



FI\$Cal

Financial Information System for California

Conference Room Pilot

General Ledger

1 of 2

October 22, 2014

Housekeeping

- A copy of the presentation will be shared with attendees 1 week from the presentation date

- Breaks
 - AM Break – approx. 10:30am

- Restrooms
 - Main hall to right

Agenda

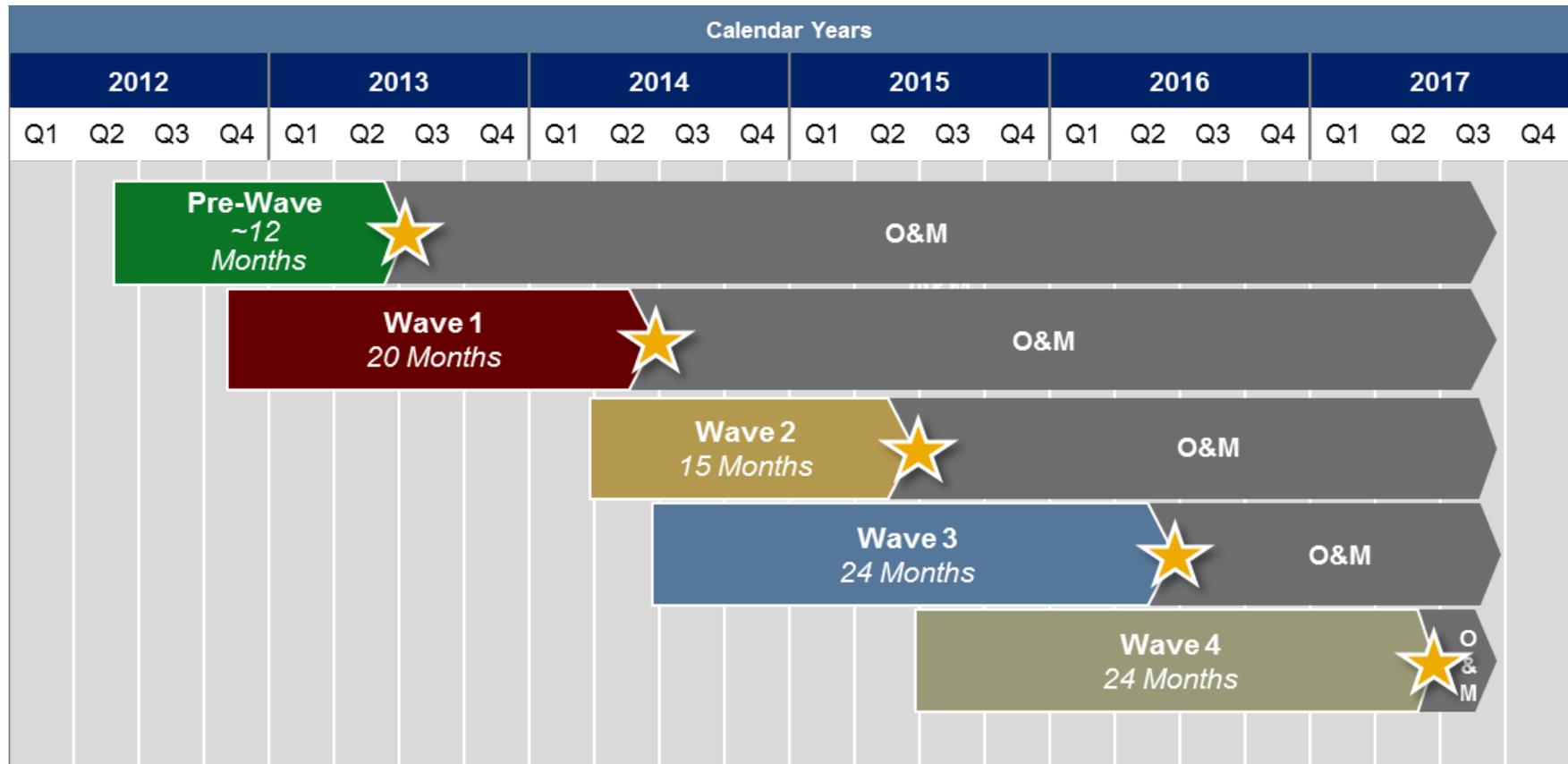
- FI\$Cal Project Overview
- Wave 3 CRP Objectives and Approach
- FI\$Cal Solution Overview
- General Ledger
 - Key Terms
 - Business Process Overview
 - Scenarios Overview
 - Covered Requirements
- Session Recap

