



The A&A Ledger

Florida Department of Financial Services | Division of Accounting & Auditing

Issue 1: July 2023

WHAT IS A&A?

BY IBIS ALCALA

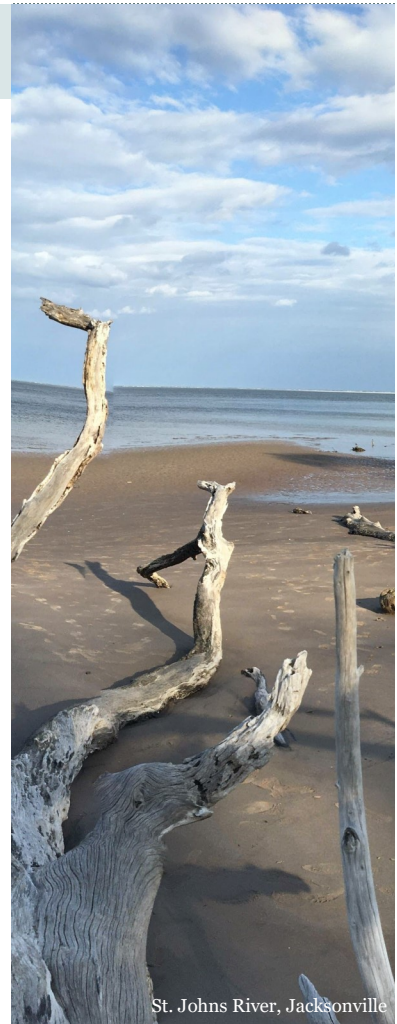
The Division of Accounting and Auditing (A&A) is one of thirteen divisions within the Florida Department of Financial Services (DFS). A&A is responsible for a variety of statewide (enterprise) activities including, vendor record maintenance, vendor, retiree, and employee payment, payment voucher approval, payroll processing, contract audits, federal tax reporting, and federal and state financial reporting. A&A is comprised of the Bureau of Auditing (BOA), Bureau of Financial Reporting (BFR), Bureau of State Payrolls (BOSP), Bureau of Vendor Relations (BVR), and the Division Director’s Office (i.e., Administrative [Admin] Team, Office of Florida Financial Education [OFFE], Project Management Team [PMT]).

The Division’s Vision Statement is, *“To achieve excellence as the state financial authority by revolutionizing and modernizing practices.”*

This Vision highlights A&A’s desire to dramatically improve financial practices used by state agencies to meet financial reporting and payment processing obligations. The Division’s Mission Statement is, *“To lead the state serving as the foundation for financial policies and process.”* The Mission Statement clearly identifies that the Division is the center of state agency financial practices. Every team supports the foundation of financial policies and processes. The Core Values of the Division, *“Exhibit integrity, fairness, and responsibility. Be adventurous, adaptable, and have a will to win. Seek perpetual growth and constant learning. Be responsive, respectful, and collaborative,”* represent the characteristics A&A holds as important and necessary to achieve the defined Vision and Mission.

The Division has five strategic goals:

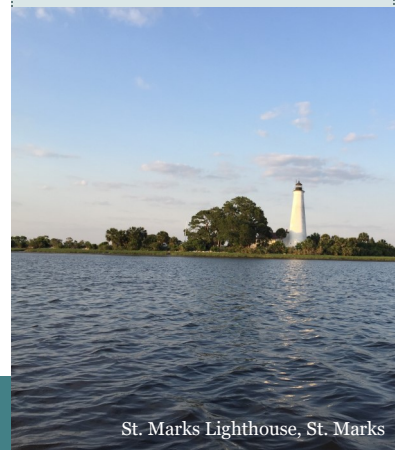
1. **Citizen Experience:** Enhance citizen experience by optimizing and simplifying financial reporting for public use.
2. **Services:** Provide quality services to enhance the citizen, state agencies, and Division employee experiences.
3. **Transformation:** Transform operations to become more resilient, agile, and responsive to improve the citizen and external partner experience.
4. **Enforcement:** Enforce the laws fairly and efficiently to increase voluntary compliance.
5. **People:** Foster an inclusive, diverse, and well-equipped workforce and strengthen relationships with our external partners.



