



FI\$Cal

Financial Information System for California

Wave 1 Solution Walkthrough (SWT): Accounts Payable

for Wave 3 Departments

November 12, 2014

Agenda

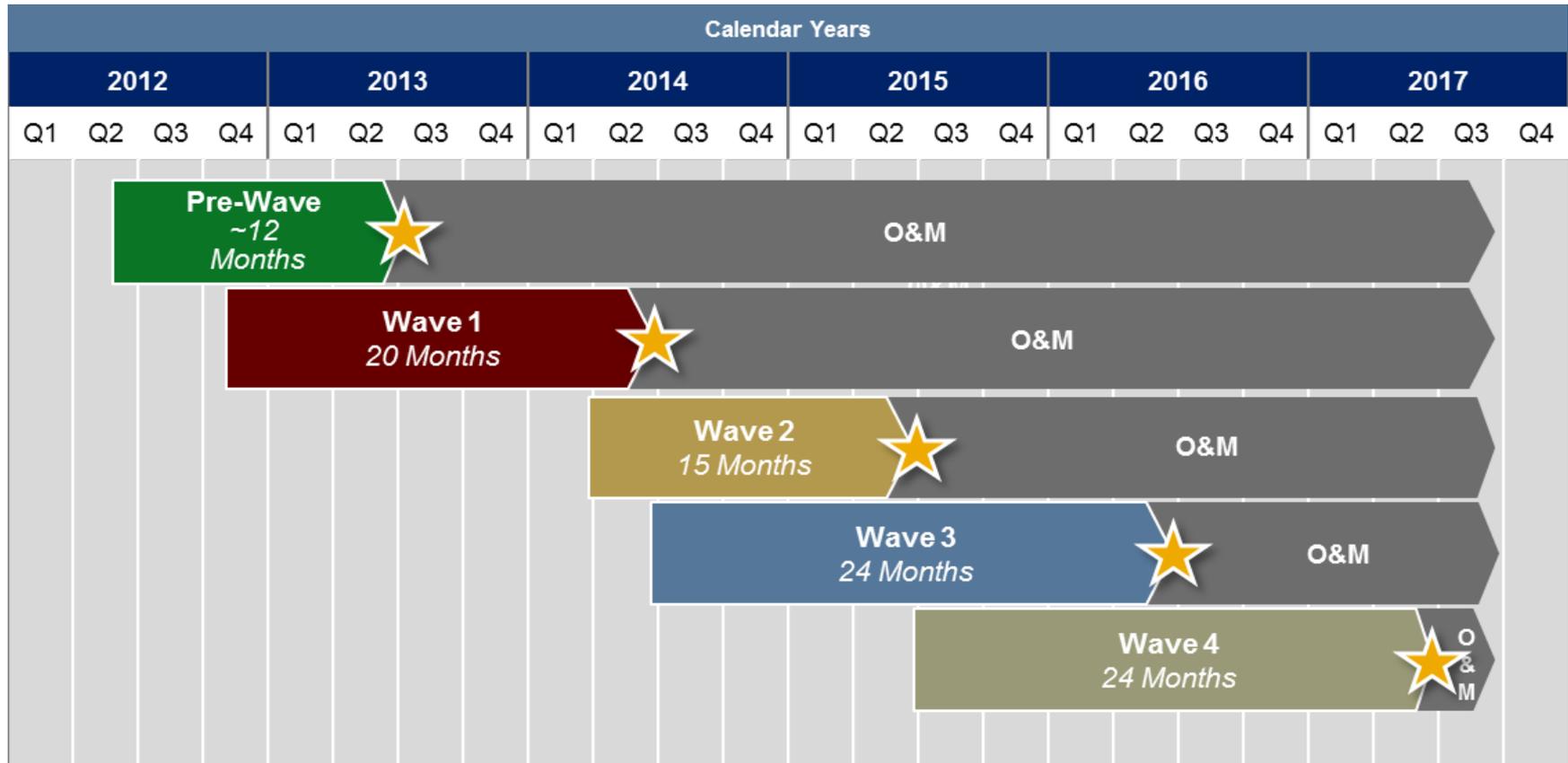
- FI\$Cal Project Overview
- Wave 1 Solution Walkthrough Objectives and Approach
- FI\$Cal Solution Overview
- Enter and Maintain Vendors
 - Business Process Overview
 - Key Terms
 - Process Flows
 - Wave 1 Demonstration
- Enter and Process Vouchers & Matching
- Process Payments
- Process 1099 Withholdings
- Technology Considerations
- Session Recap

FI\$Cal Project Overview

- The Financial Information System for California (FI\$Cal) is a business transformation project for the State in the areas of budgeting, accounting, procurement, and cash management. The Project prepares the State to work in an integrated financial management system.

- California's Partner Agencies are working together to form the partnership to support FI\$Cal at the highest level:
 - Department of Finance (DOF)
 - Department of General Services (DGS)
 - State Controller's Office (SCO)
 - State Treasurer's Office (STO)

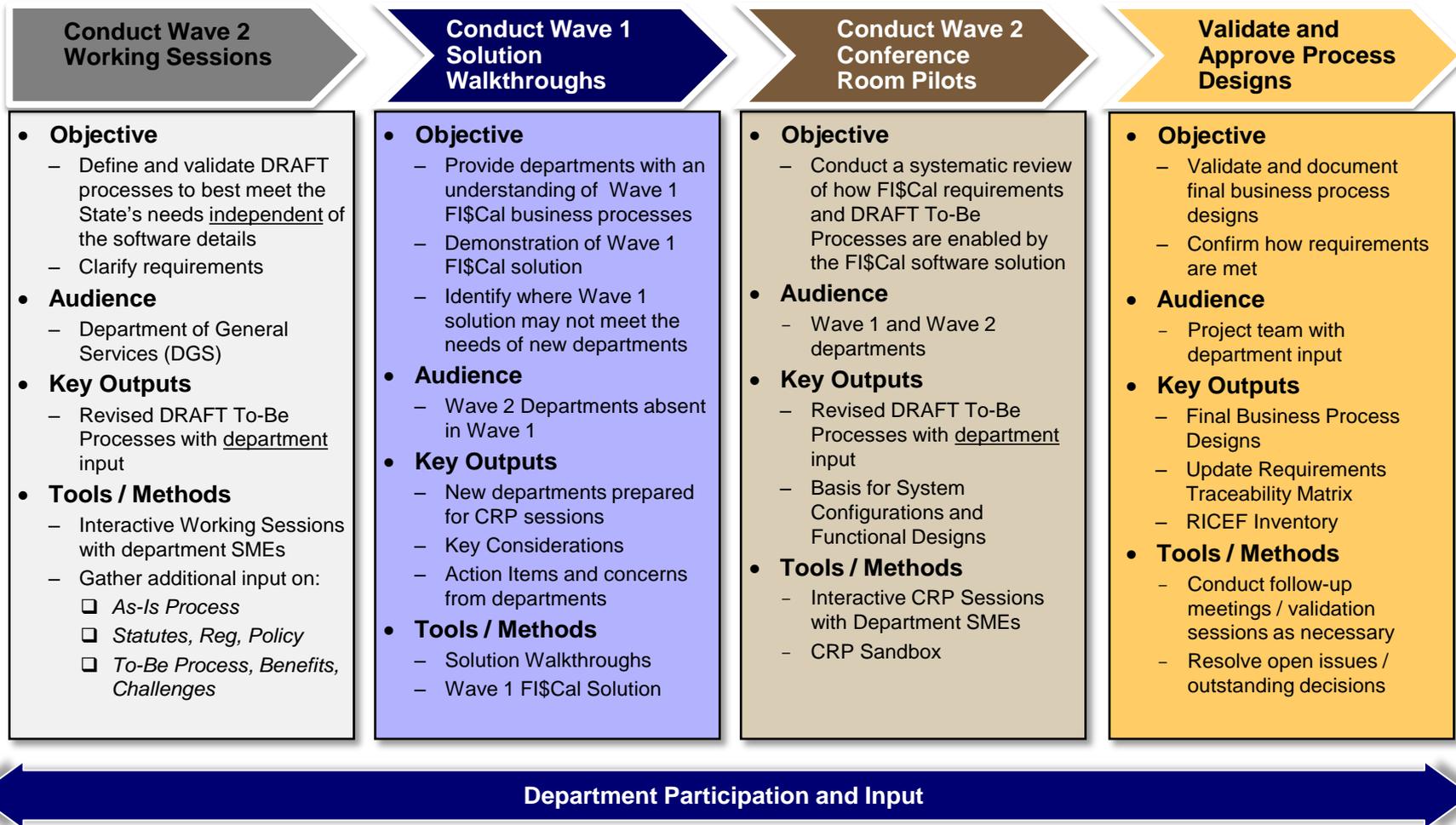
FI\$Cal Wave Timeline



SWT Objectives

- The Wave 1 Solution Walkthroughs will provide:
 - An overview of the business process, including key terms and implemented functionality
 - A list of changes with the “To-Be” business process
 - An opportunity to begin thinking about updates to internal department processes
 - A demonstration of the FI\$Cal Wave 1 solution

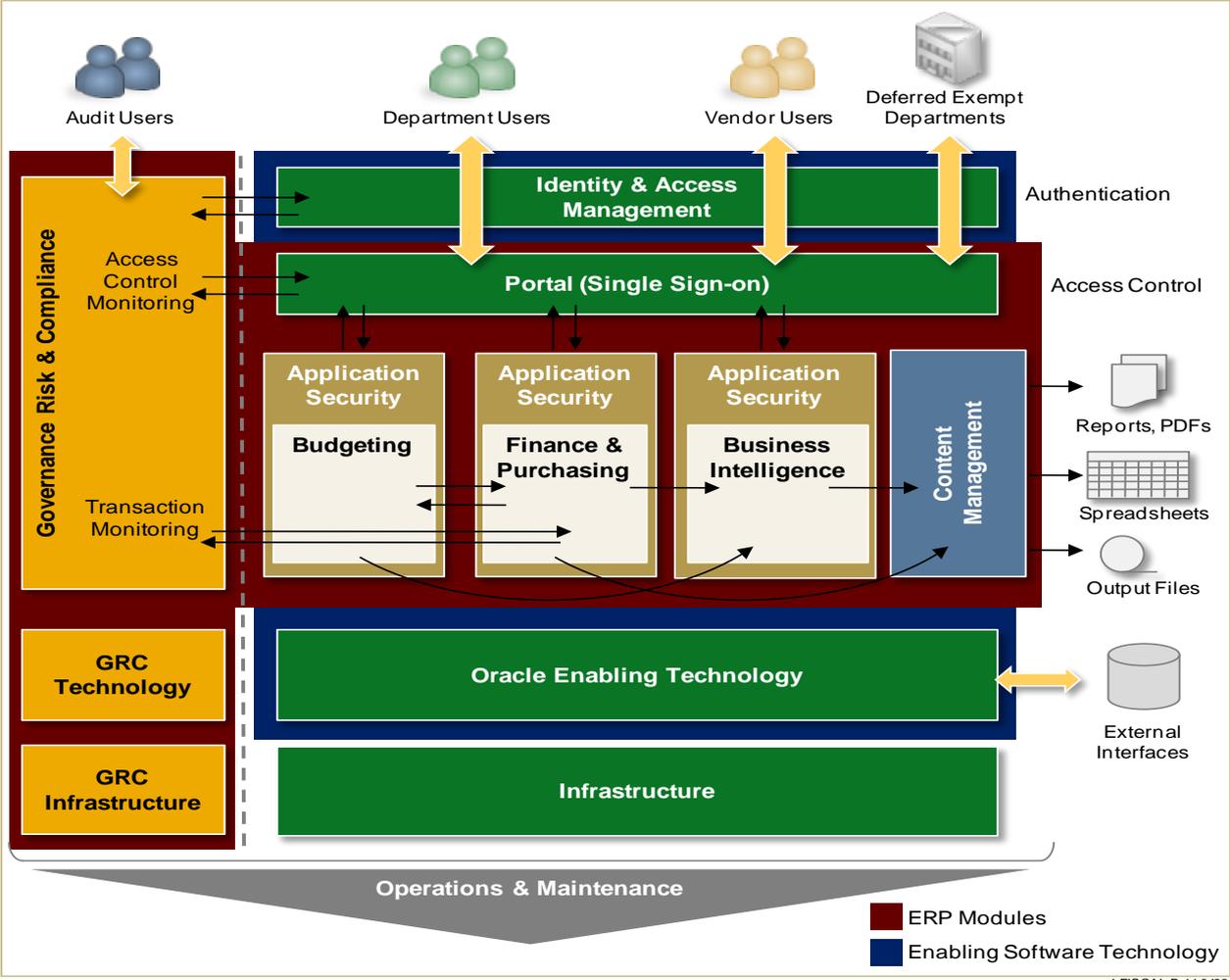
FI\$Cal Design Approach



Ground Rules & Guiding Principles

- **Challenge** how the State does things today
- **Perspective** – Adopt a “Statewide” perspective
- **Silence is Consent** – Speak and share your thoughts
- **There are no Bad Questions** – Better to question, then assume
- **Consider Best Practices** and business process changes
- **Think of the data** and information you require