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



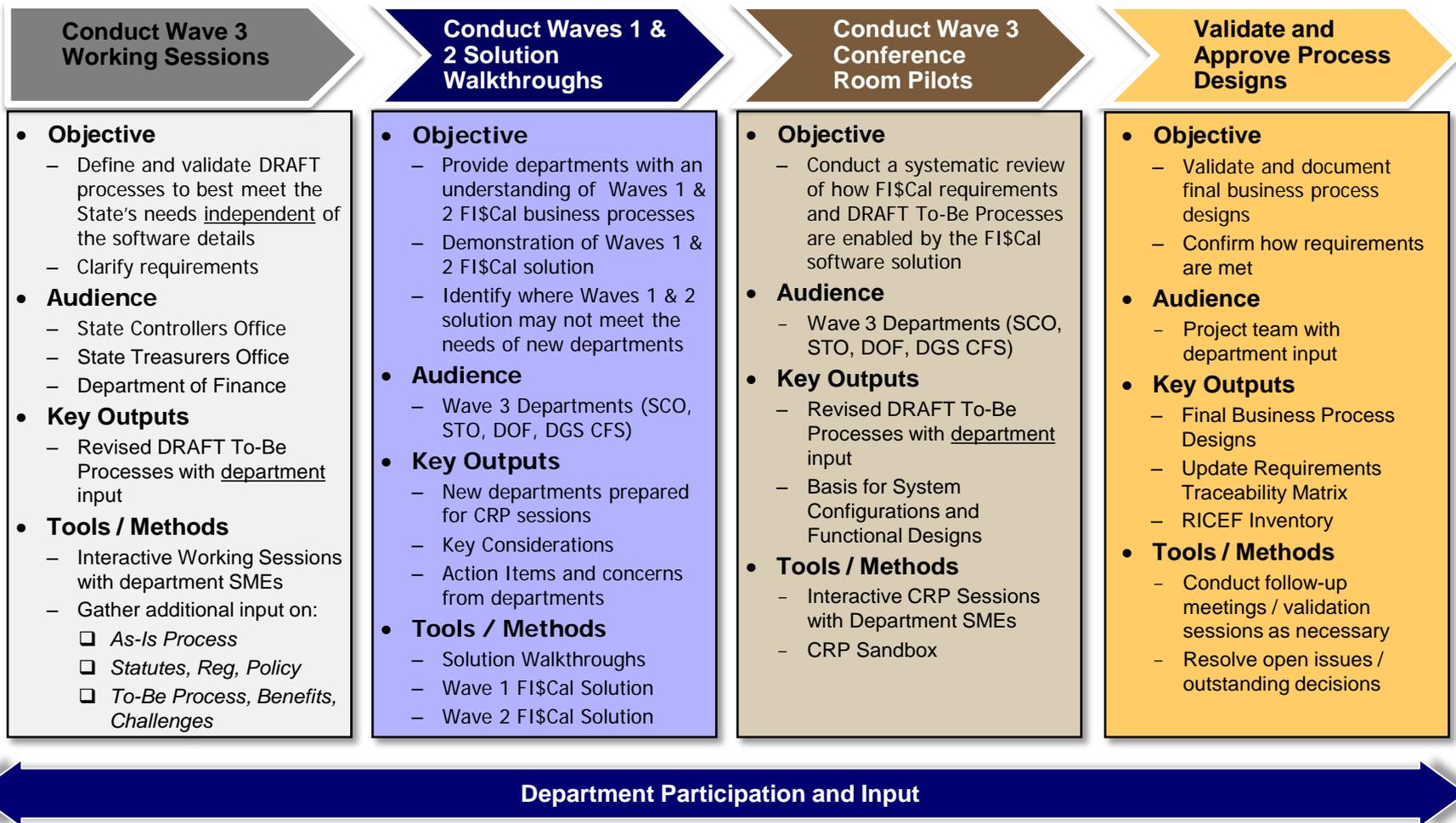
CRP Objectives

- The Wave 3 CRPs will:
 - Facilitate interactive discussion on “To-be” state business processes
 - Demonstrate delivered software capabilities to meet state requirements
 - Confirm application requirements and identify gaps where business needs are not satisfied by standard software functionality
 - Identify critical concerns/issues for each process area

Business Requirements

- What is a Business Requirement?
 - Business requirements specify the functionality of an application
 - Business requirements collectively represent the “To-Be” state of a system
 - Requirements denote common functionality across all Departments
 - The FI\$Cal project team contracted with Informatix to facilitate Joint Application Development (JAD) sessions with all partner and stakeholder departments to tailor the baseline requirements to the FI\$Cal project in 2006
 - State conducted several rounds of review of the requirements in the past few years
 - The current baseline requirement list is taken from the FI\$Cal RFP

