Dear Department Sponsors and Department Liaisons,

We want to share the latest information resulting from changes to the State Controller's Office/State Treasurer's Office Release. We are committed to keeping you informed about your FI$Cal implementation and our road to go live. Through it all, your FI$Cal Readiness Coordinator and other FI$Cal team members will continue to provide support. We appreciate your commitment to keeping your department informed and on track to complete FI$Cal activities as currently planned.

Some planned FI$Cal functionality will change for departments, but FI$Cal tasks and activities will remain largely the same as originally planned.

Planned FI$Cal Functionality

The following functionality _**will**_ go live in July as planned with the changes described:

Accounts Payable (AP)

- **Combo Edit Configurations:** For current FI$Cal departments, when selecting an account, the system will check for a valid combination.

Accounts Receivable (AR)

- **Employee AR:** SCO will create an AR on behalf of FI$Cal departments. Departments must create the customer in AR before sending the collection request to SCO. Departments will no longer create employee ARs.

Asset Management (AM)

- **Asset Transactions**: Current FI$Cal departments and newly onboarding 2017 Release departments will use FI$Cal to depreciate and amortize assets. SCO will now have the ability to see all asset transaction details for enhanced financial reporting.
- **Converted Asset Reconciliation**: Current FI$Cal departments will be required to reconcile their converted assets to their financial statements.
- **Capital Asset Reconciliation**: Current FI$Cal departments will be required to reconcile all capital assets in FI$Cal with the correct information that was reported to SCO. Departments will have to add or retire assets based on their reports to SCO.

Cash Management (CM)

- **Report 14 for Accounts Outside CTS**: All required departments will generate a Report 14 for any accounts outside of the Centralized Treasury System (CTS) or to confirm they have no accounts outside CTS. Departments will generate the Report 14 directly in FI$Cal for your next reporting period, due August 20. This information must be approved by a department head or designee. Once Report

14 is generated, departments should print, sign, and send a paper copy with a wet signature to the State Controller's Office as part of year-end reporting requirements (STO will not require a printed/signed copy).

- **Enhanced Bank Account Transfer and Settlements Pages:** Current FI$Cal departments will see more detail included on the Bank Account Transfer and Settlements pages. This information includes a pre-populated current date and From and To bank information.

General Ledger (GL)

- **Ledger Architecture**: For current FI$Cal departments, the accrual adjustment ledger will be replaced with a department adjustment ledger. Loan Accounting and Asset Management entries will go to the department adjustment ledger.
- **Journal Source**: Current FI$Cal departments will no longer see the sub-module journal sources when creating a GL journal.
- **Accrual Accounting**: Current FI$Cal departments will use a new Due To/Due From account and pending cash will no longer be available.
- **Allocations**: Wave 1 departments must update all allocations to ensure compliance with the appropriation control ledger. SCO will review and configure related allocations.
- **Ledger Security**: Current FI$Cal departments will be able to view all basis of accounting and all ledgers in FI$Cal, but will only be able to post to applicable ledgers.
- **Enhanced Accounting Inquiry**: For current FI$Cal departments and newly onboarding 2017 Release departments, a new tool will be available to review your accounting entries.
- **Chart of Accounts**: For current FI$Cal departments and newly onboarding 2017 Release departments, COA crosswalks will continue to be in place for transactions that occur in a legacy system (payroll). The crosswalk will need to be updated with a default FI$Cal value for these items to post against.

Loan Accounting (LA)

- **Departmental Loan Accounting**: Current FI$Cal departments and newly onboarding 2017 Release departments will record external <u>departmental</u> loans directly in FI$Cal in the new Loan Accounting Module. This does not include any SCO control loans. Departmental loans will only route to your own department for approvals.

Labor Distribution (LD)

- **Gross Payroll Journal**: For current FI$Cal departments and newly onboarding 2017 Release departments, the gross payroll journal will be automatically created, posted and reversed.

Commitment Control (KK)

- **Revenue Budgets**: For FI$Cal departments, cross-post revenue entries will now be recorded against the statewide revenue budget, in addition to reimbursements.