FI\$Cal Solution Overview



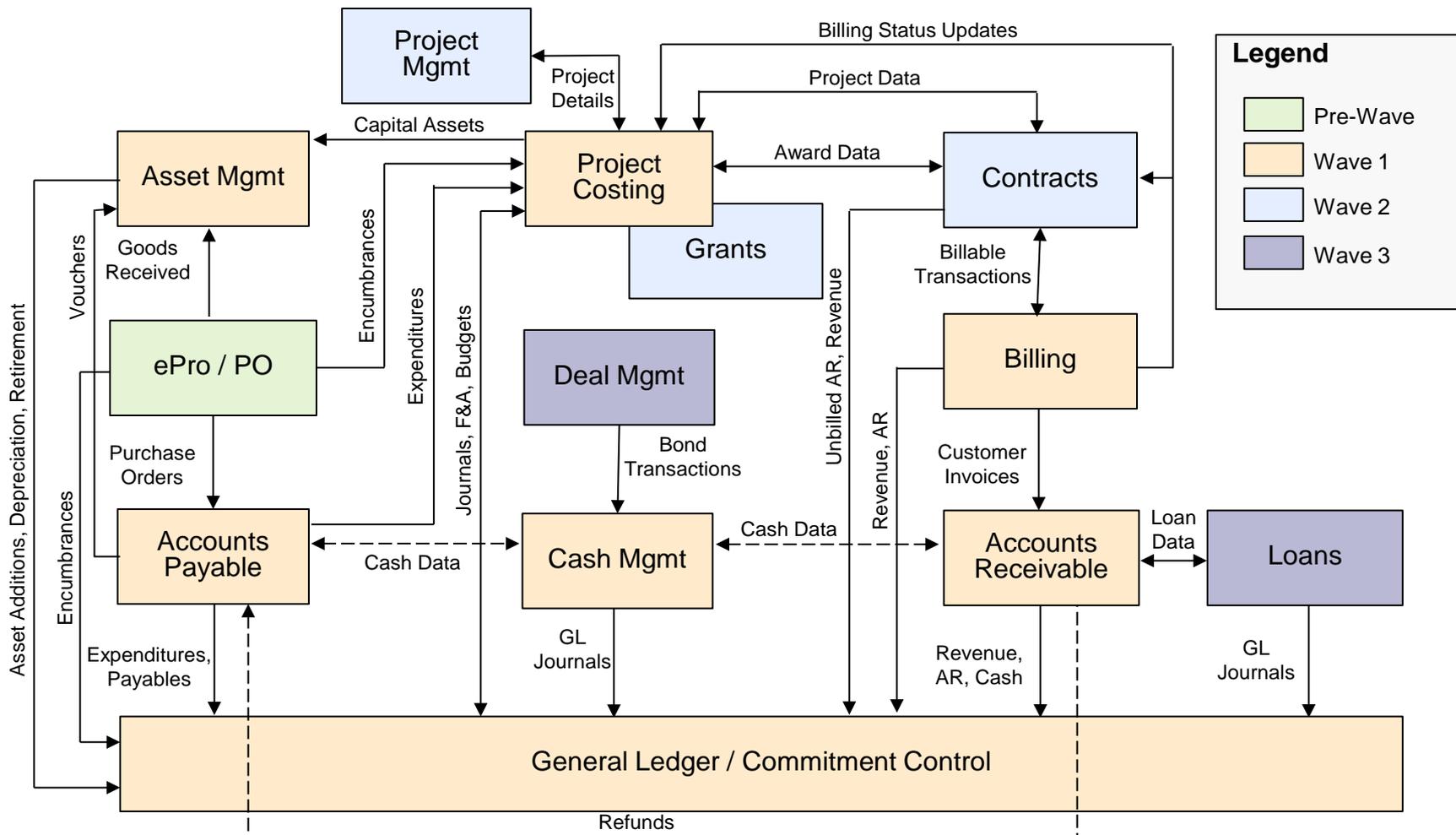
What is Included in Wave 1

- The following functionality will be provided to departments:
 - Departments can access the VMF to add or view vendor information
 - Unique vendor IDs will be created within FI\$Cal for each vendor and shared across departments
 - Each vendor will be validated and approved by the VMG before it can be used to source a requisition, create a Purchase Order (PO), and create a voucher
- Departments submit changes to the vendor record using the online Vendor Update Form (VUF) in FI\$Cal
- 1099 reportable vendors will be identified in FI\$Cal
- The Vendor File will also contain Employees receiving payments within FI\$Cal
- Vendor and employee SSNs will be masked in FI\$Cal

What is Included in Wave 3

- These features will be covered in the Disbursements CRP Session:
 - For Wave 3:
 - Warrant Request/Approval/Issuance for FI\$Cal departments
 - EFT payments
 - Integration with Specialized Payment Systems
 - Warrant Reconciliation

FI\$Cal Accounting Solution



CRP & SWT Schedule

Business Process	Date	Time	Location
CRP: General Ledger (1 of 2)	10/22/14	9:00 – 12:00	Jade - Evergreen
SWT: Disbursements	10/28/14	9:00 – 12:00	Jade - Evergreen
SWT: Receivables & Cash Management	10/28/14	1:00 – 4:00	Jade - Evergreen
CRP: Disbursements	10/29/14	9:00 – 12:00	Jade - Evergreen
CRP: General Ledger (2 of 2)	11/05/14	9:00 – 12:00	Jade - Evergreen
CRP: Bond Accounting	11/19/14	9:00 – 12:00	Sapphire- Evergreen
CRP: Cash Management	11/19/14	1:00 – 4:00	Jade - Evergreen
CRP: Loan Accounting	12/03/14	9:00 – 12:00	Jade - Evergreen

Accounts Payable Overview

- Voucher processing encompasses all activities that are required to capture invoice data, generate a voucher, attach related documents, perform approvals, budget check, and post the voucher
- Vouchers can be created either by:
 - Entering data online
 - Using a spreadsheet upload
 - Using the inbound voucher interface
- Payment Processing includes payments made to a Payee/Vendor/Employees
- Agencies will have the ability to create payments for:
 - Checks
 - Agency Trust Account
 - ORF
 - Warrants
 - SCO-issued

Reportable Payments Overview

- Understanding 1099 Withholding:
 - Only applicable to United States-based vendors
 - 1099 files are created at the end of each calendar year
- Vendors are marked as withholding applicable in the VMF in FI\$Cal
- Voucher lines in FI\$Cal are marked as subject to withholding
- FI\$Cal will capture 1099 information and generate the file to send to FTB for printing

Office Revolving Fund Overview

- Departmental payments (checks) are produced from FI\$Cal
- To create a ORF payment you must first create a voucher
- The ORF replenishment process enables the transfer of cash between the SCO Warrant Bank and the appropriate ORF Bank Account or Agency Trust Bank Account
- A journal entry is made to replenish departmental cash in the ORF or Agency Trust Fund

Voucher Key Terms

Term	Definition
Voucher	An electronic transaction created for the processing of vendor invoices, apportionments, employee expenses, or adjustments
Regular Voucher	Used for entering non-PO vouchers, PO vouchers, salary advances, and travel-related vouchers
Prepaid Voucher	Used for entering prepayments such as vendor prepayments and travel advances
Single Payment Voucher	Used for entering a voucher for a one-time vendor without having to record the vendor information in the Vendor table.

Voucher Key Terms

Term	Definition
Adjustment	Used for entering credit memos and will have a dollar value attached to it
Journal Voucher	Used for correcting the accounting entries on a posted or paid voucher and will not affect the dollar value on the original voucher
Purchase Order (PO)	A commitment from an organization (business unit) to vendors to purchase goods or services from that vendor; creates an encumbrance in FI\$Cal
Invoice	An itemized bill for goods sold or services provided, containing individual prices, the total charge, and the payment terms

Voucher Key Terms

Term	Definition
Matching	Compares a voucher with the PO and/or receiving documents and inspection confirming that payments are only made for goods and services that have been ordered, received, and inspected
Budget Checking	The process of comparing expenditure or revenue transactions against a defined budget

ORF Key Terms

Term	Definition
Office Revolving Fund (ORF)	Fund classification and cash account. An ORF is not a fund, but an advance from an appropriation. Agencies may use their ORF for immediate need per SAM. The cash amount spent is subsequently replenished by SCO.
Open Item Account	A ChartField value used for open item accounting, such as Salary Advances
Open Item	Each transaction that affects an open item account remains an open item until the balance of all transactions with a given open item key equals zero. When that transaction is posted, all open items for the employee ID are closed.

Payment Key Terms

Term	Definition
Warrant	An instrument drawn by the SCO directing the State Treasurer to pay a specified amount, from a specified fund, to the person or entity named
Check	An instrument issued by State departments from their Office Revolving Fund (ORF) or Agency Trust checking accounts
Departmental Bank Reconciliation	Involves comparing and matching recorded business transactions with the bank's corresponding transactions
Pay Cycle	Generates a payment output file for departmental printing. Each payment is assigned a unique payment reference ID number searchable in FI\$Cal

Withholding Key Terms

Term	Definition
Types of withholding vendors	<ul style="list-style-type: none"> ▪ Attorney ▪ Corporation (Medical) ▪ Estate or Trust ▪ Individual/Sole Proprietor ▪ Partnership
Withholding Type	<ul style="list-style-type: none"> ▪ 1099-G (government payments) report ▪ 1099-I (interest income) report ▪ 1099-MISC (miscellaneous) report
Backup Withholding	<p>FTB and IRS Regulations require agencies to initiate backup withholding of income taxes for payments made to vendors that have not provided TIN information</p>

What IS Included in Wave 1

- Departments will use FI\$Cal to:
 - Create and approve vouchers
 - Attach invoices to vouchers
 - Budget check
 - Run match process to compare vouchers to POs, receipts, and/or inspection of goods or services received
 - Create payments
 - Create interagency payments
 - Adjust vendor reportable payment entries
- POs are integrated with voucher functionality
- SCO will use FI\$Cal to audit vouchers requiring a warrant
- Reportable payments will be recorded within FI\$Cal
- Confidential information security will be enforced in FI\$Cal