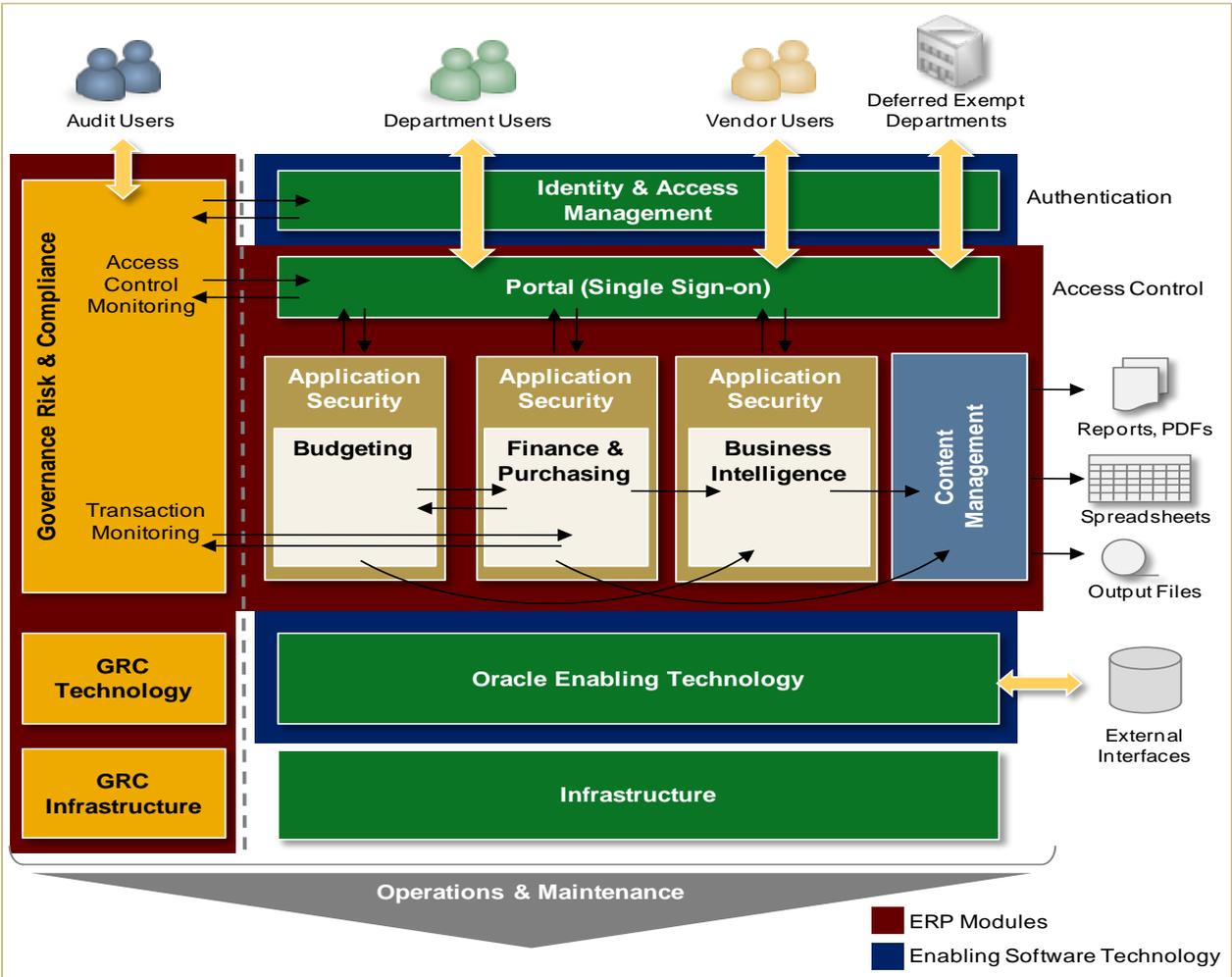
FI\$Cal Design Approach



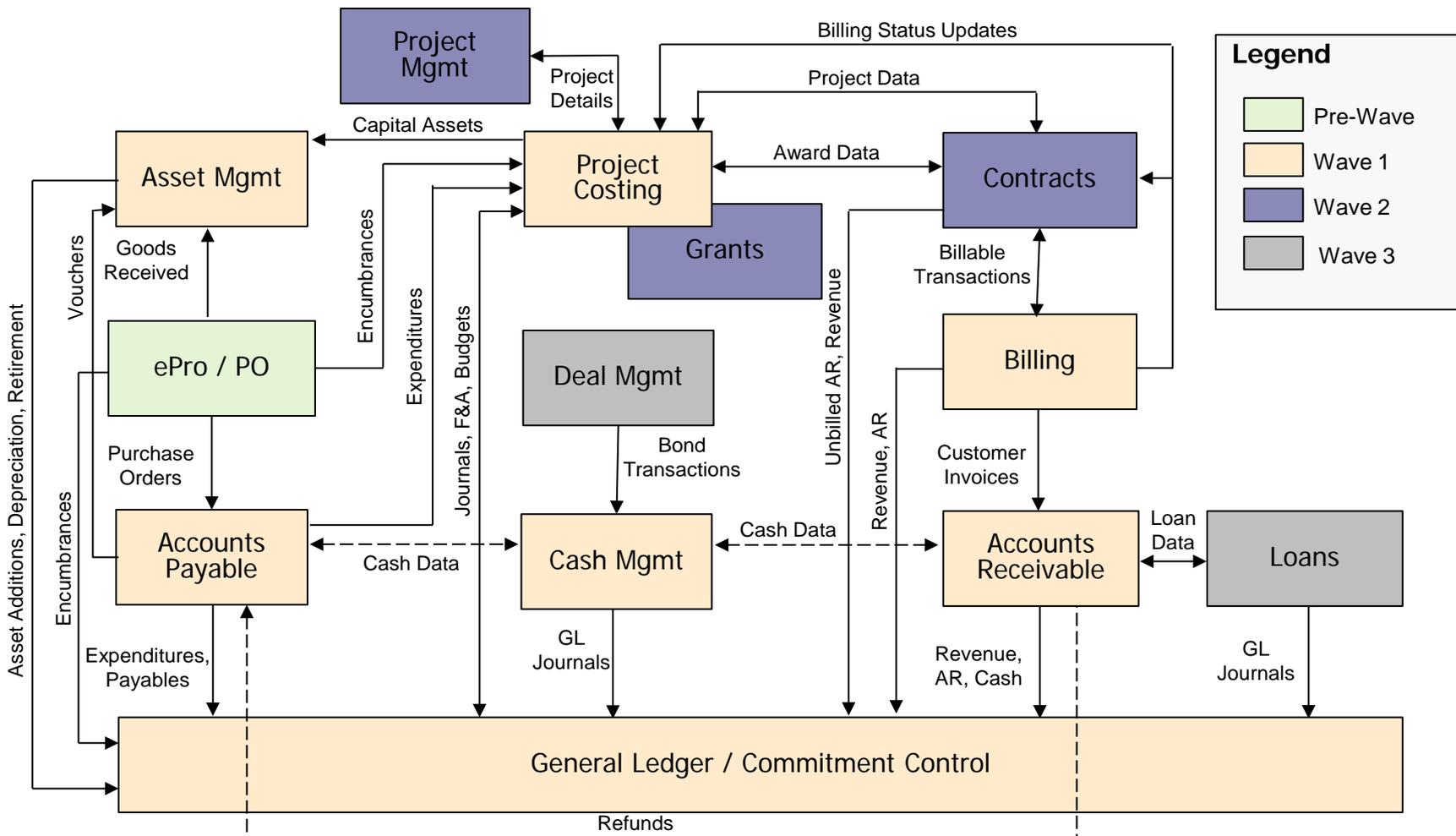
Ground Rules & Guiding Principles

- 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 – it is better to ask than assume
- Consider business process changes
- Think of the data and information you require

FI\$Cal Solution Overview



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: Loan Accounting	11/12/14	9:00 – 12:00	Jade - Evergreen
CRP: Bond Accounting	11/19/14	9:00 – 12:00	Ruby - Evergreen
CRP: Cash Management	11/19/14	1:00 – 4:00	Jade - Evergreen

