

# CW.70.2 Manage and Reconcile Bank Statements

## Revision History

Version	Date	Revision Notes
1.0	10/19/2020	Accepted Version

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## Business Process Overview

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). Section 17.52, F.S., provides that Department of Financial Services (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. Section 17.56, F.S., requires Treasury to turn over to DFS Division of Accounting and Auditing (A&A) all warrants drawn by the CFO and paid by Treasury.

The Manage and Reconcile Bank Statements business process addresses how transactions in the State Treasury accounts are reconciled in Florida PALM. This business process also supports the review and resolution of reconciliation exceptions.

During the Central Wave, Florida PALM receives daily bank statement files from banking partners for the following accounts:

- Concentration account and related sub-accounts,
- Disbursement accounts, and
- Consolidated Revolving Account (CRA) and related sub-accounts.

The daily statement is reconciled to the activity in the source modules and external transactions. When discrepancies in reconciliation occur, agencies and Treasury coordinate to correct the source transaction or request a correction from the banking partner. Agencies with sub-systems that need electronic bank statements, receive a daily interface file of activity transmitted by the banking partner.

## Dependencies and Constraints

- Receiving bank transactions is dependent upon bank systems being operational and the availability of statement files.
- Transactions are recorded in the source modules and are available for automated reconciliation.

## Business Process Flow Details

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

CW.70.2 – Manage and Reconcile Bank Statement Transactions		
Swim Lanes – Definition	<p><b>Bank:</b> (Non-Florida PALM role) The banking partner by which bank accounts are provided</p> <p><b>Bank Reconciliation Processor:</b> Agency or DFS role responsible for reconciling bank accounts in Florida PALM</p> <p><b>Exception Handler:</b> Agency or DFS role responsible for resolving exceptions in Florida PALM</p>	
Process Step Title	Process Step Title	Description of Process
1	Previous Day Bank Statement File	The banking partner generates the previous day bank statement (i.e., BAI2) file for each bank account. The bank statements contain all balances, deposits, and disbursements posted to each bank account.
2	Previous Day Bank Statement Addenda File	The banking partner generates the previous day bank statement addenda file as necessary for each bank account. The bank statements contain additional details for transactions posted to each bank account.
3	Import Bank Data	Florida PALM imports the bank data for Treasury managed bank accounts (e.g., Concentration, Disbursement, and CRA accounts) that are systematically reconciled in Florida PALM.
4	Extract BAI Bank Statement Data	Florida PALM generates and exports the BAI Bank Statement Data file, which is interfaced to agencies for use in their business systems.
5	Outbound BAI Bank Statement Interface	The BAI Bank Statement data file is made available to any agency. However, the Department of Revenue specifically imports the BAI Bank Statement Data to create deposits on behalf of other agencies following the CW.60.2.5 Process FLAIR Deposits business subprocess.
6	Extract Bank Deposit Data	Florida PALM systematically extracts the bank deposit data for transmission to Departmental FLAIR for deposit verification.
7	Outbound Bank Deposit Data	The bank deposit data is transmitted to Departmental FLAIR and follows the CW.60.2.5 Process FLAIR Deposits business subprocess for verification.
8	Extract CD Principal Payments	CD application extracts the principal payment data.
9	Inbound External Transactions Interface	CD payment transactions are transmitted to Florida PALM as external transactions.
10	Import External Transactions	Florida PALM imports external transactions to create system transactions.

Process Step Title	Process Step Title	Description of Process
11	Process Automatic Reconciliation	Immediately after import, bank statement transactions are reconciled to the corresponding system transactions via: <ul style="list-style-type: none"> <li>• CW.60.2.5 Process FLAIR Deposits business subprocess,</li> <li>• CW.30.4.1 Process Pay Cycle business subprocess,</li> <li>• CW.70.4 Process Bank Cash Transfers business process, and</li> </ul> External Transactions are imported from external systems.
12	Extract Bank Deposit Transactions	Florida PALM generates a deposit file in which bank statement transactions are interfaced to agencies for use in their business systems.
13	Outbound Bank Deposit Transactions Interface	The agency bank deposit transaction interface is transmitted to agencies daily.
14	Perform Bank Statement Accounting	For any bank transactions which are first notice presentments (e.g., sweeps between bank accounts or bank fees), Florida PALM systematically generates system transactions for reconciliation.
15	Review Exceptions	If exceptions are identified after automatic reconciliation the Bank Reconciliation Processor verifies: <ul style="list-style-type: none"> <li>• All transaction from the Accounts Receivables (AR), Accounts Payable (AP), and Cash Management (CM) modules are reconciled to the bank statement transactions;</li> <li>• All journal entries from AR, AP and CM have been posted to the GL; and</li> <li>• All transactions posted to the GL have been recorded by the bank.</li> </ul> As part of this review, the Bank Reconciliation Processor determines if the source transaction needs to be corrected.
16	Resolve Exceptions	If the source transaction needs to be updated, the Bank Reconciliation Processor works with the source module Exception Handler to correct the source transaction within Florida PALM. If applicable, the Exception Handler updates any necessary transactions in external systems (e.g., Departmental FLAIR, CD Application).
17	Notify Bank	If the source transactions are correct, the Bank Reconciliation Processor coordinates with the banking partner for bank corrections.
18	Bank Reviews and Adjusts Account	The bank researches the issue and adjusts the account for any discrepancies between items presented and items recorded in the account.

Process Step Title	Process Step Title	Description of Process
19	Force Reconciliation	If the Bank Reconciliation Processor determines to force reconcile the transaction the Bank Reconciliation Processor forces the bank and system transactions to reconcile. This generates an accounting entry to record the discrepancy.
20	Generate Treasury Accounting	Florida PALM generates accounting entries for accounting events associated with Bank Statement Accounting (i.e., first notice presentments, bank errors, and external transactions) recorded in Florida PALM.

## Ledger Impacts

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

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Bank Statement Processing (BSP) Zero Balance Account Sweep	Decreases Sub-account Cash Increases Sub-account ZBA Sweep Increases Concentration Cash Decreases Concentration ZBA Sweep
LI2	Actuals Ledger – BSP Bank Error/Correction (Force Reconcile)	Increases Cash Increases Bank Cash Clearing Suspense
LI3	Actuals Ledger – BSP Bank Error/Correction (Force Reconcile)	Decreases Cash Decreases Bank Cash Clearing Suspense
LI4	CD Principle Purchases	Increases Certificate Deposit Purchase Decrease Bank Cash

## Reports

Table 3: Reports Included on CW Business Process Model Flow

Report Number	Report Description	Report Frequency	Audience
R1	BAI Transaction Summary Report – provides a list of transactions by BAI code for Deposits, ACHs, and Wires. Includes total dollar amount by BAI code and percentage of electronic payments	Periodic	DFS
R2	BAI Transaction Counts Report – provides a list of all BAI codes associated with the bank/bank account combination and counts the number of BAI codes received for the date range	Periodic	DFS

Report Number	Report Description	Report Frequency	Audience
R3	Bank Statement Report – provides the bank statement for sub-accounts and CRA bank accounts	Periodic	Agency DFS
R4	Reconciled/Unreconciled Bank Transactions Report – lists all items reconciled or unreconciled for a designated period by bank account	Periodic	Agency DFS
R5	General Ledger Journal Entries Report – listing of posted journals by all types	Periodic	DFS