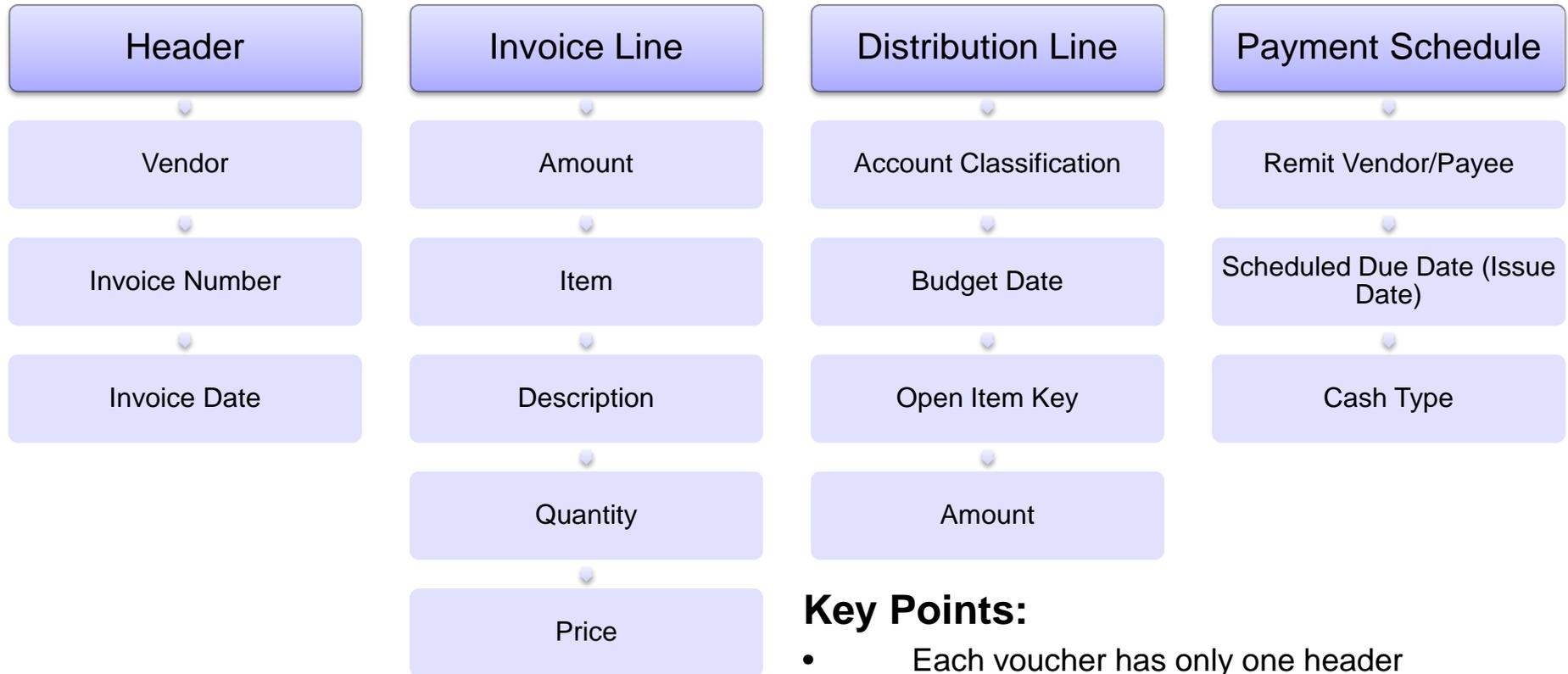
What IS Included in Wave 1

- Travel Advances from CalATERS will be interfaced to FI\$Cal
- Vendors and employees that receive agency payments will reside in the FI\$Cal Vendor Management File (VMF)
- Salary advance vouchers will contain an Open Item Key linking the employee to the advance. This Open Item Key is used as a reference within deposits for salary advance recovery payments.
- Departments will create regular vouchers to offset prepaid vouchers and record the expenditures
- Departmental replenishments are handled in FI\$Cal through the use of journal entries after SCO Audit approval

What **IS NOT** Changing for Wave 3

- Reportable payments from the State's specialized payment systems (electronic files or "tape claims") will continue to be processed by each specialized payment system
- Departments are still required to reconcile their ORF and Agency Trust transactions
- Departments are still required to follow the State Guidelines relating to ORF and Agency Trust payments
- The process for requesting a new, or changing an existing, ORF Account will not change
- Departments will still have the ability to print checks locally

Voucher Structure

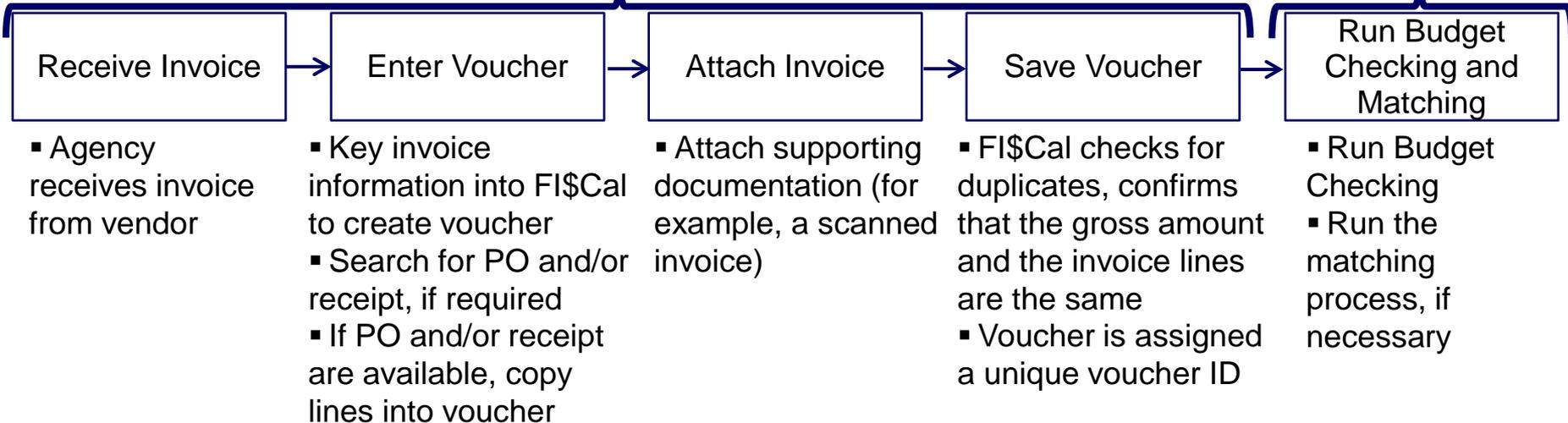


Key Points:

- Each voucher has only one header
- Each voucher can have multiple invoice lines
- Each invoice line can have multiple distribution lines

Enter Voucher

Department AP Processor

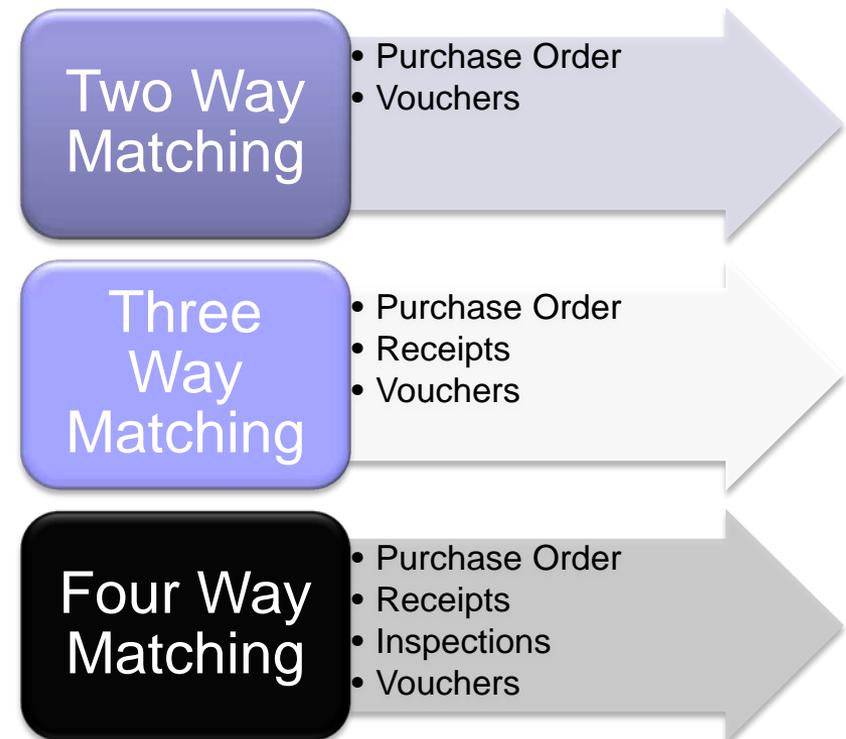


Key Impacts

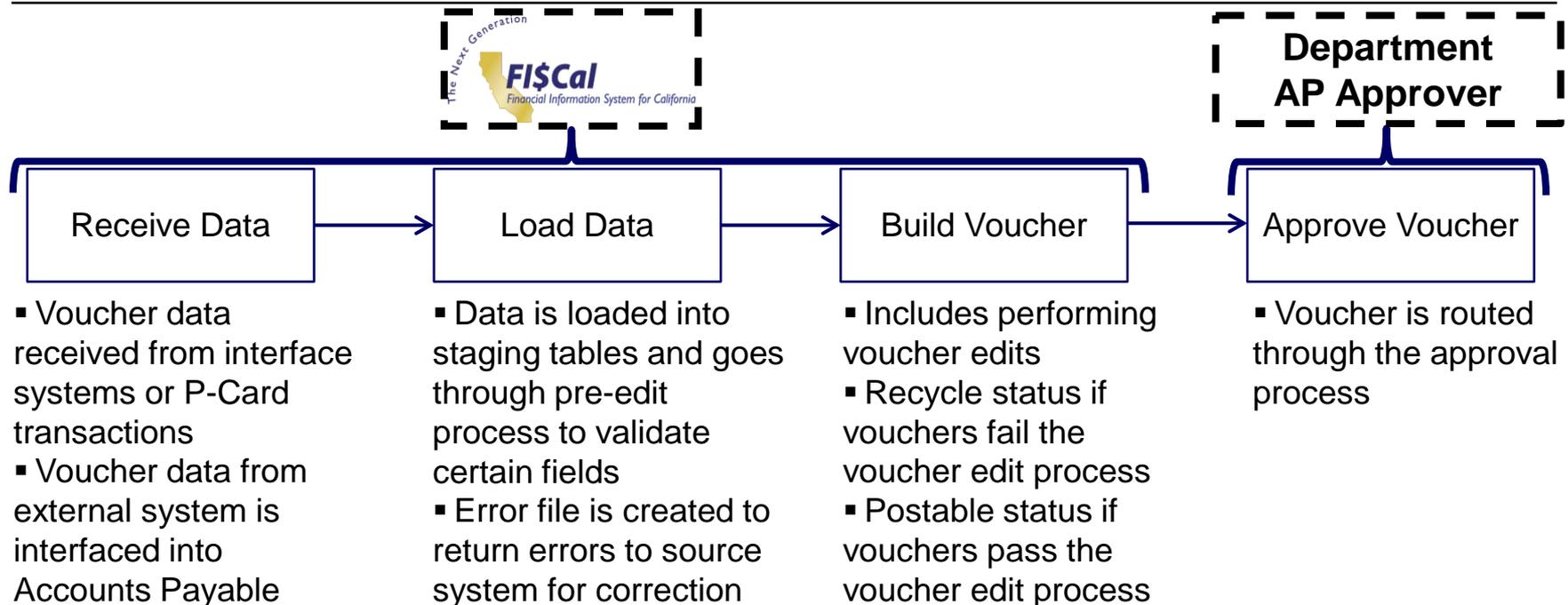
- FI\$Cal replaces paper claims
- Electronic approvals replace wet signatures on the claim schedule
- Multiple funds/appropriations can be associated with one voucher and multiple distribution lines

What is Matching?

- The Matching process compares a voucher with the purchase orders and/or receiving documents and inspection confirming that payments are only made for goods and services that have been ordered, received and inspected
- Matching functionality is not utilized for non-PO invoices
- FI\$Cal requires purchase orders for goods and services provided
- The system will automatically perform matching based on the purchase order
- Match Exceptions can be overridden with proper authorization, when applicable



Upload Voucher



Key Impacts

- FI\$Cal creates vouchers from P-Card transactions and interfaced systems
- Approvals are electronic and based on workflow configured in FI\$Cal