Wave 3 General Ledger Topics

- 10/22/2014 – General Ledger Session 1
 - Cash Validation
 - Journal Approval Workflow
 - Financial Statements

- 11/05/2014 – General Ledger Session 2
 - Book of Record
 - Conversion of ledger balances
 - Integrating Future Wave and Deferred/Exempt Departments
 - PMIA Accounting
 - Accountability Accounts

Key GL Concepts and Terms

- General Ledger (GL) transactions are **journals**
- Journals post to **ledgers**
- The FI\$Cal GL has three ledgers
 - Modified Accrual basis of accounting
 - Cash basis of accounting
 - Accrual basis of accounting
- Encumbrances are posted to Commitment Control ledgers, not to the GL ledgers
- Subsystems (AR, AP, etc.) create **accounting entries**
- Subsystem accounting entries are summarized into journals by the **Journal Generation** process

Scenario 1 – Cash Validation

ID		Requirement Description
AP	12.00	The System shall allow an authorized user to audit/verify all state disbursements for appropriation authority and sufficient cash balance prior to issuing a payment.

Scenario 1 – Cash Validation

Highlights: Overall

- Cash Validation is systematic transaction editing to prevent the posting of transactions that would cause specified funds' cash balances to become negative
- Applies to many transaction types, not only payments from AP
- Upon successful validation, updates fund cash balances in real time
 - Does not impact cash balances maintained in the GL
 - Separate “available cash” balances are maintained for Cash Validation
- Validation failures can be overridden by authorized users
- Configuration specifies the funds subject to Cash Validation and the Accounts that are considered “cash”
- Is a complex enhancement

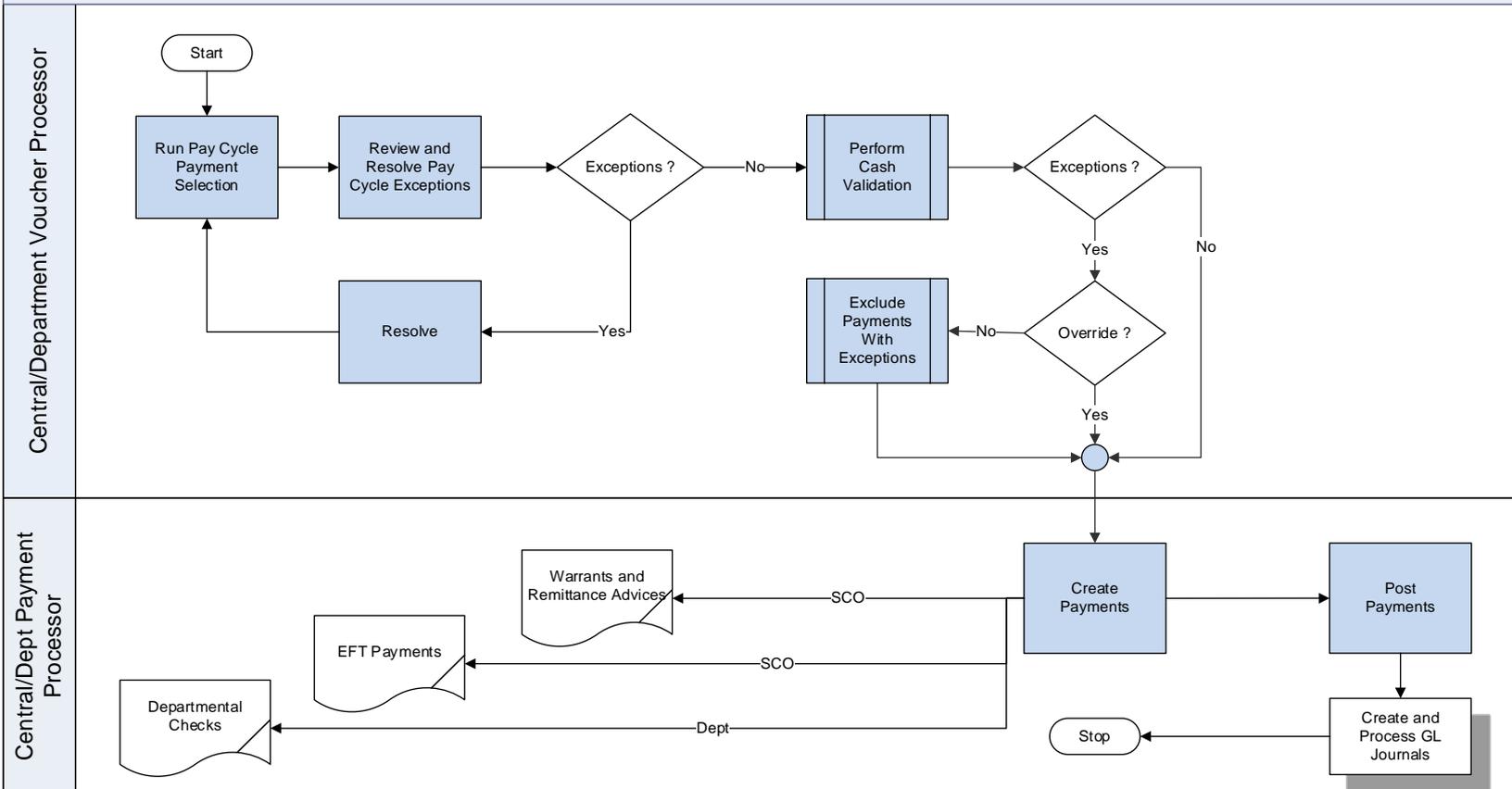
Scenario 1 – Cash Validation

Highlights: Payment Processing

- Cash availability is verified at the time of payment, not at the time of voucher entry, approval or posting
- Cash Validation occurs by fund
 - If insufficient cash exists in a fund to pay all vouchers selected for payment from that fund, none of the vouchers will be paid
 - Split funded vouchers will not be paid unless all referenced funds have adequate cash
- An override capability will allow vouchers failing Cash Validation to be “force paid” in a subsequent payment cycle
- Vouchers failing Cash Validation that are not “force paid” will continually be selected for payment until sufficient cash is available

