

70.5 Reconcile Book to Bank Balances

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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

- Receiving bank transactions is dependent upon bank systems being operational and the availability of statement files
- Automated reconciliation depends on the recording of transactions in the source modules
- Daily bank statement reconciliation must be completed for all statements in the month before balances can be reconciled
- Each bank account must have a unique General Ledger (GL) account

Business Process Overview

The Reconcile Book to Bank Balances business process is within the Treasury Management (TM) business process grouping. TM includes a collection of business processes that:

- manage banking relationships;
- manage investments and interest apportionment for agencies and external entities;

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- support reconciliation of the concentration bank account, agency sub-accounts, and the bank account balances to general ledger balances;
- support the management of cash transfers between bank accounts; and
- support agency requests of Treasury.

This business process addresses how balances between the State's bank accounts will be reconciled to the balances in the GL on a monthly basis.

Section 17.57, Florida Statutes (F.S.), requires the deposit of money in the State Treasury to be deposited in qualified public depositories. Section 116.01, F.S., requires funds collected and due to the State to be deposited in the State Treasury no later than seven working days from the close of the week in which funds were received. Section 215.31, F.S., provides that revenue collected or received shall be promptly deposited in the State Treasury, immediately credited to the appropriate fund, and properly accounted for by the Department of Financial Services (DFS) as to source. Section 17.52, F.S., provides that DFS Division of Treasury (Treasury) is responsible for paying all warrants on the State Treasury drawn by the Chief Financial Officer (CFO) and other orders by the CFO for the disbursement of State funds by electronic means. Section 17.555, F.S., requires Treasury to keep a record of the warrants or other orders of the CFO that Treasury pays.

At the end of the month, Treasury reviews the ledger cash balances and compares them to the bank account balances, to verify that the ledger cash balances and bank account balances reconcile. When discrepancies exist, Treasury reviews the Book to Bank Reconciliation results to determine the appropriate corrective action. Once the balances reconcile, the month may be closed. For bank accounts not transacting in source modules, agencies record the bank account transactions directly in the ledger and validate the monthly balances reconcile to the ending bank statement balances.

Business Process Flow Details

The table below describes steps in the business subprocess as reflected on the Business Process Flow Diagram. The table also reflects information associated with each step describing the intent of the specific process.

The Business Process Flow Diagram uses 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: Reconcile Book to Bank Balances

70.5 - Reconcile Book to Bank Balances		
Swim Lanes – Definition	Bank: (Non-Florida PALM Role) the banking partner by which bank accounts are provided Book to Bank Reconciliation Processor: agency or DFS role responsible for reconciling bank account balances to ledger balances in Florida PALM	
Process Step ID	Process Step Title	Description of Process
1	Previous Day Bank Statement	Each day, the banking partner generates a Previous Day Bank Statement file. The bank statement file contains all balances, deposits, and disbursements posted to the bank account.
2	Import Previous Day Bank Statement	Nightly, Florida PALM imports the bank statements for all bank accounts reconciled in Florida PALM.
3	Run Book to Bank Reconciliation	If all bank statement transactions are reconciled, then the Book to Bank Business Process reconciles finalized ledger balances with the month end bank statement balance. This process is required for month end close procedures; it must be completed after all statement reconciliation is complete, and before the period may be closed. If all bank statement transactions are not reconciled, then it follows the Manage and Reconcile Bank Statements Business Process to complete transaction reconciliation. The Book to Bank Reconciliation Processor reviews the ending ledger and bank account balance. If the balances match, then reconciliation is complete.
4	Review Deposit Balances	If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies: <ul style="list-style-type: none"> • All the Accounts Receivables (AR) deposit transactions are reconciled to bank statement transactions; • All the journal entries from AR have been posted to the GL; and • All transactions posted to the GL have been recorded by the bank.

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Process Step ID	Process Step Title	Description of Process
		<p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Direct Journal Deposits and AR Deposits Business Process.</p>
5	Review Payment Balances	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies:</p> <ul style="list-style-type: none"> • All the Accounts Payable (AP) disbursement transactions reconciled to bank statement transactions; • All the journal entries from AP have been posted to the GL; and • All transactions posted to the GL have been recorded by the bank. <p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Process Pay Cycle subprocess.</p>
6	Review Treasury Balances	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies:</p> <ul style="list-style-type: none"> • All the Cash Management (CM) bank transactions reconciled to bank statement transactions; • All the journal entries from CM have been posted to the GL; and • All transactions posted to the GL have been recorded by the bank. <p>If any of these situations exist, the Book to Bank Reconciliation Processor works with the source agency to correct the transactions through the Manage and Reconcile Bank Statements process or the Process Bank Cash Transfer Business Process.</p>
7	Review GL Adjustments Balance	<p>If the balances do not reconcile, the Book to Bank Reconciliation Processor verifies there are no transactions that are posted directly to the GL Bank Cash Account instead of a source module. If this situation exists, this transaction should be reversed and recorded in the appropriate source module.</p> <p>Once balances are corrected, the Book to Bank Reconciliation Processor reruns the Book to Bank Reconciliation. If the balances reconcile, then the process is complete.</p>

Ledger Impacts

Table 3: Ledger Impacts Included on Business Process Flow Diagrams

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

Reports

Table 4: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Bank Statement Report – provides daily transactions and balances for CRA	Periodic, On Demand	DFS
R2	Unreconciled Book to Bank Accounts – provides bank accounts that have not been confirmed during Book to Bank Reconciliation	Monthly	DFS

Terminology

Accounts Payable (AP) – a source module containing detailed disbursement transactions.

Accounts Receivables (AR) – a source module containing detailed receipt transactions.

Banking Partner – any financial institution providing banking services to the State of Florida.

Cash Management (CM) – a source module containing detailed banking transactions.

Concentration Account – depository account used by the Treasury to deposit cash received by the State. The Concentration Account has sub-accounts with unique identifiers to track balances by agency and location.

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.

Source Module – one of the supporting modules within Florida PALM that captures business transaction information and provides accounting or other information to other modules (e.g., to the general ledger for posting).