Voucher Approval Hierarchy

Departmental Approver Level 1

- Review and approve within agency
- Typically a supervisor or manager

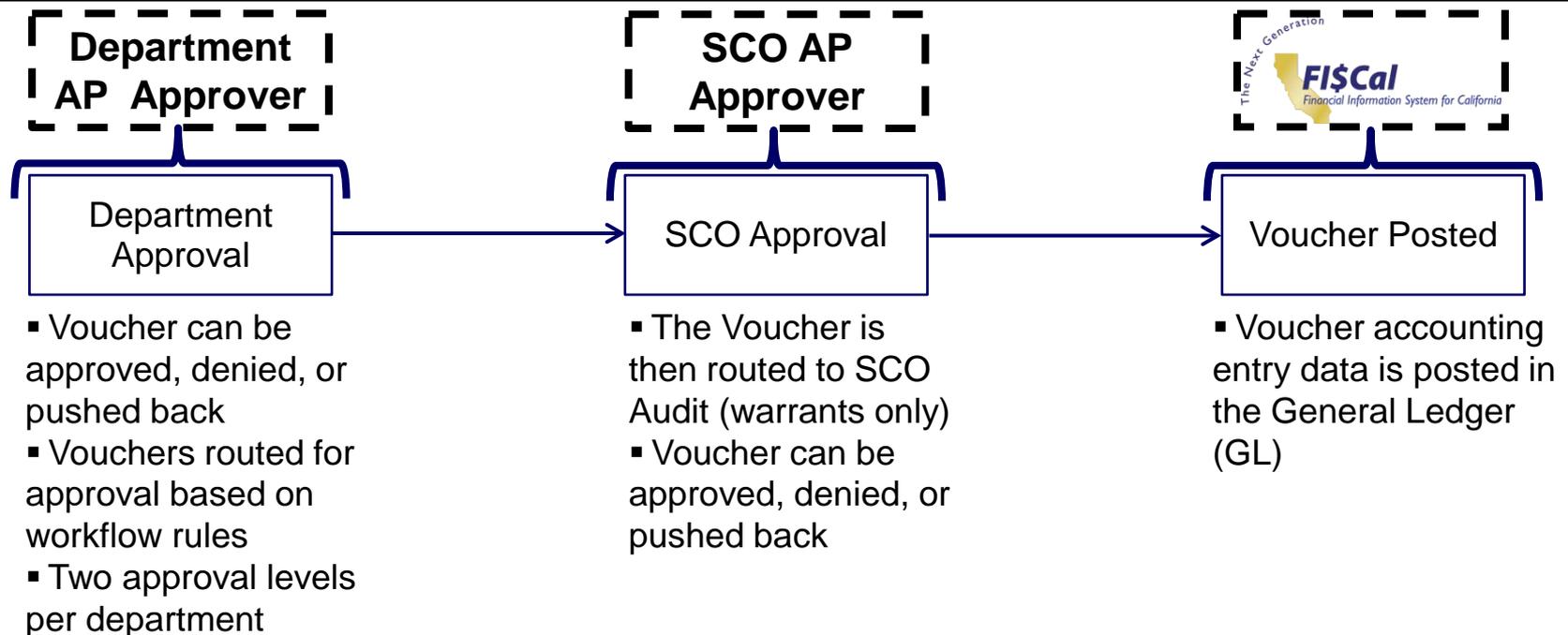
Departmental Approver Level 2

- 2nd-Level department approver
- Accounting Officer/Director

SCO AP Approvers

- Final Approval

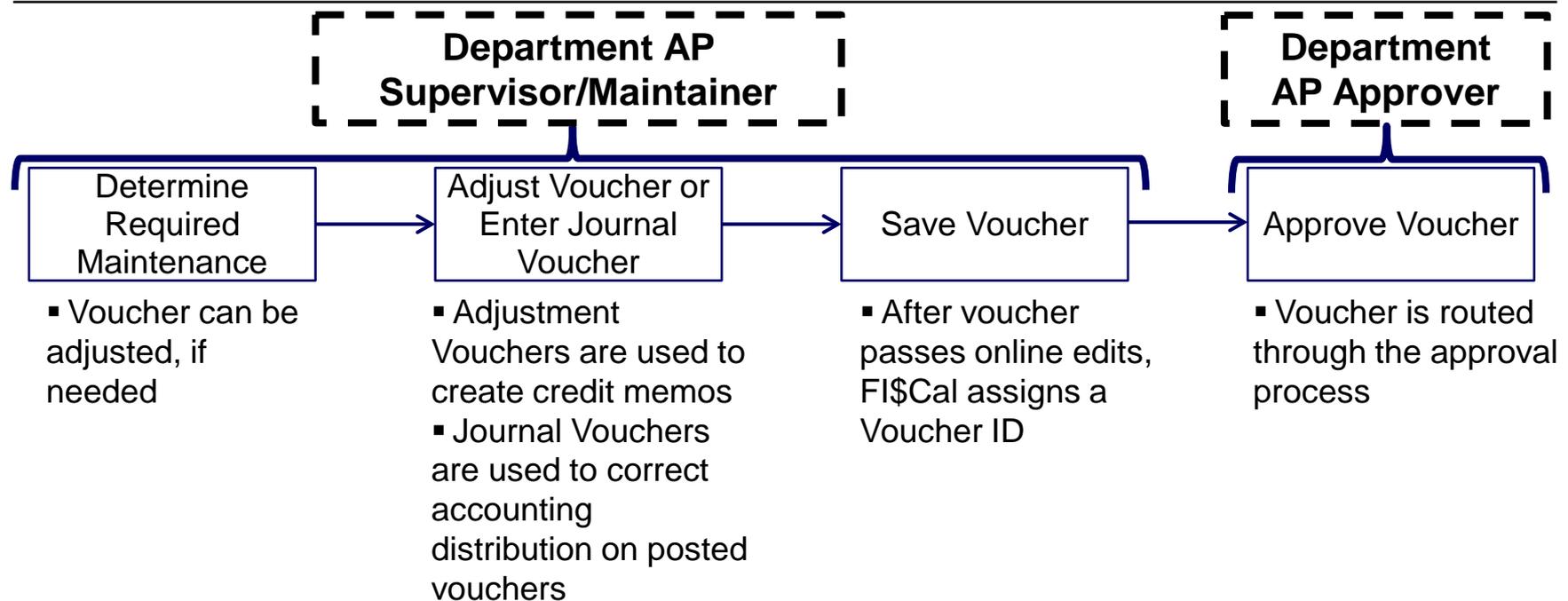
Approve and Process Voucher



Key Impacts

- Approvals are electronic and based on workflow configured in FI\$Cal
- The Accounting Entries to Debit the Expenditure and Credit the AP Liability are automatically recorded in the GL after voucher is approved and posted

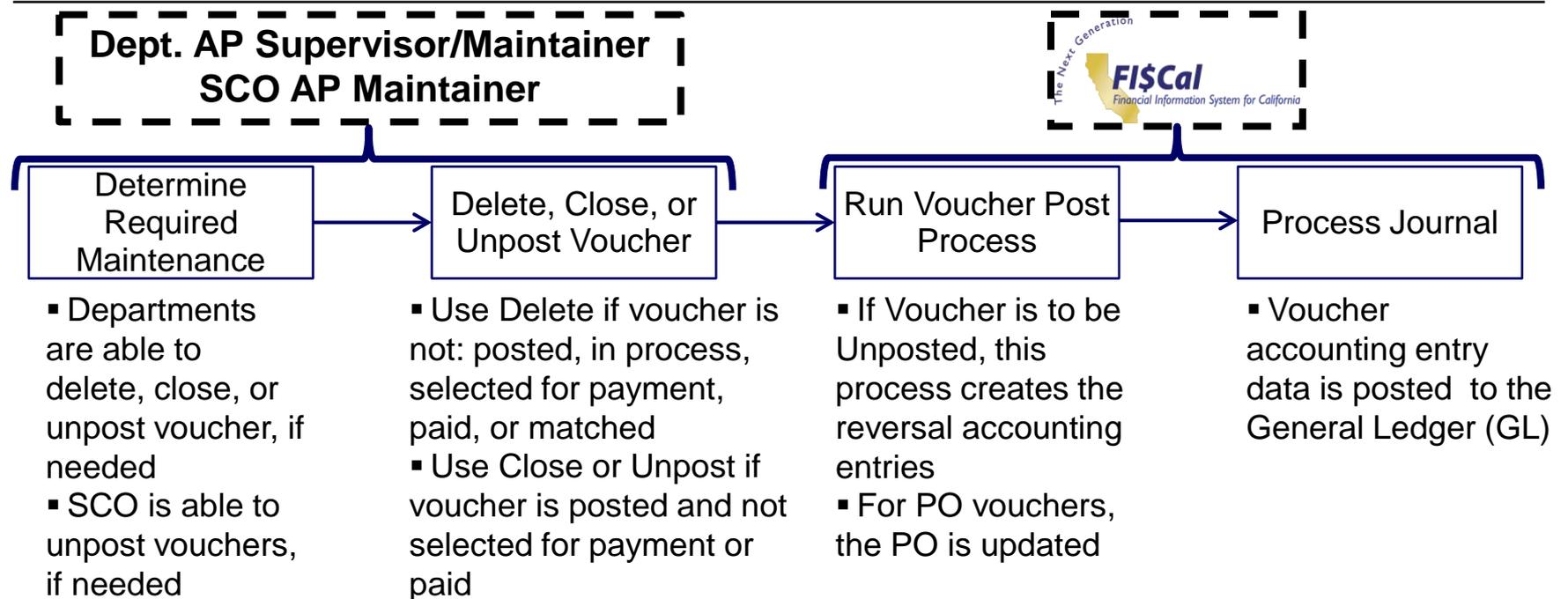
Maintain Voucher – Adjust/Journal



Key Impacts

- The Maintain Voucher process is completed in FI\$Cal
- FI\$Cal routes vouchers for approval

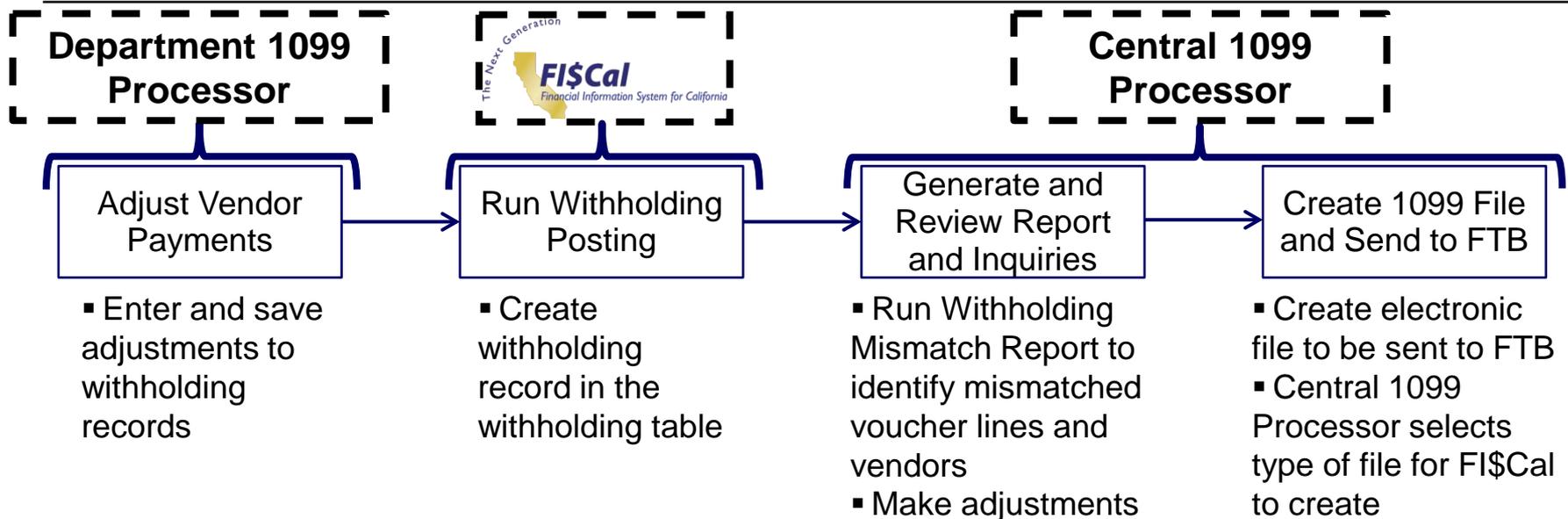
Maintain Voucher – Delete/Close/Unpost



Key Impacts

- The Maintain Voucher process is completed in FI\$Cal
- FI\$Cal updates the PO (if applicable)

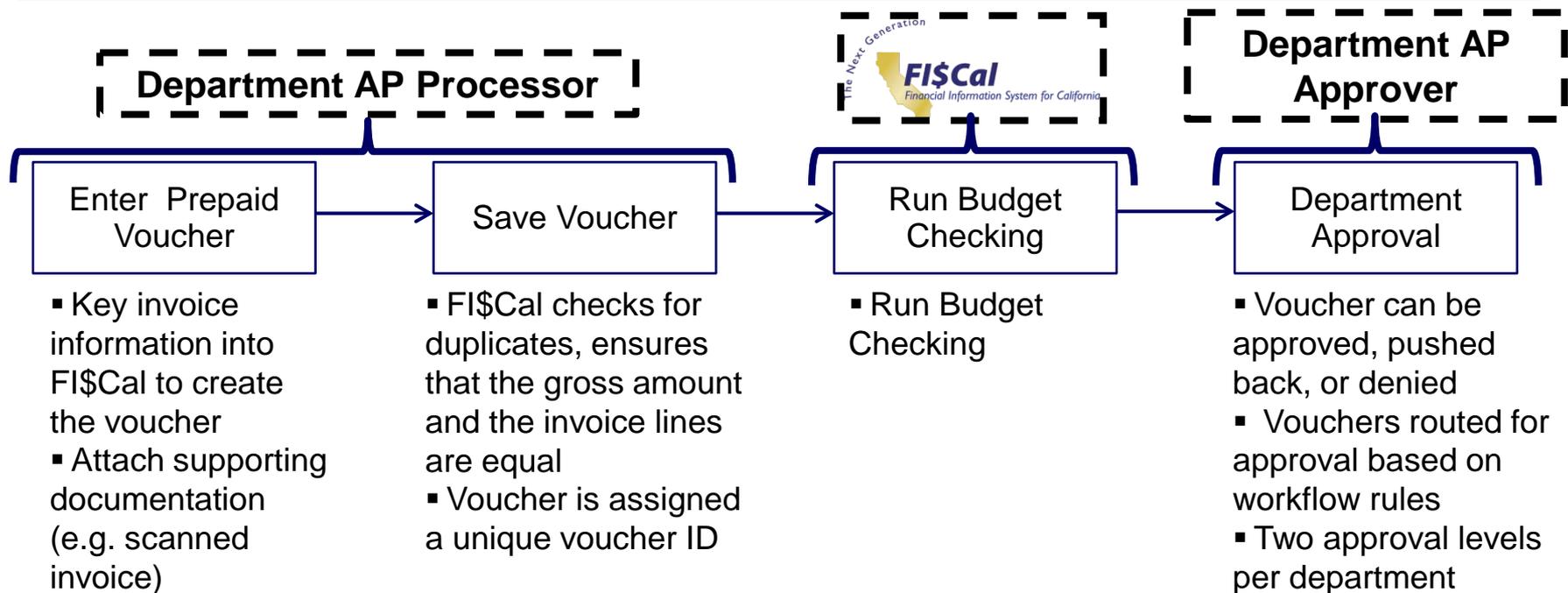
Process 1099 Withholding



Key Impacts

- Payment detail records will be marked with a 1099 flag based on vendor and account classification
- FI\$Cal automates creation of withholding report and helps identify mismatches

