FLORIDA PALM ADVISORY COUNCIL

JUNE 19, 2024

Solution Design
Governmental Fund Asset Accounting

▸ Agenda:
- Overview
- Governmental Fund Reclassification Solution

Accounting for Governmental Fund Assets
Overview

The recording of assets in the Florida PALM Asset Management (AM) module must conform to the Governmental Accounting Standards Board (GASB) Statement 34 and the Governmental Accounting, Auditing, and Financial Reporting Standards (GAAFR).

- The State of Florida uses three broad categories of funds in the accounting of assets:
  - Governmental (includes two account groups)
  - Proprietary
  - Fiduciary

- Governmental Funds:
  - Focus on spending
  - Include current assets and liabilities
  - Account for one fiscal year of information
  - Cannot own assets because useful life is greater than one year
  - Must be accounted for in an ownership fund (GF = 80)

Accounting for Governmental Fund Assets
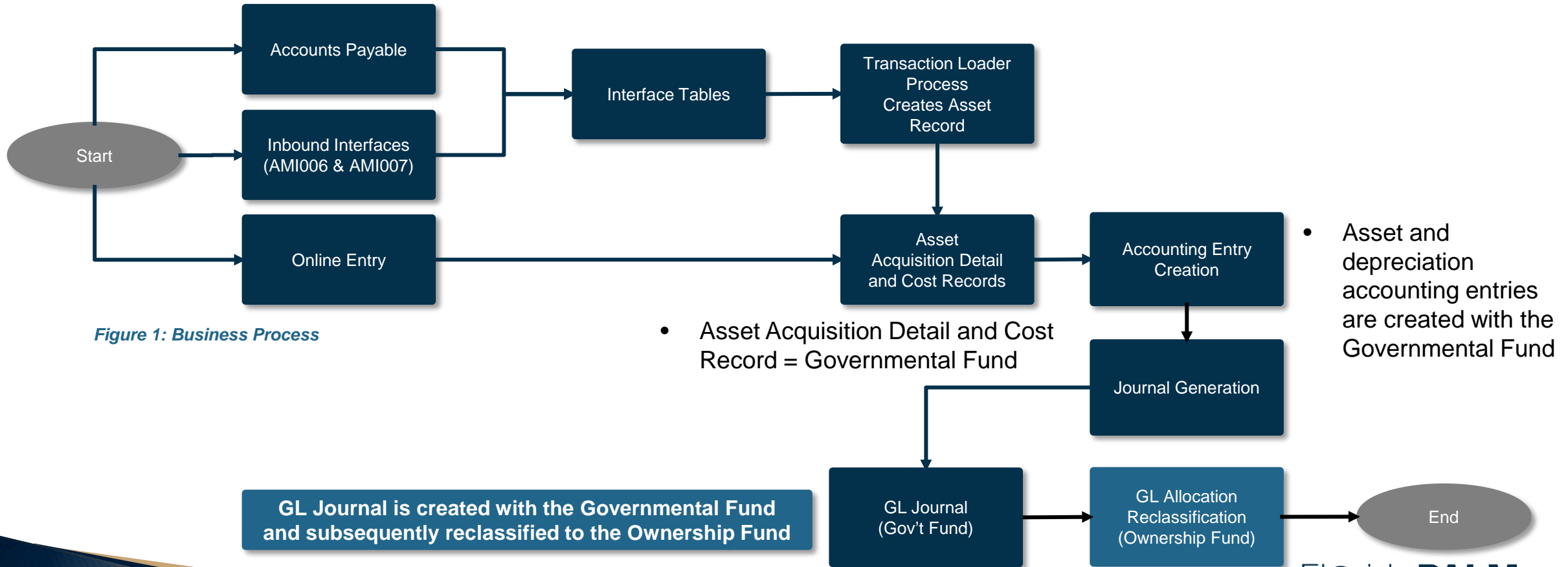## Overview (continued)

▸ Florida PALM must provide capabilities to meeting the following business requirement:

- **40.0061** – Provide the ability to designate the relationship of Governmental Funds (purchase fund) with General Fixed Assets Account Group (ownership fund) when recording capitalized assets.