St. Johns River, Jacksonville

INSIDE THIS ISSUE

What is A&A?.....	1
Contract Reviews.....	2
GASB 87.....	3
A&A’s Florida PALM Journey.....	4
Revenue Standardization Optimization.....	4
Resources.....	5



St. Marks Lighthouse, St. Marks

WHAT IS A&A?

CONTINUED FROM PAGE 1

Through these goals, the Director's Office is responsible for all administrative functions, provides state agencies and vendors with resources and instructional programs, and serves as the project coordinators for all projects. The Bureau of Auditing conducts audits, serves as the administrators of the Florida Accountability Contract Tracking System (FACTS) and the Contract Audit System (CAS), and provides oversight and manages the statewide Purchasing Card (PCard) Program. The Bureau of Financial Reporting completes and manages the Florida Annual Comprehensive Financial Reports (ACFR) process, publishes reports, manages various funds, and collects and reconciles the annual financial reports. The Bureau of State Payrolls maintains all state employee payroll records, processes payroll, maintains the collection system for involuntary payroll deductions, and is responsible for the timeliness and accuracy of payroll tax deposits to the Internal Revenue Service (IRS). The Bureau of Vendor Relations processes applications to set up or change electronic funds transfers (EFTs) for vendors, retirees, and employees with a focus on vetting applicants as a fraud prevention measure and is responsible for the processes associated with Form 1099s.



Big Island Swamp, Jacksonville

CONTRACT REVIEWS

BY KIM HOLLAND

The Bureau of Auditing performs audits for state agencies' contracts and grant agreements to confirm the provisions are outlined per policy and law. BOA's audits consist of evaluating the scope of work, deliverables, and financial consequences to confirm the required provisions in statute and/or Chief Financial Officer (CFO) memorandum are included.

The most common contract review findings involve deliverables. Deliverables are what a provider/contractor must perform or provide. They not only identify the provider's/contractor's tasks, services, and milestones, they should also clearly define due dates for completion and payment amounts. Deliverables also set the performance criteria and identify the documentation to be used for verification. Deliverables are directly related to the scope of work and are defined in Sections 287.058, and 215.971, Florida Statutes (F.S).

The below are some considerations related to preparing deliverables:

- Deliverables should tie to the scope of work (e.g., the provider will be paid \$500,000 per month to provide training services).
- Performance/required level of service should tie to the deliverable (e.g., the provider will conduct 100 trainings per month).

The second most common contract review finding involves the scope of work. The scope of work serves as the foundation for accountability. By clearly establishing the tasks that the contractor/recipient or sub-recipient is required to perform. A consideration related to preparing the scope of work includes that the agreement/contract should identify qualitative standards (e.g., who, what, when, where, how).

The least common finding involves financial consequences. Financial consequences provide a methodology for adjusting compensation should the provider/contractor fail to perform the required services. Financial consequences are not up to the agency's discretion.

FACTS FUN FACTS

- 90,780 Contracts
- 1,590 DFS Contracts
- 1,655,122 Purchase Orders
- 13,981 DFS Purchase Orders
- 1,164 Active Users
- 15 DFS Active Users

As of June 20, 2023

CONTRACT REVIEWS

CONTINUED FROM PAGE 2

Below are some considerations related to preparing financial consequences:

- The financial consequence listed in the agreement/contract should indicate the agency will reduce payment for non-performance (e.g., the agency will reduce payment).
- Financial consequences listed in the agreement/contract should be tied to a deliverable (e.g., payment will be reduced if services are not received by the due date listed in the agreement).



thank you

I want to say THANK YOU to all agency team members that gave the extra time and effort to gather, review, and provide the data required for a successful implementation of GASB Statement No. 87, Leases. The implementation could not have been done without each individual's contribution. You made the difference!

–Tammy Eastman

GASB 87

BY MARK MERRY

Established in 1984, the Governmental Accounting Standards Board (GASB) is the independent, private-sector organization that establishes accounting and financial reporting standards for state and local governments. For many years, governmental financial statements were reported on a modified accrual basis of accounting which did not recognize the reporting of long-term assets and liabilities.

