

CW.70.7 Manage Investment Pools

Revision History

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

Table of Contents

Business Process Overview	4
Dependencies and Constraints	4
Business Process Flow Details	5
Ledger Impacts	7
Reports	8

Business Process Overview

Section 17.57, Florida Statutes (F.S.), establishes the Chief Financial Officer's (CFO) responsibilities to deposit and invest State money and establishes the types of investment securities that can be purchased. Section 17.61, F.S., establishes the CFO powers and duties in the investment of certain funds, which include General Revenue (GR), and agency trust funds, as well as funds from certain boards, associations, or entities created by the State Constitution or law that are part of the Special Purpose Investment Account (SPIA). This statute provides the State funds that cannot receive interest revenue and designates earnings from the balances in those funds be appropriated to GR. It further establishes the annual assessment referred to as the administrative fee that is charged to participants by the Department of Financial Services (DFS), Division of Treasury (Treasury) to administer the investment program.

During the Central Wave, the Manage Investment Pools business process addresses how interest apportionment is calculated and distributed to Trust Funds, GR, SPIA participants, and the Collateral Administration Program (CAP). The business subprocess included are:

- CW.70.7.1 – Manage SPIA Balances
- CW.70.7.2 – Distribute Interest Apportionment

Treasury maintains and reconciles participant investment and liquidation transactions and the average daily participant investment balance. Treasury invests excess cash and maintains a daily investment balance. The Manage SPIA Balances business subprocess documents the process for recording SPIA participant transactions in Florida PALM. The process integrates Florida PALM with the SPIA application where participants record investment transactions. This integration provides the daily balances for SPIA participants.

The Distribute Interest Apportionment business subprocess documents the monthly process for allocating investment earnings to Trust Funds, GR, CAP, and SPIA participants. The daily balances for Trust Funds, CAP and SPIA participants are maintained in the ledger. Based on the participant's average daily balance, Treasury apportions investment earnings and administrative fees earned on the investment portfolios monthly. Three critical components are used in the apportionment process: average investment balances, average daily participant balance, and the total amount of investments. The initial allocation apportions interest to Trust Funds, CAP and the SPIA participants. The undesignated investment balance is allocated to GR. A second distribution allocates the interest to individual Consolidated Revolving Accounts (CRA).

Dependencies and Constraints

- Dependent on transaction information from the SPIA application.
- Dependent on agencies recording their investments/disinvestments.

Business Process Flow Details

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

CW.70.7.1 – Manage SPIA Balances		
Swim Lanes – Definition	<p>Custodial Bank: (Non-Florida PALM role) External roles at banks that have bank accounts where investments are managed</p> <p>DFS GL Journal Processor: DFS role responsible for processing income distribution for SPIA Participants, Trust Funds, and GR</p> <p>SPIA Participant: (Non-Florida PALM role) agency or external government that participates in the SPIA investment pool</p> <p>Treasury: (Non-Florida PALM role) DFS Treasury role managing SPIA participant transactions and balances in the SPIA Application</p>	
Process Step Title	Process Step Title	Description of Process
1	Determine Investment Need	SPIA Participant determines if a change in their investments (e.g., enroll, deposit, or withdrawal) are needed within the SPIA Application.
2	New Participant Enrolled	If this is a new SPIA participant, Treasury enrolls the agency or local government within the SPIA Application and adds the new SPIA participant information into Florida PALM following the CW.10.1.3 Add or Modify Fund Values.
3	Deposit Sent	For new participants, an initial deposit is sent to the Custodial Bank upon enrollment. For existing participants, a deposit is sent to the Custodial Bank to invest cash and increase their participant balance.
4	Deposit Received	Treasury verifies the cash deposited into the SPIA Custodial account is received. The cash in the SPIA Custodial account is transferred to the Main Custodial Bank account for investment purposes.
5	Load SPIA Deposits	Agencies send deposits following the CW.30.4 Process Payments business process and are loaded into the SPIA application.
6	Record Deposit	The SPIA Participant records the deposit details into the SPIA Application.
7	Withdrawal Request Submitted	The SPIA Participant request to liquidate investments within the SPIA Application.
8	Withdrawal Request Reviewed	Treasury reviews and initiates the withdrawal request to the Custodial Bank.
9	Withdrawal Sent	The Custodial Bank sends a wire to process the payment to the participant's account.
10	Withdrawal Received	The SPIA participant receives the disbursement.
11	Extract Daily SPIA Transactions	SPIA participant transactions are extracted daily from the SPIA Application.
12	Inbound Investment Activity Interface	SPIA participant transactions are transmitted from the SPIA Application to Florida PALM.

Process Step Title	Process Step Title	Description of Process
13	Import Investment Participant Transactions Data	Florida PALM systematically imports the investment participant transaction data from the SPIA Application and generates a journal entry following the CW.10.2.1 Create and Approve Journals. SPIA participant daily transactions are used to calculate the interest apportionment following the CW.70.7.2 Distribute Interest Apportionment.