Scenario 1 – Cash Validation

AP Process Payments – Run PayCycle



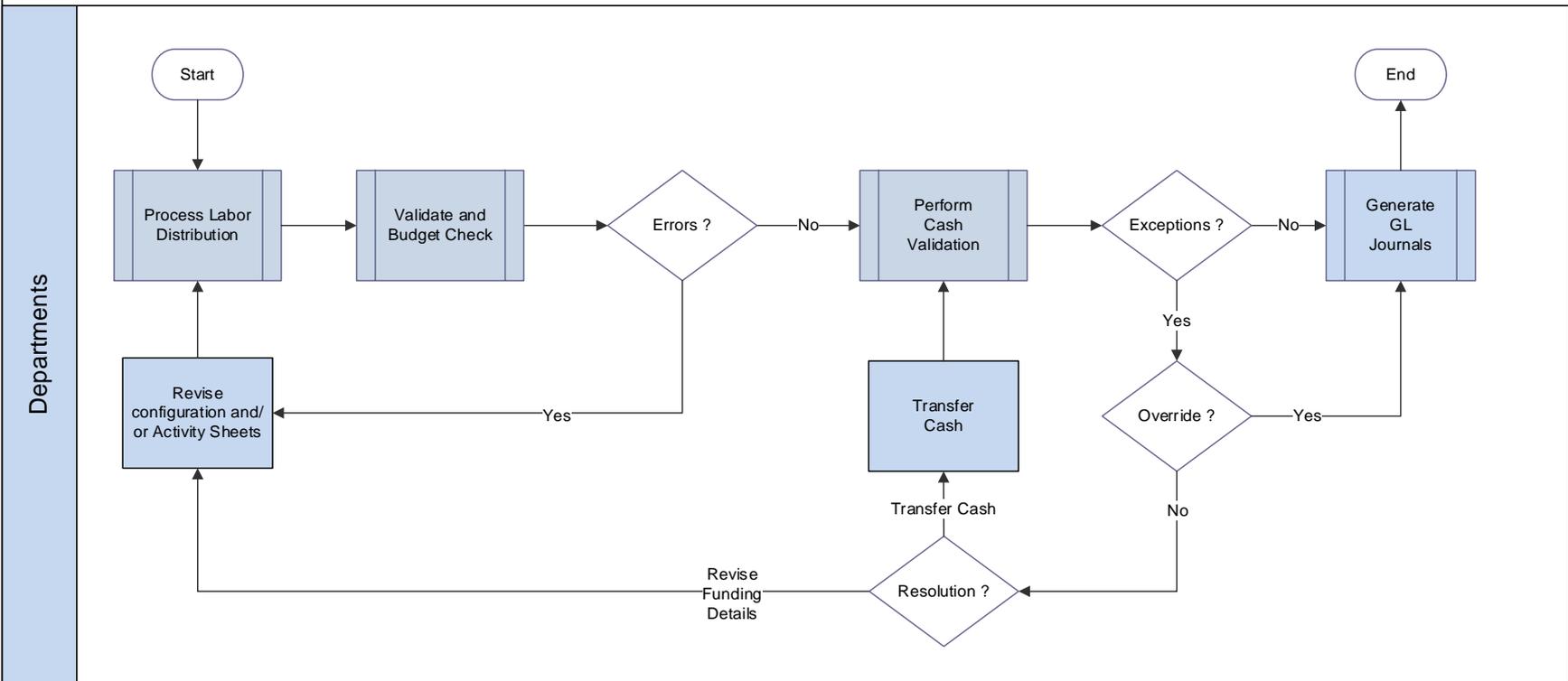
Scenario 1 – Cash Validation

Highlights: Labor Distribution:

- Labor Distribution (“LD”) accounting entries are subject to Cash Validation prior to being Journal Generated.
- If any of an employee’s LD accounting entries fail Cash Validation, all of that employee’s accounting entries (for the affected pay period) are withheld from the General Ledger until the Cash Validation exception is resolved
 - Resolution can involve use of an alternate fund, or transferring cash into the fund used