Starting in 1999, GASB began the gradual process of moving financial reporting to a full accrual model. The first major change occurred in 2003 when Florida implemented GASB

Modified accrual accounting uses a current measurement focus where accrual uses long-term economic resource focus.

Statement No. 34 which required government-wide statements to be reported on the full accrual basis, while the traditional fund statements remained on a modified accrual reporting basis.

Modified accrual accounting uses a current measurement focus where accrual uses long-term economic resource focus. In 2015, Florida implemented additional GASB standards to recognize the long-term assets and liabilities for pensions and other post-employee benefits.

In 2023, Florida successfully implemented GASB Statement No. 87 to recognize long-term right-to-use assets and liabilities associated with leases. While on the surface, the 97-page pronouncement may not seem daunting, it does take a few readings to understand how to apply it and make it work in the real world by understanding and the many decision paths one must work through to determine whether a lease transaction falls within the scope of the statement. With the help of many hard-working and dedicated state agency personnel, and a software solution for gathering and analyzing the data, Florida was able to implement this new standard. To demonstrate the magnitude of this effort, Florida identified a total of 9,500 leases of which 4,500 were subject to GASB Statement No. 87. This resulted in over 13,000 adjustments to fund trial balances, which increased long-term assets and liabilities by \$1.3 billion. Six note disclosures were also modified.

For more GASB information, visit:



A&A'S FLORIDA PALM JOURNEY

BY JULIA COLLINS-O'KANE



UNDERSTANDING OUR DATA

A&A recently completed Florida PALM Task 324 which focused on data elements and how our Division interprets the data's meaning.

UNDERSTANDING HOW WE CAPTURE AND USE DATA

In early April, A&A kicked off Task 327 which focused our efforts to review and analyze the reports, and the data within, that each Bureau uses.



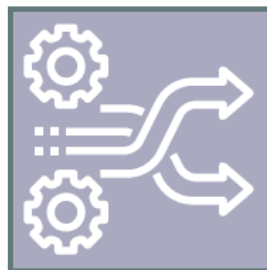
PROCESS REVIEW

A&A will also be reviewing desk procedures to tie into Task 324 and Task 327 to help us understand:

- What we do,
- Why we do it, and
- What are our expected results?

WHY DO WE NEED THIS INFORMATION?

These efforts are crucial for A&A to help us start identifying reporting needs, process changes, and areas where change management will be needed within our Division.



REVENUE STANDARDIZATION OPTIMIZATION

BY KIM JACOBS & RACHAEL LIEBLICK

The Division of Accounting and Auditing is excited to announce the publishing of a new Revenue Account list! The Project Management Team, along with *Renée Hermeling* and *Julia Collins-O'Kane* from the Director's Office, have been working with agencies to revamp the current list of revenue object codes in preparation for Florida Planning, Accounting, and Ledger Management (PALM) implementation. The new list contains updated definitions and is standardized for all agency use to assist with improving statewide reporting as we transition to Florida PALM.

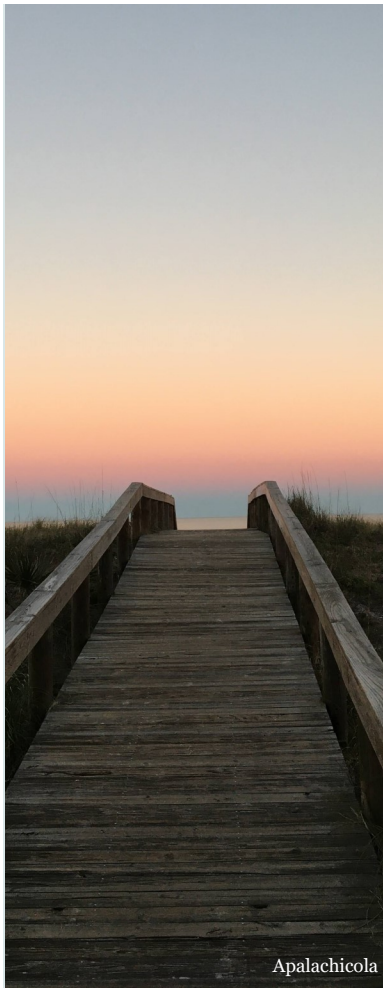
Agency feedback was collected through surveys, office hours, and personalized agency meetings. We appreciate your help to collaborate and share information about your agency business processes! These new codes will be implemented with the Florida PALM Financials Wave in January 2026. For more information about the project, visit the [Revenue Standardization webpage](#) online.