The functionality changes for the items below ***will not*** go live in July as originally planned. These items will continue to operate in FI$Cal as they do today.

Accounts Payable (AP)

- **Expedite and Special Handling**: Departments will continue to follow the same process to request expedite payments and special handling.
- **Pay Cycle**: Cash validation will not occur in FI$Cal during pay cycle.
- **Direct Transfers**: FI$Cal billed departments will follow the current Direct Transfer Process.
- **Journal Vouchers**: Journal vouchers will not workflow to SCO in FI$Cal when affecting fund and/or appropriation.

Accounts Receivable (AR)

- **Deposit Slips**: Departments will continue to enter deposit slips outside of FI$Cal (e.g., EDF).
- **Deposits**: Cash validation related to credits will not occur in FI$Cal during deposits.
- **Direct Remittances**: Departments will continue to remit through eFITS.
- **Direct Remittances to State Treasury**: Departments will continue to submit Remittance Advices to STO.
- **Compliance**: Departments should continue to follow their current process to be compliant with STO.
- **Cash Clearing**: Departments will continue to notify the GL Processor to generate GL Journal entries.
- **Delinquent Items**: The delinquent items write off process will not include an SCO approval in FI$Cal and will continue to work the way it does today.
- **AR Employee Collections**: Departments will continue to apply collections to their Employee ARs.
- **Direct Transfers**: FI$Cal billing departments will follow the current Direct Transfer Process.

Cash Management (CM)

- **CTS Account Transfers**: Departments will continue to initiate CTS accounts transfers as they do today.

General Ledger (GL)

- **Book of Record**: The current SCO system will continue to be the State's accounting book of record.
- **Journal Workflow**: SCO will not be included in approvals for the GL Journal if the journal has a non-zero impact to an item of appropriation or any state's cash fund.
- **Journal Edit**: Cash validation related to credits will not occur in FI$Cal during journal edit.
- **Plan of Financial Adjustment (PFA)**: Departments will continue to submit their PFA Memo and transactions requests to SCO as they do today.
- **Agency Reconciliation Report**: Agency reconciliation will continue as it does today.
- **Cash Accounting Extension**: Re-class of intra-unit entries (i.e., pending cash) to Cash in State Treasury will continue as it does today.

Procurement (PO)

- **Spending Authority**: Remaining unencumbered spending authority will be handled as it is today.

Project Costing (PC)

- **Federal Trust Fund (FTF) Receipts**: Departments will continue to maintain fund distribution rules and establish federal trust fund project IDs as they do today.
- **Funds Distribution**: Departments will continue to use journal allocations to distribute costs amongst their funds.
- **Funds Distribution Conversion**: Departments will continue to load their fund distribution conversions as they do today.

Commitment Control (KK)

- **Control Budgets**: Requests for "budgeted" revenue association will continue to work as it does today.

*For Bond Accounting, we will send a separate communication with additional detail.

Planned FI$Cal Activities

While there are changes to the functionality, our timeline of activities remains largely the same.

FI$Cal Departments (Wave 1, Wave 2, 2016 Release)

- **Role Mapping:** The timeline for role mapping activities remains the same. The latest role mapping task was due May 5. Please submit immediately if you haven't already.

- **SCO/STO Business Process Impacts Support Sessions**: These support sessions will continue through May 16 to help you understand how your department will be impacted by the SCO/STO Release.

2017 Release Departments

- **Department Configuration, Role, and Data Validation:** The timeline for testing remains the same.
- **Dry Run**: Dry Run activities will start on May 15, one week later than planned to allow for updates to our cutover plan to reflect recent changes. Department conversion validations will occur between June 1 and June 5.
- **Dress Rehearsal, Cutover, and Go Live**: The timeline for Dress Rehearsal, Cutover, and Go Live remains as planned.

We will stay in close contact with you to provide updated information. We will work closely with each department to address the changes, and we are committed to providing additional support where needed.

If you have any questions, please contact the Change Management Office at fiscal.cmo@fiscal.ca.gov.

Change Management Office

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