Scenario 1 – Cash Validation

Process Labor Distribution

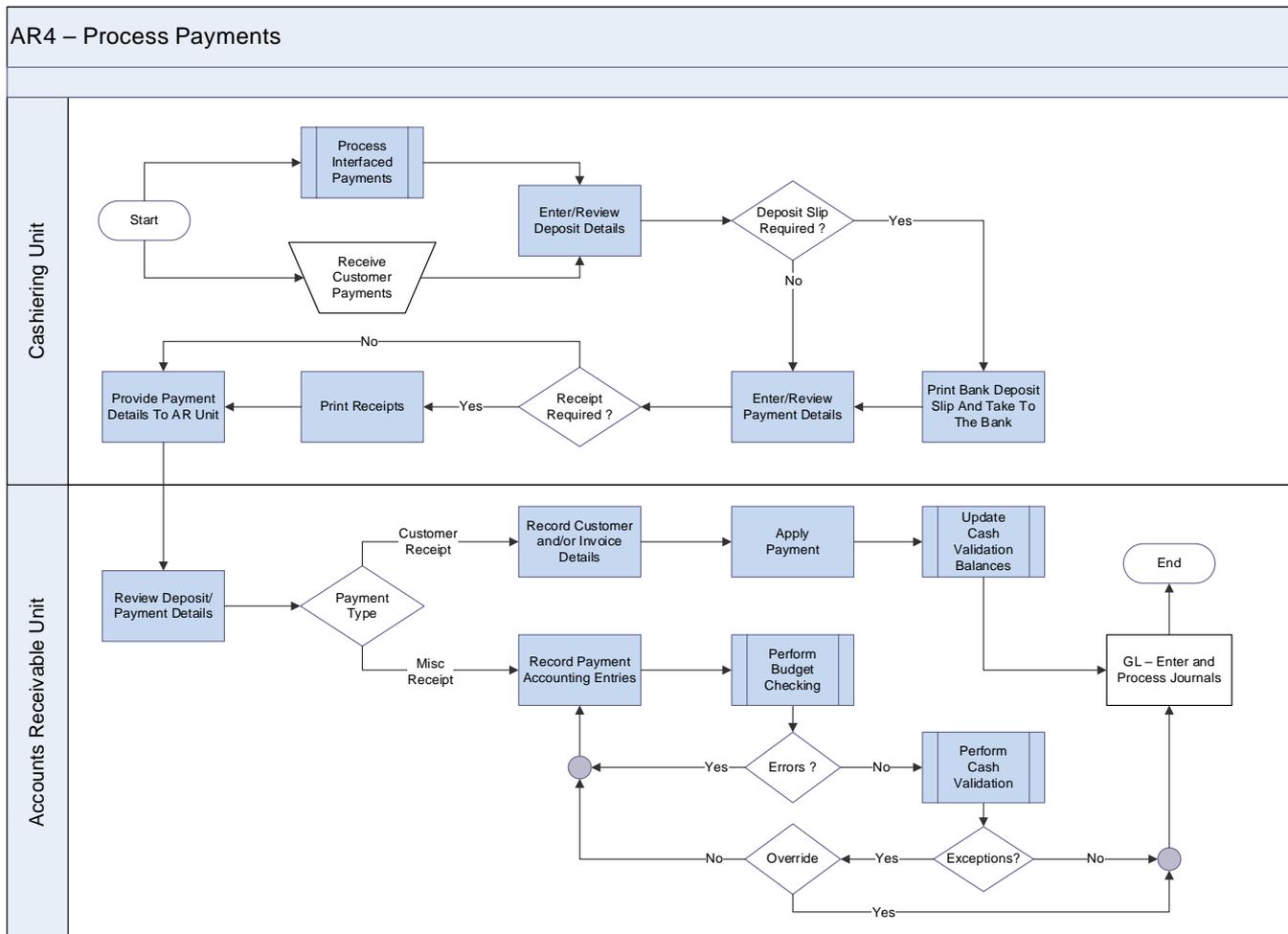


Scenario 1 – Cash Validation

Highlights: Cash Receipts (AR)

- Cash Receipts are subject to Cash Validation so that:
 - The “available cash” balances used by Cash Validation are updated as money is received
 - Transactions that reduce funds’ cash are appropriately validated, i.e. “negative deposits” for error corrections and adjustments
- Miscellaneous Receipts (“Direct Journal Payments”) failing Cash Validation are withheld from the GL until resolved or overridden

