CMSW.70.6 Create and Maintain Deals

Revision History

Version	Date	Revision Notes
0.1	05/27/2020	Accepted Submission

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Business Process Overview

The Department of Financial Services (DFS), Division of Treasury (Treasury) records investment security information organized in the following portfolios: Liquidity, Ultra-short Duration, Short Duration, Intermediate Duration, and Long Duration. The Liquidity, Ultra-short Duration, and Short Duration investments are purchased and managed by the Treasury Investment Section. The Intermediate and Long Duration investments are purchased and managed by contracted external investment managers.

Certain funds are invested, which include General Revenue, trust, and agency funds, as well as funds from certain boards, associations, or entities created by the State Constitution or law that are a part of the Special Purpose Investment Account (SPIA).

During the CMS Wave, this business process addresses how investments managed internally and externally are recorded and tracked within Florida PALM. This includes generating accounting for all transactions throughout the lifecycle of the investments (e.g., purchases, sales, and amortization).

Dependencies and Constraints

- Third-party investment partner provides detailed individual security information for updates to investments held by the State of Florida, including updates to market rates and coupon payment dates.
- The Treasury Master data is available from the third-party investment partner for automated retrieval and import.

Business Process Flow Details

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

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Swim Lanes – Definition	**DFS Investment Accounting Processor:** DFS Treasury role responsible for accounting for investments **DFS Investor:** DFS Treasury staff responsible for managing investments **External Trade Managers:** *(Non-Florida PALM role)* External investment managers responsible for managing investments	
Process Step Title	**Process Step Title**	**Description of Process**
1	Execute External Trades	External Managers execute trades and send the trade data to third-party investment partner.
2	Execute Internal Trades	Treasury invests any new cash transferred to the Custodial Bank account as well as performs routine trading to maximize investment earnings.
3	Extract Trade Transaction Data	Third-party investment partner extracts the internal and external trade transactional data.

Process Step Title	Process Step Title	Description of Process
4	Treasury Master Interface	Third-party investment partner transmits internal and external trade transactions to Florida PALM after the market closes.
5	Import Treasury Master Data	The Inbound Treasury Master Interface data is systematically imported after the file is received from the third-party investment partner. To track and maintain investment data, all daily trade activity is recorded in Florida PALM at the individual security detail level.
6	Generate and Distribute Reports	The daily balancing reports are generated and distributed to the appropriate users.
7	Create Treasury Transactions	Interest payments, coupons, and maturities systematically generate a Treasury transaction within Florida PALM.
8	Calculate Interest, Revenues and Losses	New investments, interest, revenues and losses, maturities, and other investment lifecycle transactions are recorded daily on a modified accrual basis.
9	Approve Settlements	The DFS Investment Accounting Processor approves the Settlement in Florida PALM.
10	Dispatch Settlements	Approved Settlements are dispatched to record that the cashflow occurred.
11	Generate Treasury Accounting	Florida PALM generates accounting entries for accounting events associated with investments recorded in the system. Florida PALM also creates accounting for the cash flow supporting the purchase or maturity of the investment. These entries are included in the monthly reconciliation described in the CMSW.10.3.1 Perform Month End Close business subprocess. Treasury receipts are interfaced to Central FLAIR following the CMSW.60.2.6 Treasury Receipts, Adjustments, and Returned Items.
12	Extract Trade Positions Data	Florida PALM extracts the trade positions data.
13	Outbound Trade Positions Interface	Florida PALM transmits trade positions data to the third-party investment partner.
14	Perform Reconciliations	The reconciliation is performed using the trade positions data.
15	Resolve Exception	If an exception is identified, the DFS Investment Accounting Processor resolves the exception within Florida PALM or works with the third-party investment partner, if necessary.
16	Review Investment Totals	The Investment Accounting Processor reviews investment totals on a daily and monthly basis, including the income summary report. On an annual basis, investment information captured as part of this process, supports the creation of the CAFR.
17	Review Investment Maturities and Earnings	Treasury's Investment Section reviews investment maturities and earnings. Earnings are used to decide if a purchase or sell of trades is required.

Ledger Impacts

Table 2: Ledger Impacts Included on CMSW Business Process Model Flow

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Buy Trade	Decreases Available Custodial Cash Increases Invested Balance Increases Interest Receivable
LI2	Actuals Ledger – Sell Trade	Decreases Invested Balance Decreases Interest Receivable Increases Interest Income Increases Available Custodial Cash Increases/Decreases Gain/Loss on Sale
LI3	Actuals Ledger – Maturity	Decreases Invested Balance Increases Investment Income Decrease Interest Receivable Increase Available Custodial Cash
LI4	Actuals Ledger – Interest Accrual	Increases Interest Receivables Increases Investment Income
LI5	Actuals Ledger – Interest Payment	Increases Custodial Cash Decreases Interest Receivables

Reports

Table 3: Reports Included on CMSW Business Process Model Flow

Report Number	Report Description	Report Frequency	Audience
R1	Reconciliation Report of Trades Entered but not Settled – listing of Treasury trades entered but not settled	Periodic	DFS
R2	Inventory Report – listing of all current investments held by Treasury	Periodic	DFS
R3	Trades Report – listing of all purchases and sales of investments	Periodic	DFS
R4	Commercial Paper Report – details for all commercial paper investments	Periodic	DFS
R5	Cash Movement Report – income or losses, and interest accrued or earned for a designated period of time.	Periodic	DFS
R6	Floating Rate Payment Report – listing of all interest payments for floating rate investments	Periodic	DFS
R7	General Ledger Journal Entries Report – listing of Treasury accounting journal by type of entry	Periodic	DFS

Report Number	Report Description	Report Frequency	Audience
R8	Investment Maturity and Accrual Reports (Upcoming, Monthly, and life-to-date) – total investment earnings for a designated period of time	Periodic	DFS
R9	Income Summary – report of investment security information including cost and income	Periodic	DFS
R10	Investment Balances Comparison Report – provides a comparison of balances between the investment participant balances to the total security investment balances	Periodic	DFS