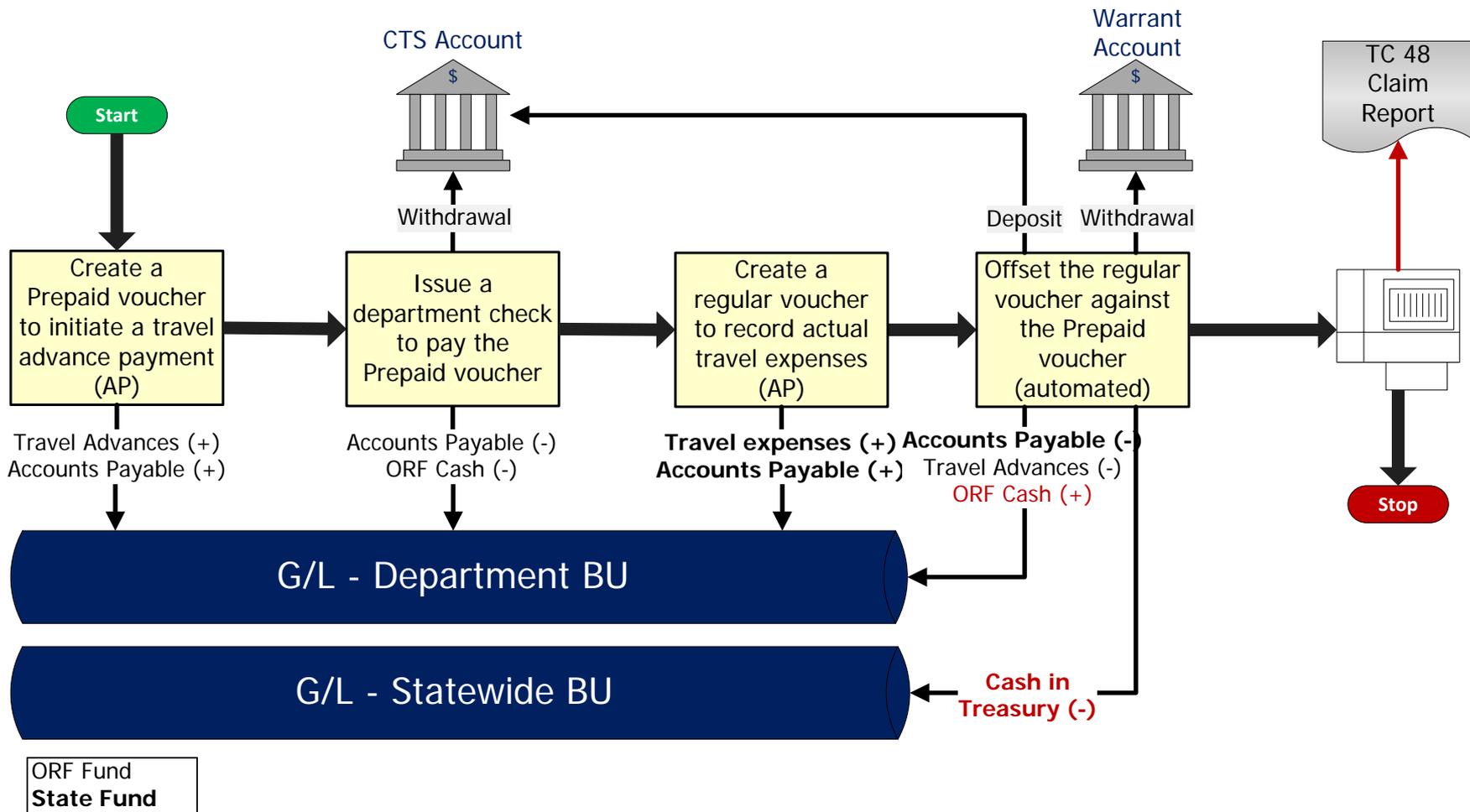
Enter Prepaid Voucher



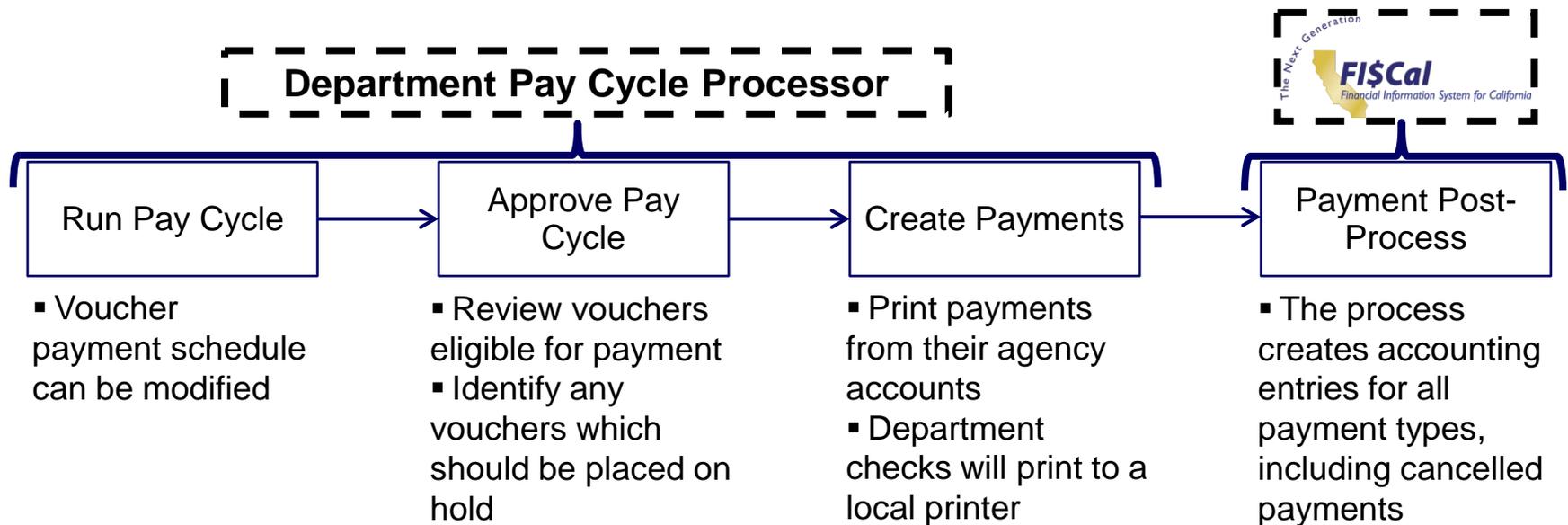
Key Impacts

- Prepaid vouchers will be used for travel and vendor advances
- Approvals will not be required for CalATERS vouchers within FI\$Cal
- Vendor ORF payments for immediate need will also use the prepaid voucher

Prepaid Voucher Accounting



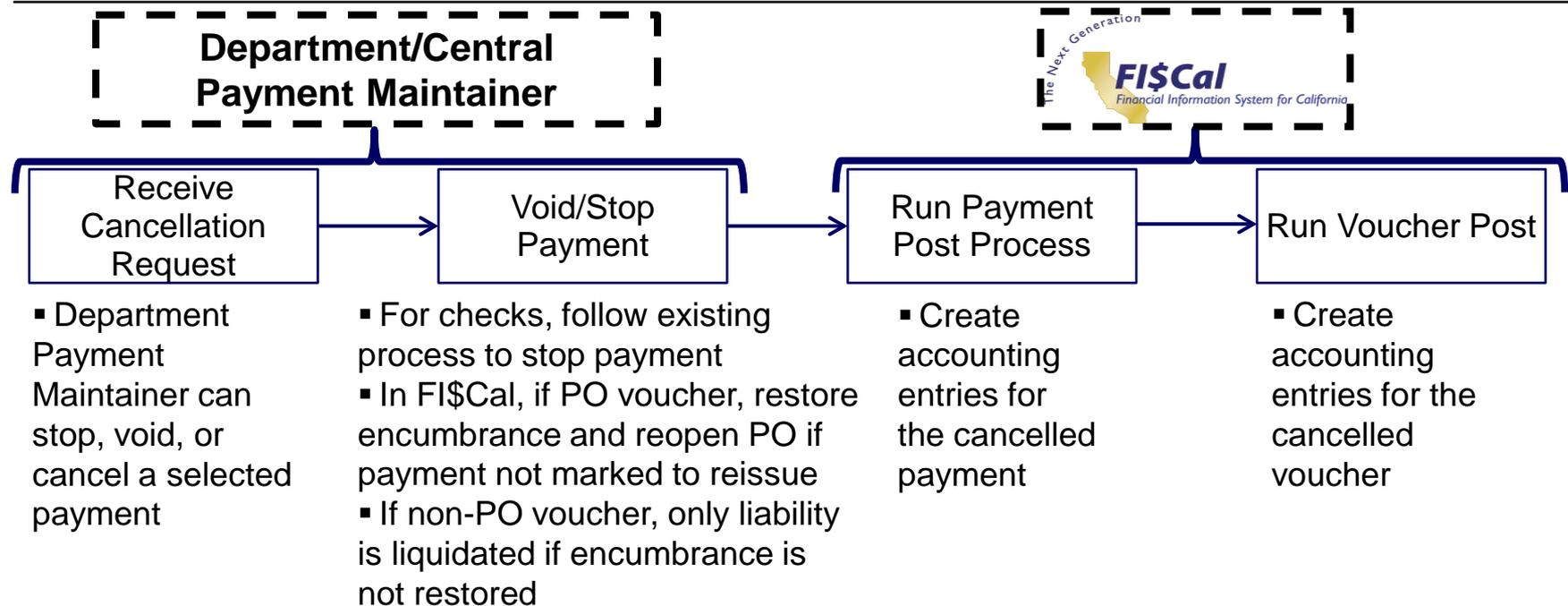
Run Pay Cycle



Key Impacts

- FI\$Cal departments will have the ability to run pay cycle for departmental checks
- Payments from ORF are made within FI\$Cal

Void/Stop Payments



Key Impacts

- Department checks can be stopped, cancelled, or voided in FI\$Cal
- FI\$Cal restores encumbrance (if applicable) and updates accounting entries in the GL

Technology Considerations – Interfaces

Interface	Definition
Inbound Vouchers	An inbound interface that provides high volume creation and payment processing of regular vouchers and single payment vouchers. This interface will not be used for procurement related vouchers.
Outbound Claim Schedule Interface to SCO	An outbound interface that sends an electronic claim to SCO containing payment information for processing within their Legacy Systems. The interface will include payee and remittance advice information along with a unique identifier. All Payments submitted to SCO via this FI\$Cal interface will be paid only by Warrants.
Inbound DEX Interface from SCO	This inbound interface receives warrant information from SCO in the form of a DEX file and imports the data into FI\$Cal. The corresponding vouchers are updated with the payment information.