Scenario 1 – Cash Validation



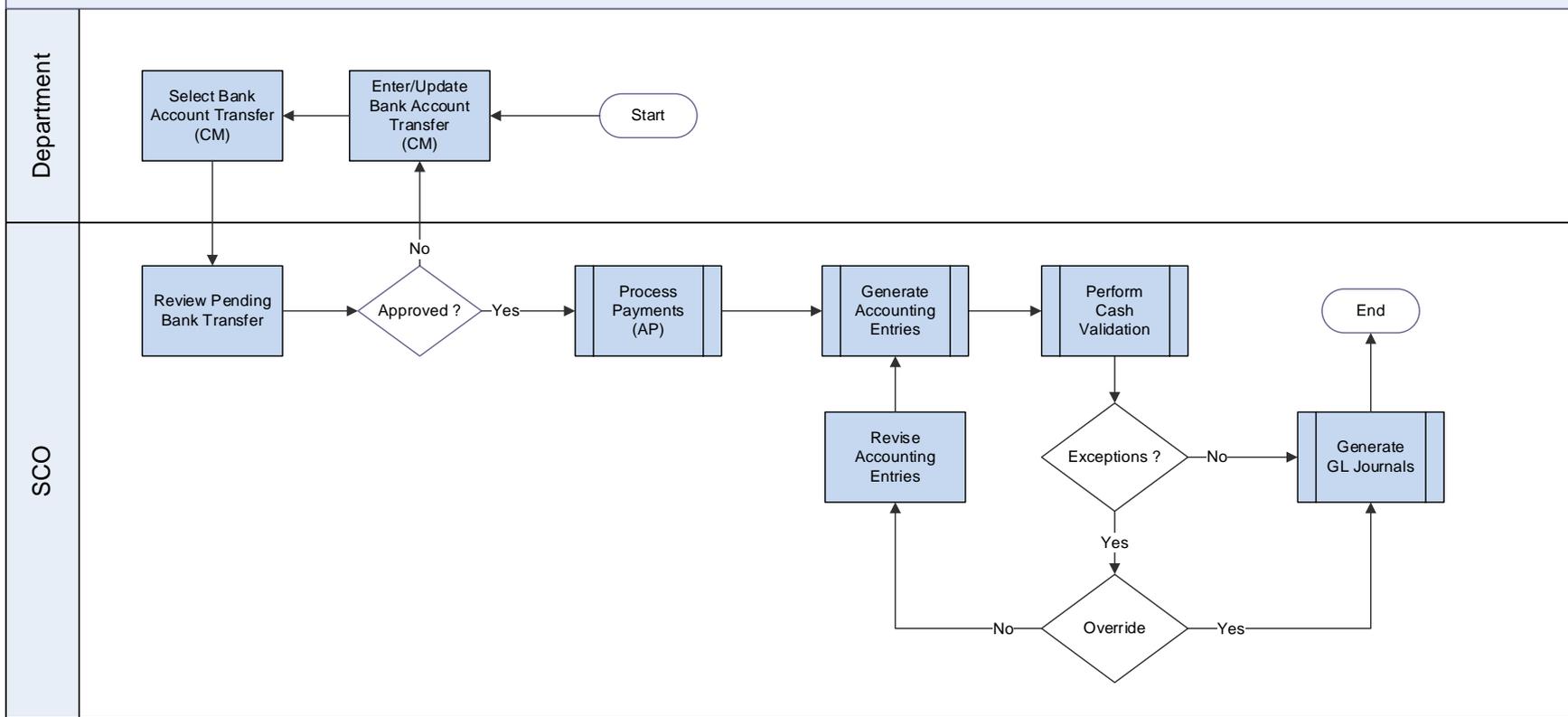
Scenario 1 – Cash Validation

Highlights: Bank Account Transfers

- Transfers between CTS bank accounts will generally cross funds. Cash Validation is applied to these transactions so that:
 - The “available cash” balances of the affected funds are updated
 - Availability of cash in the “Transfer From” fund is verified
- The architecture of the Treasury modules (CM & DM) dictates that Cash Validation occurs after transaction “settlement”
 - The only viable resolution options for Cash Validation failures in Treasury are:
 - Settle from different fund(s)
 - Transfer cash into the “Settle From” fund
 - Override the Cash Validation exception

Scenario 1 – Cash Validation

CM – Bank Account Transfers

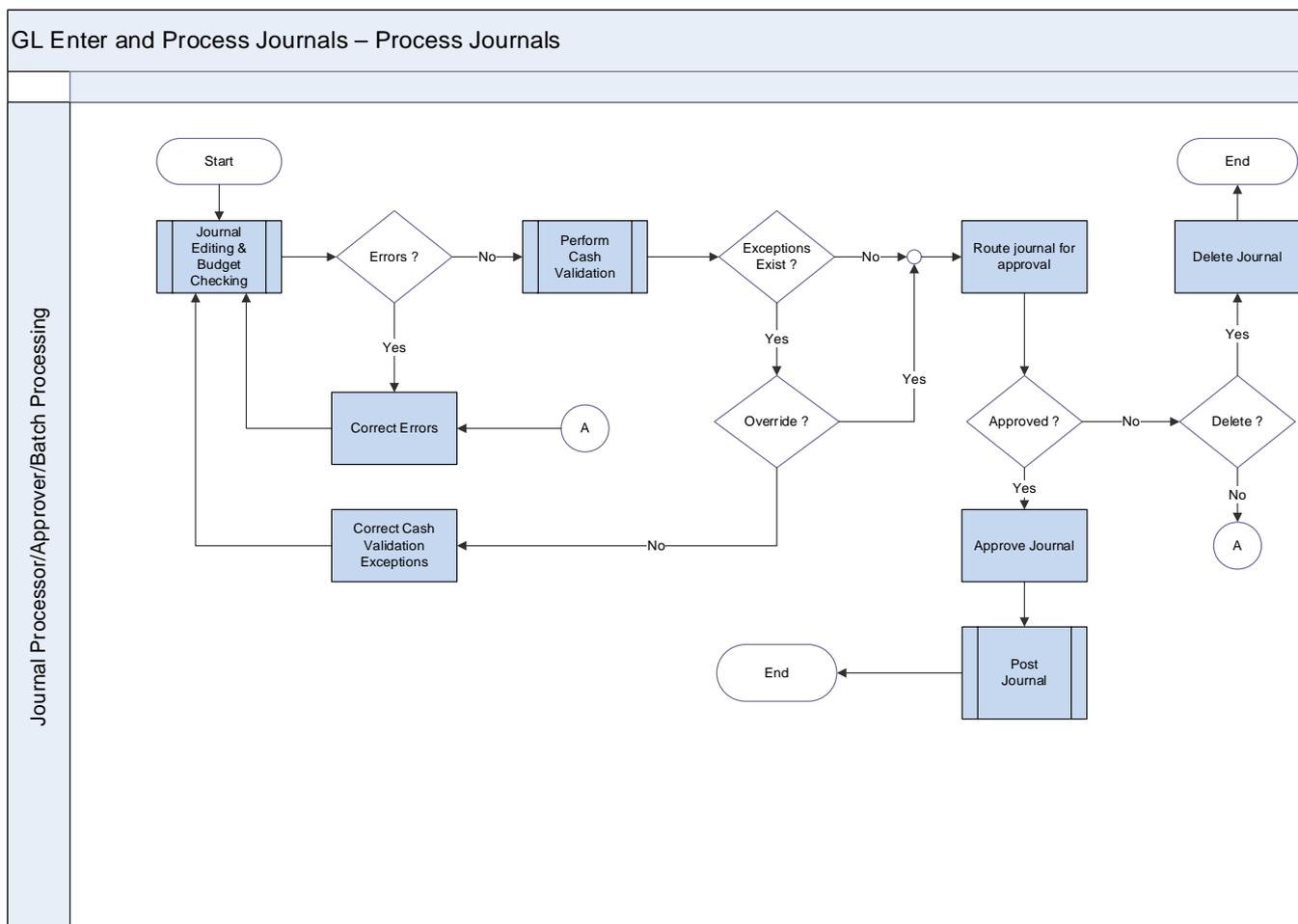


Scenario 1 – Cash Validation

Highlights – GL Journals:

- A GL journal must pass Cash Validation to be submitted for approval
- Only GL originated journals are subject to Cash Validation
- Funds’ “available cash” balances are updated immediately upon successful Cash Validation, rather than upon approval or posting
 - Identical behavior as expenditure budgets
 - In the case of a rejected journal, Available Cash balances are updated when the journal:
 - Is revised and revalidated, or
 - Deleted

Scenario 1 – Cash Validation



Scenario 2 – Journal Approval

ID		Requirement Description
GL	8.00	The System shall allow for SCO to approve and make legally required intra and inter fund/agency transfers (e.g., Budget Act and Government Code sections 11044, 11754.1 requirements).