Table 2: Process Steps Included on CW Business Process Model Flow

CW.70.7.2 - Distribute Interest Apportionment		
Swim Lanes – Definition	<p>Agency CM Reporter: Agency role responsible for generating monthly interest apportionment reports in Florida PALM and transactions in Departmental FLAIR</p> <p>DFS GL Journal Processor: DFS role responsible for processing income distribution for SPIA Participants, Trust Funds, CAP, and GR</p>	
Process Step ID	Process Step Title	Description of Process
1	Run ADB Process	<p>The Average Daily Balance (ADB) Process automatically runs daily to capture the average daily balance for the General Fund, each Trust Fund participant, and SPIA participant.</p> <p>Treasury's total interest earned (cash and accrued) is apportioned based on the average daily investment balance of the general fund, trust fund participants, and SPIA participants.</p>
2	Review Ledger Balances	<p>Prior to interest apportionment, the DFS GL Journal Processor confirms:</p> <ul style="list-style-type: none"> • All SPIA transactions are recorded as described in the CW.70.7.1 Manage SPIA Balances business subprocess; • All Trust Fund investment and disinvestment transactions are recorded as described in the CW.80.2.1 Monitor Trust Fund Cash Balances business subprocess; • All entries affecting interest earned are posted as described in the CW.70.6 Create and Maintain Deals business process; and • The monthly CD interest earnings have been entered as described in the CW.60.2.6 Treasury Receipts, Adjustments, and Returned Items business subprocess. <p>If the CW.10.3.1 Perform Month End business subprocess and the CW.70.5 Book to Bank Reconciliation business process are not complete, the DFS GL Journal Processor cannot perform the allocation process.</p>

Process Step ID	Process Step Title	Description of Process
		<p>A first allocation is run to allocate apportionments and administrative fees Trust Funds and GR at the lowest level following the CW.10.3.2 Perform Allocations business subprocess. The CW.10.2.1 Create and Approve Journals business subprocess creates the journal entries and posts the interest apportionment.</p> <p>A second allocation apportions the balances to the funds in the CRA following the CW.10.3.2 Perform Allocations business subprocess. The creation of these entries will also follow the CW.10.2.1 Create and Approve Journals business subprocess.</p>
3	Extract Interest Apportionment	The interest apportionment amounts are extracted from Florida PALM.
4	Outbound Interest Apportionment Interface	The interest apportionment amounts are interfaced from Florida PALM to agency business systems.
5	Import Interest Apportionment	SPIA interest apportionment amounts are imported into the SPIA Application.
6	Import Interest Apportionment	CAP interest apportionment amounts are imported into the CAP Application.
7	Generate Monthly Reports	After the first and second interest allocations run, the monthly apportionment reports are available.
8	Enter Apportionment Transaction	The agency enters a general accounting entry in Departmental FLAIR to increase the trust fund investment balance and record interest earnings and the administrative fees.

Ledger Impacts

Table 3: Ledger Impacts Included on CW Business Process Model Flow

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – SPIA Participant Transaction	Increase/Decrease Investment Balance Increase/Decrease Custodial Bank Cash
LI2	Actuals Ledger – Overall Interest Allocation	Decreasing Treasury Investment Earning - Trust Fund Decreases Treasury Investment Cash - Trust Fund Increases Invested Cash – Participant’s Fund Increases Interest Earning – Participant’s Investment
LI3	Actuals Ledger – Overall Administrative Fee Allocation	Increases Treasury Investment Admin Fee Earned - Trust Fund Increases Treasury Investment Cash - Trust Fund Decreases Invested Cash – Participant’s Fund Increases Admin Fee – Participant’s Fund

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI4	Actuals Ledger – CRA Interest Allocation	Decreases Interest Earning - SPIA CRA Participant Fund Decreases Invested Cash – SPIA CRA Participant Fund Increases Spendable Cash - CRA Subaccount Advancing Fund Increases Investment Income - CRA Subaccount Advancing Fund
LI5	Actuals Ledger – CRA Administrative Fee	Increases Invested Cash - SPIA CRA Participant Fund Decreases Admin Fee - SPIA CRA Participant Fund Decreases Spendable Cash - CRA Subaccount Advancing Fund Increasing Admin Fee - CRA Subaccount Advancing Fund

Reports

Table 4: Reports Included on CW Business Process Model Flow

Report Number	Report Description	Report Frequency	Audience
R1	Investment Activity Report – investment transactions and balances by pool and participant	Periodic	DFS
R2	SPIA Reconciliation Report – Investment activity and transaction by SPIA participant	Periodic	DFS
R3	Apportionment Report – interest and administrative fee apportionment details by pool and participant	Monthly	Agency, DFS