▸ Issue:

- The delivered Asset Management (AM) functionality requires agencies to manually take action to reclassify assets purchased with Governmental Funds to the correlating Ownership Fund for financial reporting purposes.

▸ Decision:

- The Project team has identified an automated option to reclassify assets from the Governmental Fund to the corresponding Ownership Fund.

Accounting for Governmental Fund Assets
Governmental Fund Reclassification Solution

▸ Develop a GL Allocation to reclassify entries from Governmental Fund to Ownership Fund based on AM accounting entries after they have been journal generated and posted to the GL.

Figure 1: Business Process

- Asset Acquisition Detail and Cost Record = Governmental Fund

- Asset and depreciation accounting entries are created with the Governmental Fund

GL Journal is created with the Governmental Fund and subsequently reclassified to the Ownership Fund

Flowchart elements: Start → Accounts Payable / Inbound Interfaces (AMI006 & AMI007) → Interface Tables → Transaction Loader Process Creates Asset Record → Asset Acquisition Detail and Cost Records; Online Entry → Asset Acquisition Detail and Cost Records → Accounting Entry Creation → Journal Generation → GL Journal (Gov't Fund) → GL Allocation Reclassification (Ownership Fund) → End

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Accounting for Governmental Fund Assets
Governmental Fund Reclassification Solution (cont.)

▸ Creating reclassified entries in GL includes the following:

1. An asset purchase is recorded in the AP module with the Governmental Fund.

2. An asset record is created in AM with the Governmental Fund.

3. AM accounting entries are created with the Governmental Fund and integrated into the GL module.

4. The GL Allocation process, using a correlation table, reclassifies the journal entries from the Governmental Fund to the appropriate Ownership Fund.

Accounting for Governmental Fund Assets
Governmental Fund Reclassification Solution (cont.)

‣ Pros:

- The AM accounting for Ownership Fund is only reflected in the General Ledger, which meets the financial reporting requirement.

- This solution is flexible and suitable in terms of adopting the future GASB standard changes.

‣ Cons:

- Reporting is required from two sources (AM & GL) to obtain details of the Governmental and Ownership Fund.

‣ Considerations:

- Establish a report that identifies assets that have been reclassified for audit purposes.

Q & A

RW Task 524
End User Readiness Survey Analysis

▸ Task Due June 14, 2024 – All agencies submitted

▸ Questions designed to provide insight across four domains:

   ◦ <u>Awareness</u> of Florida PALM

   ◦ <u>Understanding</u> of Florida PALM readiness activities within the agency

   ◦ <u>Acceptance</u> that Florida PALM will impact their jobs

   ◦ <u>Commitment</u> to participate in the change

▸ Agencies analyzed results and provided summary

   ◦ Expectation vs outcome

   ◦ Any outliers across end user groups

   ◦ Action steps to increase levels across the domains

RW Task 524
End User Readiness Survey Analysis

General Observations

▸ 41% survey response rate

  ◦ 5,420 surveyed
  ◦ 2,233 responded

▸ Most agencies received results as expected

▸ Higher levels across all domains for those actively working on Florida PALM implementation activities (CCN, SMEs, Leadership)

▸ Common End User Gaps

  ◦ Users outside F&A
  ◦ New employees
  ◦ Users of Agency Business Systems vs FLAIR

RW Task 524
End User Readiness Survey Analysis

General Observations

▸ Some agencies identified gaps in understanding of COA changes

▸ Identification of change resistance, particularly in those who are planning to retire before implementation

▸ Action Items include:

  ◦ Update/create communication plans and change management plans

  ◦ Increase communications – frequency, methods (meetings, Town Halls, newsletters, posters, SharePoint sites, etc.)