Technology Considerations – Interfaces

Interface	Definition
Inbound CalATERS Travel Advance Detail	<p>This inbound interface processes travel advances and loads the travel advances data into FI\$Cal staging tables. The voucher build process takes the data and creates Approved pre-paid vouchers for payment processing in FI\$Cal. The ORF checks will be generated in FI\$Cal and delivered to employees.</p>
Outbound CalATERS Check Detail	<p>This outbound interface captures payment information to maintain ORF data in the CalATERS system. The file contains check information issued from department ORF funds that map to CalATERS travel advances.</p>
Inbound CalATERS Expenditure and Payment Detail	<p>Inbound interface that sends CalATERS expenditure data, recovered travel advance data, and payment information for uploading and reconciliation in FI\$Cal.</p>

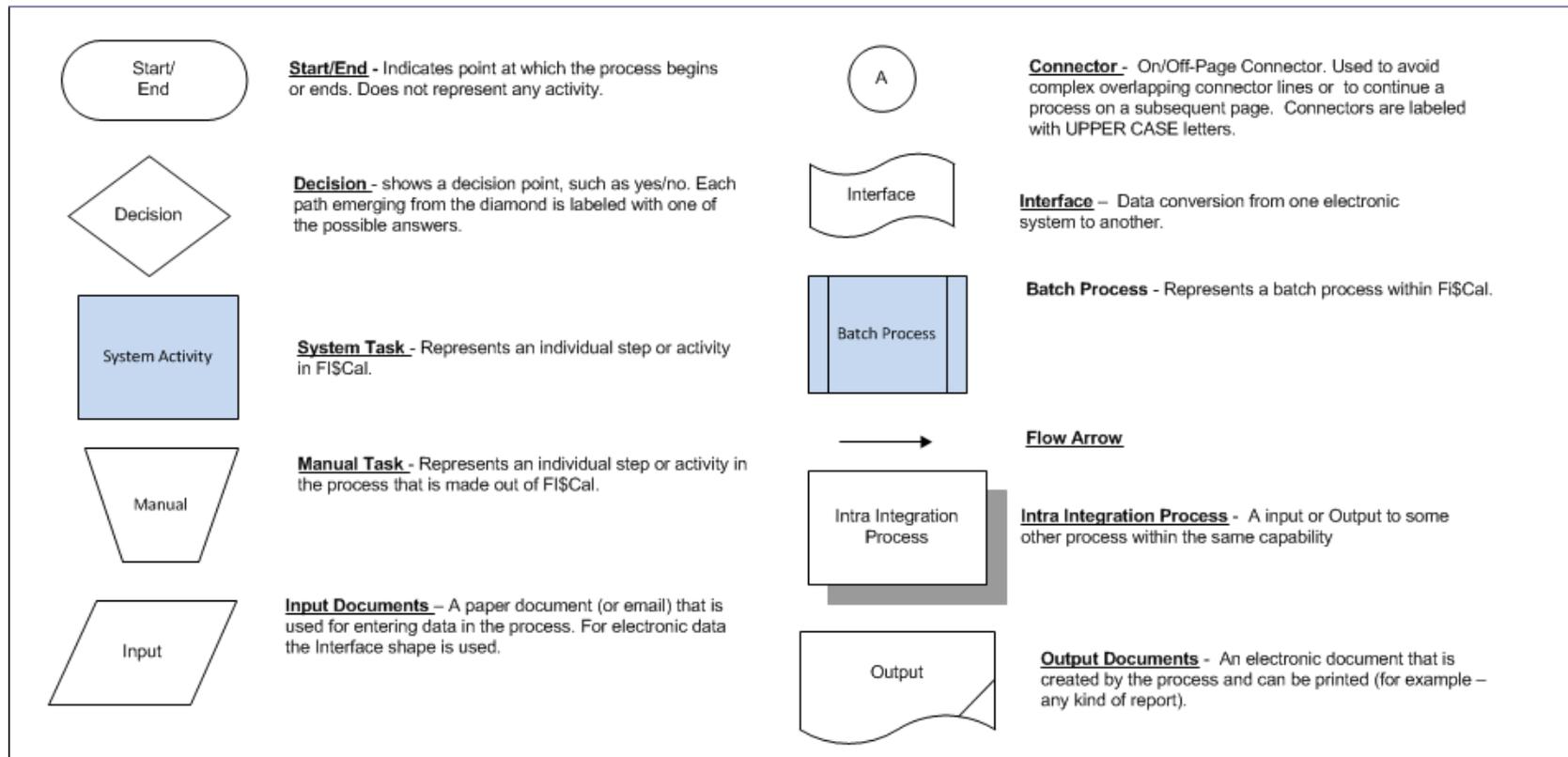
Technology Considerations – Interfaces

Interface	Definition
Positive Pay Checks Interface to STO (Outstanding Checks/Stops)	This outbound interface provides STO with a file that lists the payments that are authorized for processing by STO. At the end of the day, payment information containing all outstanding checks and stop payments is generated and transmitted to STO.
Franchise Tax Board (FTB) 1099	An outbound interface to send the FTB 1099-MISC, 1099-I, and 1099-G information based on an IRS-provided layout. 1099 balances will be sent to the FTB from FI\$Cal.

Technology Considerations – Conversions

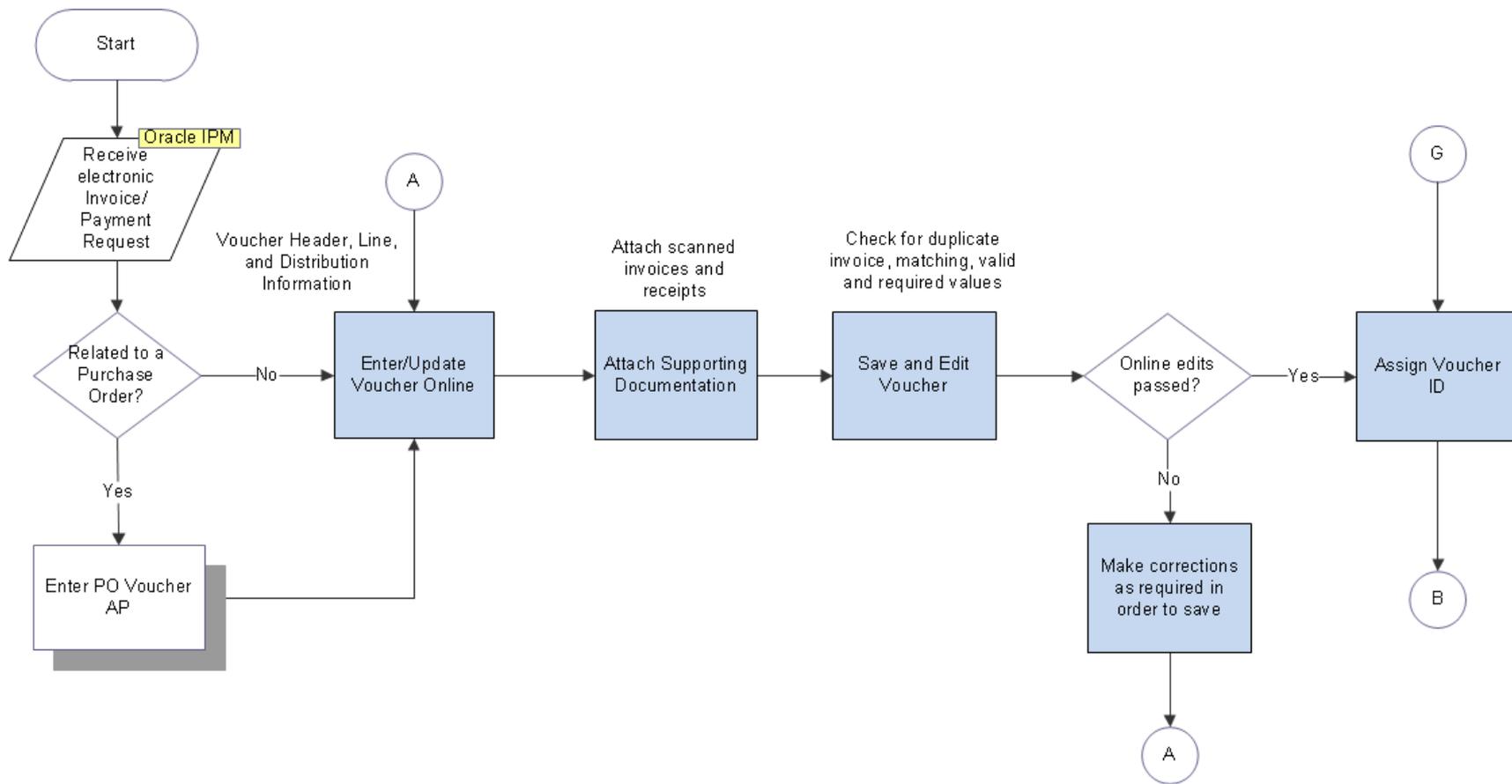
Conversion	Definition
Unreconciled AP Payments	<p>Unreconciled Accounts Payable Agency Payment data will be converted from Legacy Systems into PeopleSoft database. Only the payments which are paid but unreconciled with the bank at the time of conversion should be sent for conversion; all other payments should not be converted. This conversion will only apply to Unreconciled checks (i.e. ORF, General Cash, Agency Revolving) and not claims/warrants.</p>
1099 Balances	<p>The Reportable Payment detail from January - June of the 2015 calendar year will be converted into FI\$Cal's database for year end 1099 processing.</p>
Outstanding Items	<p>Any outstanding Travel Advances and Salary Advances as of year-end will be manually entered into FI\$Cal via vouchers and GL journals.</p>