Have you ever been to the dentist and gotten something done in your mouth like braces adjusted, a filling, or a crown? It feels new, different, and awkward. Your teeth don't come together as they did or when you chew, your bite feels off, but you go on with your life, time passes, and you forget about it. Then after a few days or a week or so, you think, 'wow, I don't feel it anymore'. Florida PALM is going to feel just like that – it will feel new, different, challenging, and awkward in the beginning, but after some time passes, you'll not feel it anymore.

–Susan Sloan

One thing that I have learned from my time working in Florida PALM is to develop a mindset for change. Ask your questions, get ahead of the uncertainty, but embrace this change and strategize for success. At the end of the day, we are all in this together.

–Julia Collins-O'Kane



MEMOS OF NOTE:

- **AAM #18:** UNDISBURSED APPROPRIATIONS AT FISCAL YEAR-END, JUNE 30, 2023 – This memorandum provides information related to fiscal year (FY) 2022-23 undisbursed appropriations, identified as incurred obligations and certified Fixed Capital Outlay (FCO) undisbursed appropriations.
- **AAM #19:** FLORIDA ACCOUNTING INFORMATION RESOURCE (FLAIR) FISCAL-YEAR (FY) 2022-23 CLOSING – This memorandum provides information related to FLAIR year end closing for the FY ending on June 30, 2023 (FY 2022-23).
- **AAM #20:** DEPARTMENTAL FLORIDA ACCOUNTING INFORMATION RESOURCE (FLAIR) ACCESS CONTROL PASSWORD EXPIRATION UPDATE – The Departmental FLAIR Access Control password expiration timeframe will be updated from 90 calendar days to 60 calendar days beginning on Monday, July 31, 2023. Any password that is older than 60 calendar days on July 31 will automatically expire and affected end-users’ access will be revoked. This includes passwords associated with agency business systems that transmit batch jobs to Departmental FLAIR.
- **AAM #22:** STATEWIDE FINANCIAL REPORTING FISCAL YEAR 2022-23 ANNUAL COMPREHENSIVE FINANCIAL REPORT – This memorandum provides information related to the preparation and audit of the Florida Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023. Section 216.102, Florida Statutes, requires the Chief Financial Officer (CFO) to prepare the State’s Annual Comprehensive Financial Report (ACFR) using generally accepted accounting principles.
- **CFOM #22:** REPORTING DELINQUENT ACCOUNTS – SECTION 17.20, FLORIDA STATUTES – Section (s.) 17.20(4), Florida Statutes (F.S.), specifies reporting requirements related to the state’s delinquent accounts. By October 1, each agency must submit a report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer (CFO). Reporting templates are available in Excel format at <https://www.myfloridacfo.com/division/aa/state-agencies>.
- **CFOM #23:** DIRECT PAYMENT OF REGISTRATION FEES FOR CONFERENCES AND CONVENTIONS, 69I-42.004, FLORIDA ADMINISTRATIVE CODE (F.A.C.) – This memorandum establishes payment and supporting documentation requirements for the direct payment of registration fees for conferences and conventions.



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“Success is a journey, not a destination. The ‘doing’ is often more important than the outcome.”

–Arthur Ashe

RESOURCES FOR SUCCESS:

For Florida PALM meeting and workshop information:



To view the Florida PALM Chart of Accounts:



For Florida PALM trainings:



OFFE JOB AIDS:

- ⇒ [Year-End Calendar](#)
- ⇒ [Year-End Carry Forward Monitoring Report](#)
- ⇒ [Year-End Debit Memo Guidance](#)
- ⇒ [Year-End Receipts Processing](#)