match balances with Central FLAIR. |
| 6 | Request Manual Voucher | If the agency determines to invest funds the same day, the agency submits a manual voucher request to DFS Audit Approver. |
| 7 | Review and Approve Manual Voucher | The DFS Audit Approver reviews and approves the manual voucher. |
| 8 | Create Investment Voucher | The DFS Audit Approver enters an investment voucher in Central FLAIR on behalf of the agency. |
| 9 | Record Investment | The agency books entry to record the investment within Department FLAIR to match the Central FLAIR balances. |
| 10 | Enter Journal Transfer to Invest | If the agency is investing and it is not needed the same day, the agency enters a journal transfer within Department FLAIR to invest. |
| 11 | Load Investment Journal Transfer | The journal transfer recorded in Department FLAIR is loaded to Central FLAIR to match the balances. |
| 12 | Audit Voucher and Post | DFS Audit Approver reviews and posts the investment voucher. |
| 13 | Extract Investment Transactions | Central FLAIR extracts investment voucher transactions. |

| Process Step Title | Process Step Title | Description of Process |
|--------------------|-----------------------------------|---|
| 14 | Inbound FLAIR Journal Interface | The investment transactions from Central FLAIR are interfaced to Florida PALM to create journal entries following the CMSW.10.2.1 Create and Approve Journals business subprocess. |
| 15 | Prepare Redistribution to Subfund | If an agency needs to invest at the subfund level, the agency will upload the redistribution via spreadsheet and coordinate with Treasury who will review and approve the redistribution of the investment following the CMSW.10.2.1 Create and Approve Journals business subprocess. |
| 16 | Update ADB Ledger Balances | The ledger balances are updated to maintain average daily balances to support interest apportionment which is described in the CMSW.70.7.2 Distribute Interest Apportionment. |

Table 2: Process Steps Included on CMSW Business Process Model Flow

| CMSW.80.2.6 Manage Revolving Funds | | |
|------------------------------------|--|---|
| Swim Lanes – Definition | Agency CRA Reporter: Agency role responsible for managing and reconciling the CRA DFS Payment Cancellation Processor: DFS role responsible for managing the requests for CRA payment cancellations Florida PALM: Automated system processes for bank reconciliation | |
| Process Step Title | Process Step Title | Description of Process |
| 1 | Previous Day Bank Statement | The banking partner provides a daily CRA bank statement detailing deposits and withdrawals from each bank account. |
| 2 | Import Previous Day Bank Statement | The bank statement file is imported systematically into Florida PALM. |
| 3 | Perform Bank Statement Accounting | Immediately after importing the bank statement, Florida PALM systematically generates external transactions for CRA activity. |
| 4 | Process Automatic Reconciliation | The bank statement transactions are reconciled to the external transactions. |
| 5 | Generate Treasury Accounting | Florida PALM generates accounting entries for all transactions in the CRA bank account. This allows the calculation of the average daily CRA balance and apportions interest to the advancing fund following the CMSW.70.7.2 Distribute Interest Apportionment business subprocess. |
| 6 | Run CRA Statement Report | The agency CRA Reporter runs and reviews the CRA Bank Statement report. |

| Process Step Title | Process Step Title | Description of Process |
|--------------------|--|--|
| 7 | Outbound BAI Bank Statement Interface | Florida PALM generates a BAI bank statement interface for agencies to which CRA bank statements are transmitted to their business systems if applicable. |
| 8 | Manage Revolving Fund | The agency manages and tracks its CRA activity outside of Florida PALM. |
| 9 | Record Revolving Fund Entries | In order to replenish the revolving fund, agencies record revolving fund reimbursements and disbursements in Departmental FLAIR. |
| 10 | Reconcile CRA Activity | Each CRA bank account is reconciled outside of Florida PALM. Agencies follow the CMSW.70.1.2 Manage Treasury Correspondence business subprocess to request Treasury assistance with reconciliation exceptions. |
| 11 | Submit CRA Payment Cancellation Request Form | If a payment cancellation is needed on a CRA payment, the agencies submit the CRA Payment Cancellation Request Form within Florida PALM which routes to Treasury via workflow. |
| 12 | Cancel Payment | Treasury works with the banking partner to cancel the payment. |
| 13 | Notify Agency of Payment Cancellation | Upon payment cancellation, the DFS Payment Cancellation Processor notifies the agency of the cancelled payment via the CRA Payment Cancellation Request Form and routes it back to the agency CRA Reporter via workflow. |

Ledger Impacts

Table 3: Ledger Impacts Included on CMSW Business Process Model Flow

| Ledger Impact ID | Ledger – Ledger Impact Title | Ledger Impact Description |
|------------------|--|--|
| LI1 | Actuals Ledger – Disinvestment Journal | Increases Spendable Cash Decreases Invested Cash |
| LI2 | Invested Balance Ledger – Disinvestment Journal | Decreases Invested Cash |
| LI3 | Actuals Ledger – Investment Journal | Decreases Spendable Cash Increases Invested Cash |
| LI4 | Invested Balance Ledger – Investment Journal | Increases Invested Cash |
| LI5 | Actuals Ledger – CRA Bank Statement Processing (BSP) Replenishment Deposit | Increases Sub-account Cash Decreases Receivable Due from Advancing Fund |
| LI6 | Actuals Ledger – CRA Bank Statement Processing (BSP) Payment | Decreases Sub-account Cash Increases Receivable Due from Advancing Fund |

| Ledger Impact ID | Ledger – Ledger Impact Title | Ledger Impact Description |
|------------------|---|--|
| LI7 | Actuals Ledger – CRA Bank Statement Processing (BSP) Zero Balance Account Sweep | Decreases CRA Sub-account Cash Increases CRA Sub-account ZBA Sweep Increases CRA Master Cash Decreases CRA Master ZBA Sweep |

Reports

Table 4: Reports Included on CMSW Business Process Model Flow

| Report Number | Report Description | Report Frequency | Audience |
|---------------|---|--|------------------|
| R1 | Investment Activity Report – Investment transactions and balances by pool and participant | Periodic | DFS, Agencies |
| R2 | Bank Statement Report – provides the bank statement for sub accounts and CRA bank accounts | Periodic | DFS, Agencies |
| R3 | CRA Revolving Fund Replenishment Report – details the amount due from the advancing fund to replenish the revolving fund activity for CRA replenishment | Periodic | DFS, Agencies |
| R4 | Report for Clearing and Revolving Accounts – compares the ledger cash balance of Clearing and Revolving Accounts to the authorized balance captured on the Fund attribute. Ledger Cash Balances will be zero for any accounts without transactions in Florida PALM. | Periodic, Monthly, Quarterly, Annually | DFS, Agency, EOG |