Guide to Symbols in Flows

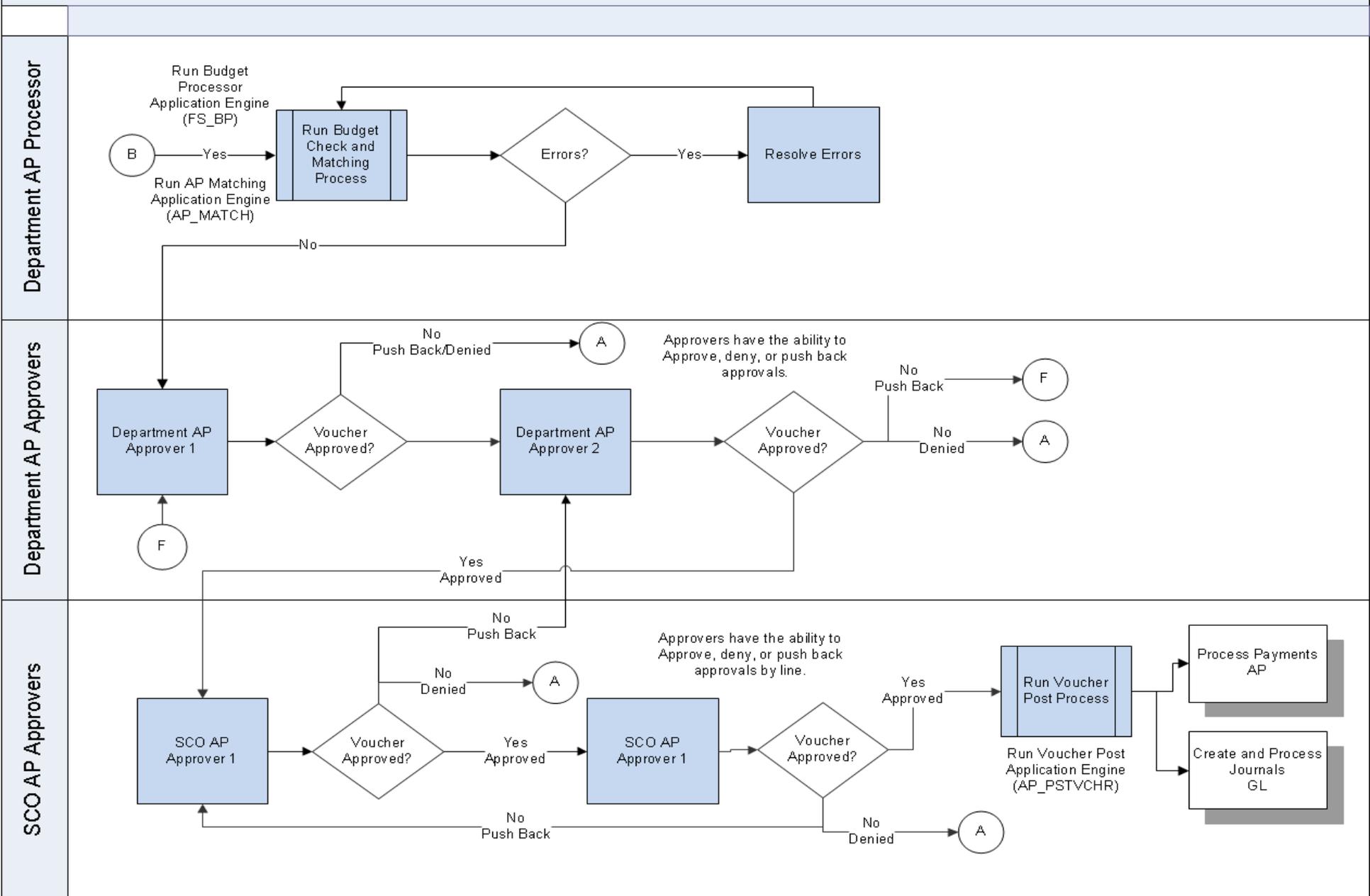


AP Enter and Process Vouchers – Enter Voucher

Department AP Processor

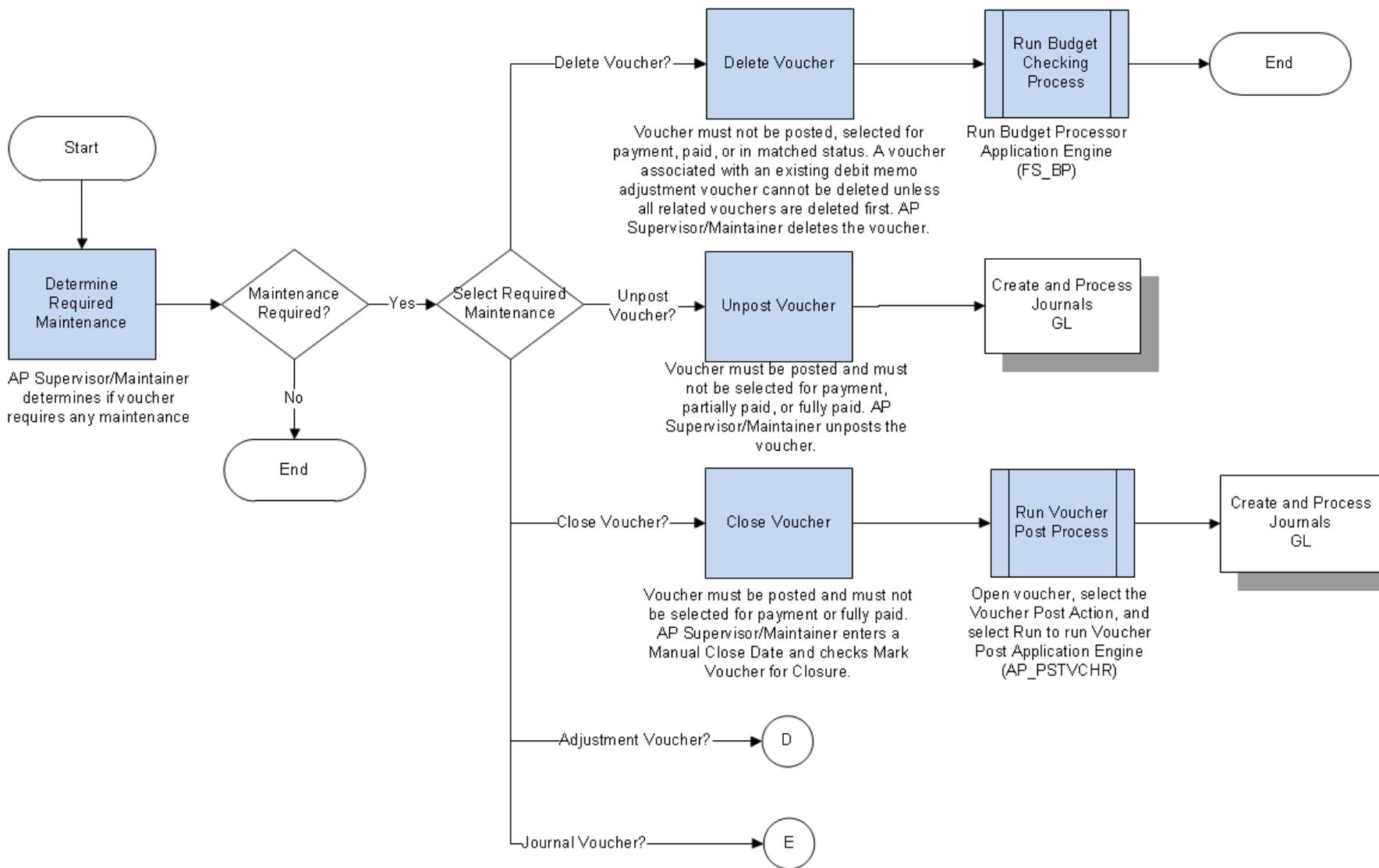


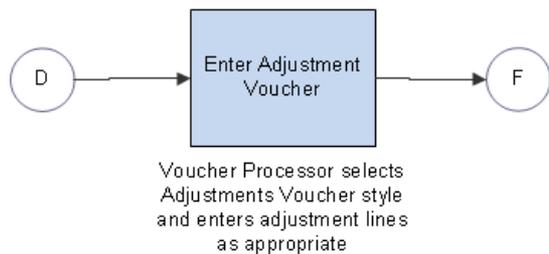
AP Enter and Process Voucher – Process Voucher