  ◦ Engage more end users in Florida PALM activities

  ◦ Promotion of the Knowledge Center

  ◦ Starting to consider training strategies

RW Task 536
Create Agency Specific User Acceptance Testing Plan

UAT Approach

▸ All agencies are expected to participate in UAT

▸ They will be expected to:

Test and validate:
- All updated agency business processes from end-to-end, including processes that integrate with their agency business systems and other enterprise systems (People First, MFMP, etc.)
- Business system remediation (where applicable)
- End user role assignments
- Agency specific configurations
- Reporting needs and solutions

Provide all end users exposure to and practice in Florida PALM

Develop agency-specific end user training and education materials

Confirm agency change impacts to people, processes, technology and data

RW Task 536
Create Agency Specific User Acceptance Testing Plan

UAT Approach

▸ UAT will begin in April 2025 with in-person project-hosted sessions with agency SMEs

▸ SMEs will be expected to conduct agency-hosted UAT session with end users

▸ Full integration testing will begin in July 2025

▸ Completion of UAT activities will be included in Agency Readiness Certification, in support of Stage Gate #4 – Agency Readiness

RW Task 536
Create Agency Specific User Acceptance Testing Plan

UAT Approach

▸ Project Responsibilities

◦ Initial load of end users and role assignments prior to the start of UAT

◦ Initial load of agency-specific configuration values, as confirmed by agencies

◦ Initial load of agency conversion data, based on Mock Conversion 3

◦ Create access to the UAT environment for all end users with an agency assigned role

◦ Host UAT sessions for SMEs

◦ Provide training materials (navigation, process steps) to support SME and end user UAT activities

◦ Implement a mechanism for agency UAT participants to log and track testing errors

◦ Provide support during testing activities

RW Task 536
Create Agency Specific User Acceptance Testing Plan

Critical Operational Element	Readiness Criteria to Begin UAT (March 2025)	Related RW Tasks
People	• All end users have been assigned end user roles based on job functions. • UAT Roles and Responsibilities have been identified in agency-specific UAT Plan. • SMEs have been identified and prepared to participate in UAT.	• 536 – Create Agency-Specific User Acceptance Testing Plan • 573 – Complete and Submit End User Role Mapping Worksheet • 579 – Identify, Prepare, and Confirm Understanding of User Acceptance Testing Participants • 585 – Update Workforce Readiness Plan
Processes	• Change impacts have been identified for all processes. • Process documentation has been updated for all processes. • Agency-specific testing materials including user stories have been developed.	• 560 – Submit Change Analysis Tool • 574 – Prepare Documentation for User Acceptance Testing • 580 – Update Agency Business Process Documentation
Technology	• Agency Identity Provider (IDP) has been configured with Florida PALM UAT environment. • Agency end users have been added to the agency's IDP. • Agency specific Mock Conversion 3 files have been provided (if any).	• 578 – Confirm Identity Provider for Florida PALM • 583 – Participate in Mock Conversion 3 • 591 – Confirm IDP Configuration for Florida PALM • 592 – Agency IDP SMEs Add Identified User Acceptance Testing Participants to Agency's Identity Provider
Data	• Agency specific configurations have been confirmed. • Agency test data has been identified. • Agency data is cleansed, based on Mock Conversion 2 results. • Agency has an approach to meet reporting needs.	• 567 – Share, Review, and Update Configuration Workbooks • 571 – Complete Data Cleansing Based on Mock Conversion 2 • 581 – Update Reports Inventory

RW Task 536
Create Agency Specific User Acceptance Testing Plan

▸ Task divided into 3 subtasks

Subtask	Subtask Planning Objectives	Planned Dates
536-A	536-A will require agencies to establish their testing objectives, scope, key activities and their agency roles and responsibilities.	June 17, 2024 – Aug. 16, 2024
536-B	536-B will require agencies to identify key components of test execution including test management.	Aug. 19, 2024 – Oct. 11, 2024
536-C	536-C will require agencies to confirm their business processes to be tested and to identify UAT success criteria.	Oct. 14, 2024 – Dec. 13, 2024

▸ Supporting Documentation

  ◦ UAT Approach Document

  ◦ UAT Plan Template

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