AP Enter and Process Voucher – Maintain Voucher

Department AP Supervisor/Maintainer
SCO AP Maintainer

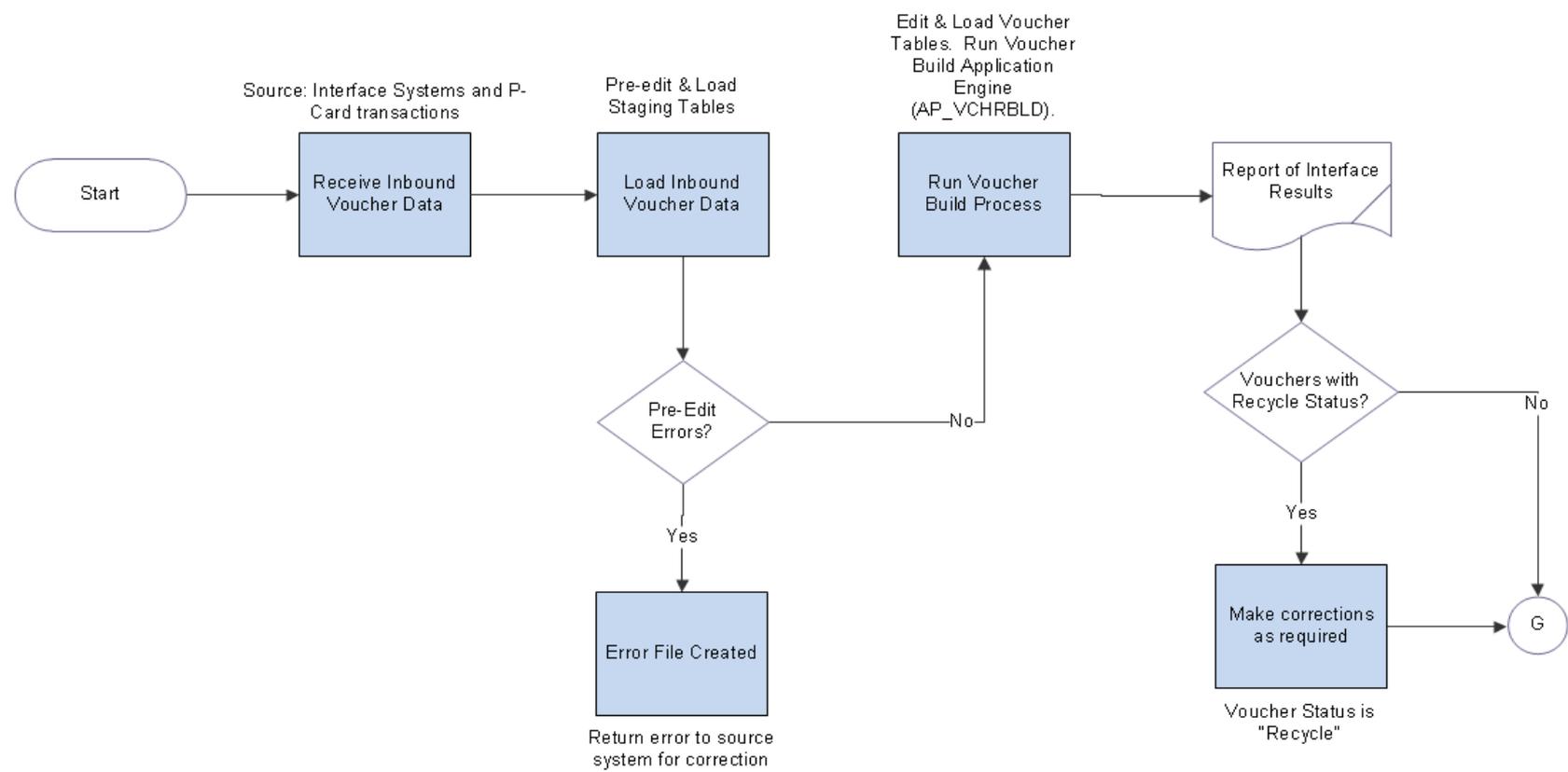


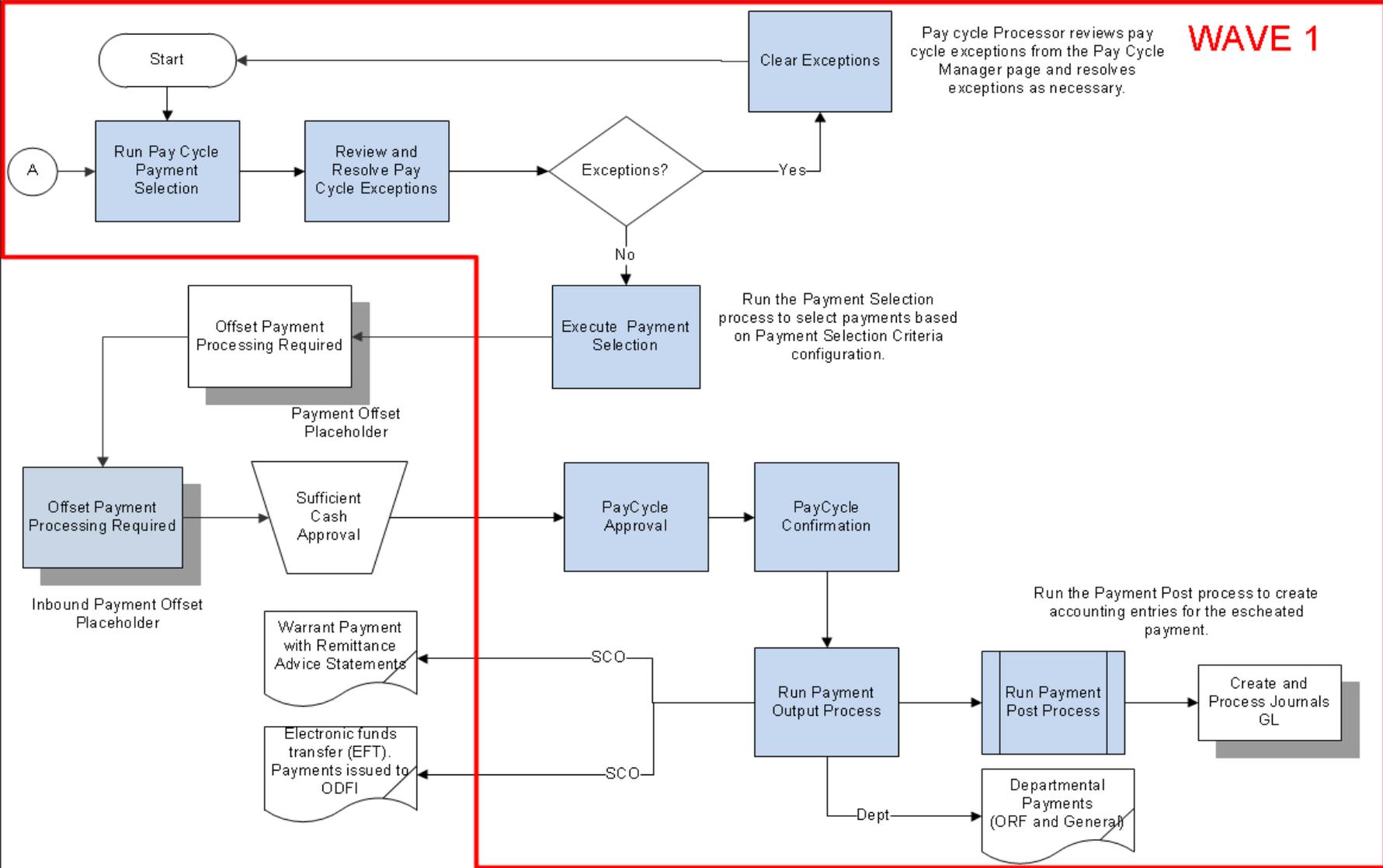


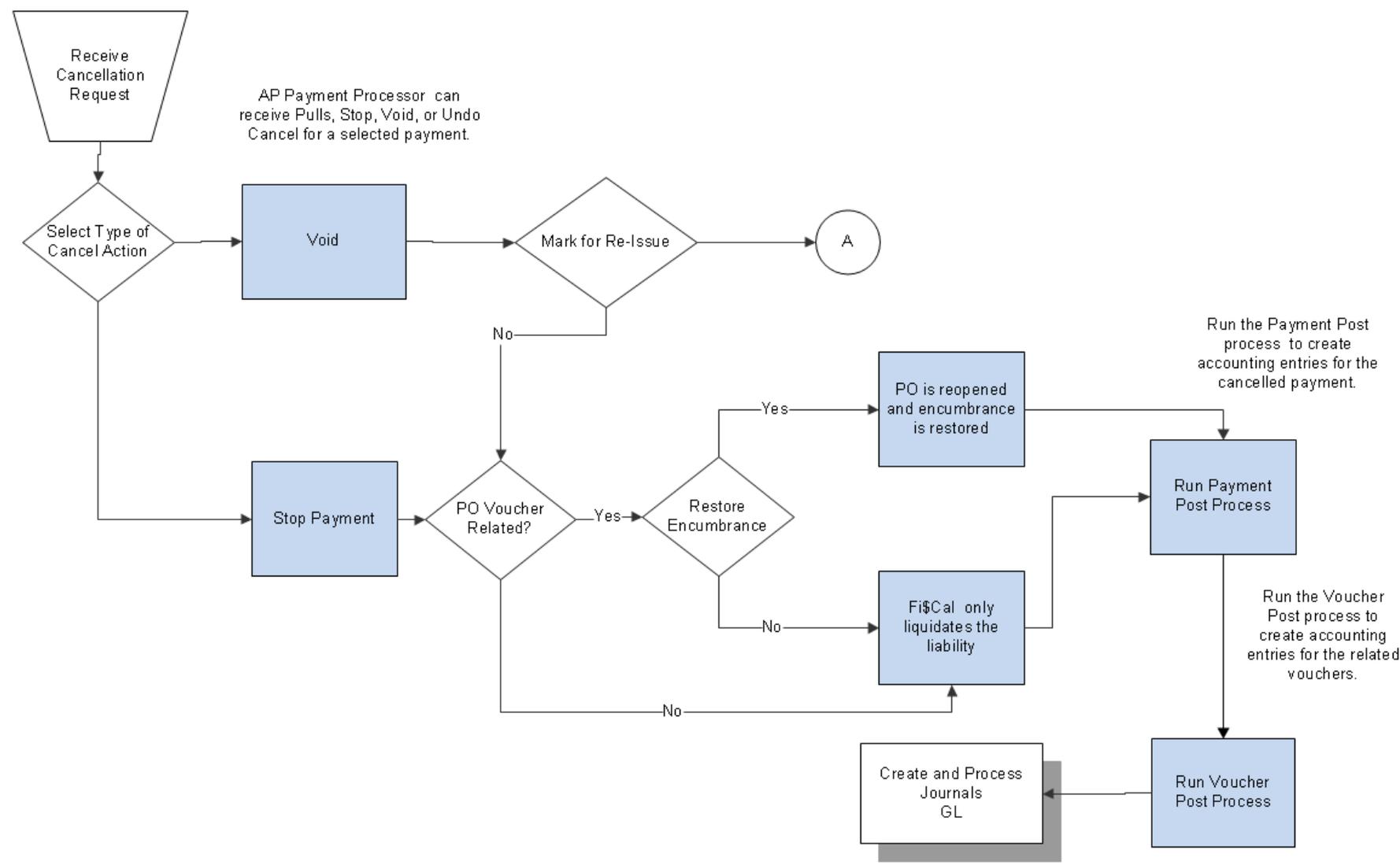
Voucher Processor selects Adjustments Voucher style and enters adjustment lines as appropriate

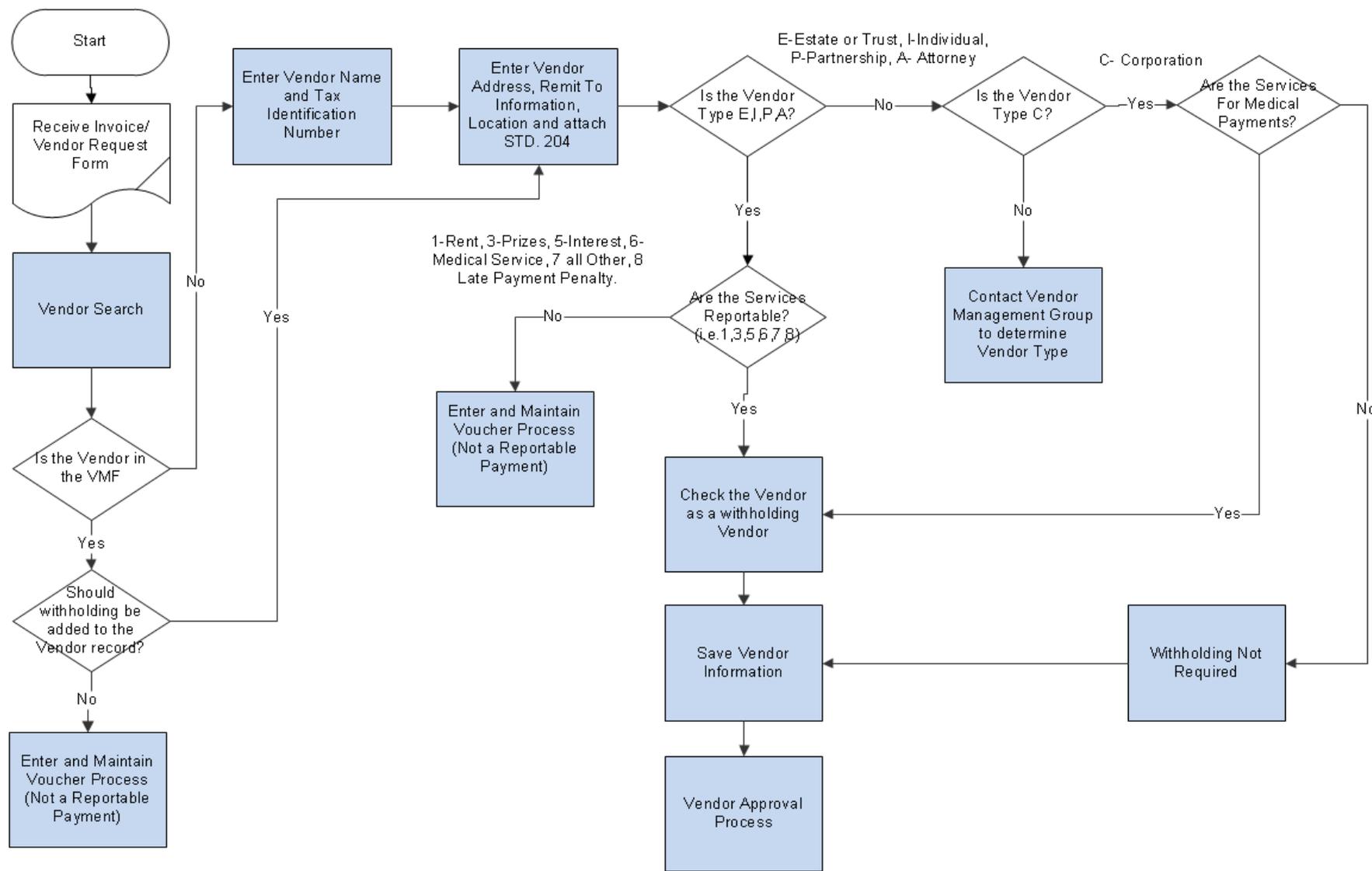


Voucher Processor selects Journal Voucher style, enters voucher header information, enters new distribution lines, and links to related voucher. A journal voucher is used to correct accounting distribution (chartfields)



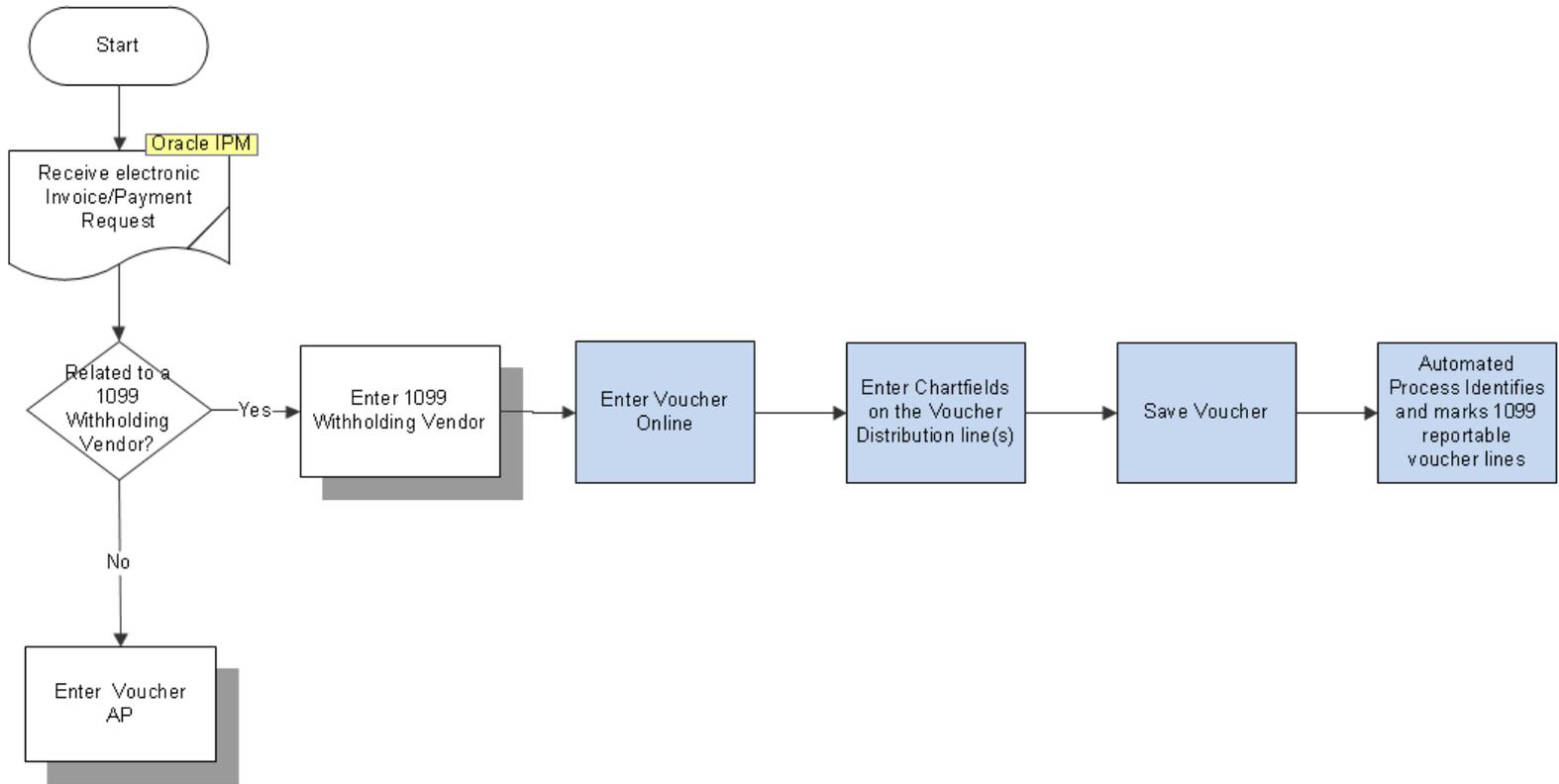




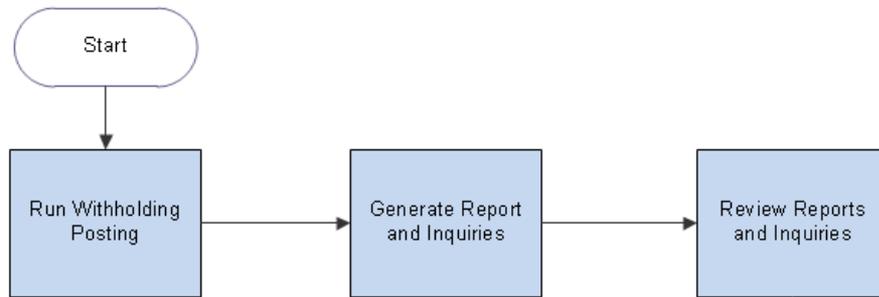


AP Enter and Process Vouchers – Enter 1099 Voucher

Department AP Processor



Central 1099 Processor



1099 Processor runs and reviews the Withholding Mismatch Report as well as reviews online inquiries

Department/Central Vendor Processor