Scenario 2 – Journal Approval

Highlights: Overall (1 of 2)

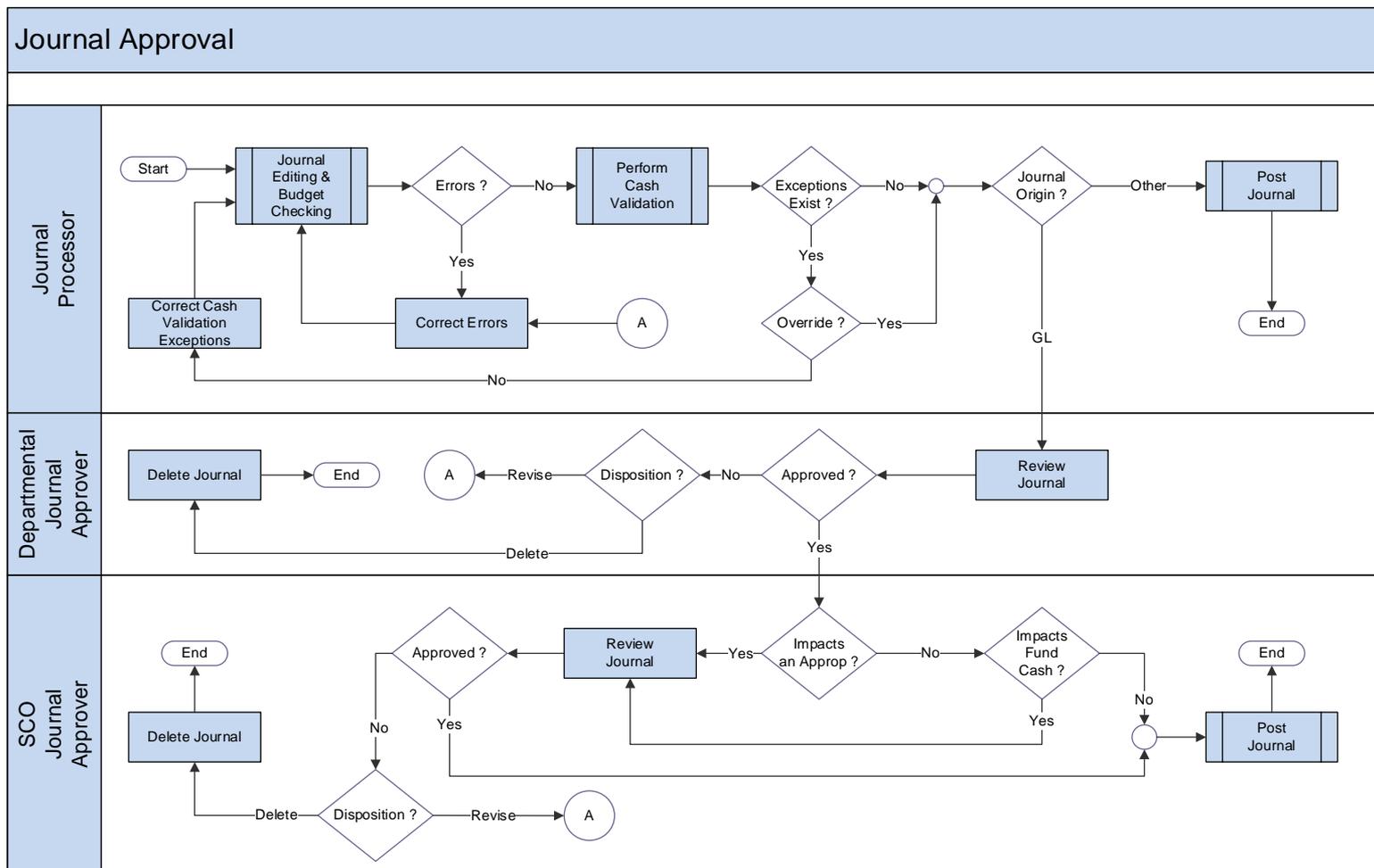
- Workflow is PeopleSoft functionality that notifies a designated approver that a specific transaction awaits his/her approval
- Workflow approval functionality is available in the GL module
- Delivered journal approval workflow must be customized in order to route journals for approval based on journal line criteria such as ChartField values, i.e. Funds, Programs, etc.
- Journals originating in subsystems (AR, AP, etc.) will generally not be subject to approval
- Departmental approval of GL journals via workflow has been deployed in Wave 1 (and will be in Waves 2 and 3) as *optional* functionality

Scenario 2 – Journal Approval

Highlights: Overall (2 of 2)

- In Wave 3, SCO DAR will review and approve or deny journals meeting certain criteria:
 - Having a non-zero impact on one or more items of appropriation
 - Impacting a fund's cash balance (specified funds only)
- A journal's total amount is not a factor in determining its eligibility for DAR review
- Routing eligible journals to DAR approvers using these criteria will require an enhancement

Scenario 2 – Journal Approval



Scenario 3 – Financial Statements

ID		Requirement Description
FI	29.00	The System shall allow a user to format transmittal letters, cover sheets and tables of contents that can be copied and modified, from one fund to another fund and to add financial notes and comments.
FI	31.00	The System shall allow a user to modify report design, layout, tables, graphics, and add/delete content in any form.
FI	32.00	The System shall produce camera ready documents compatible with the publishing processes established by the State Office of Publishing and for publishing electronically on the Internet and other electronic media.

Scenario 3 – Financial Statements

- PeopleSoft GL includes approximately 60 delivered reports
 - Configuration listings
 - Allocation definitions
 - ChartField values
 - Etc.
 - Transactional listings and summaries
 - Ledger Activity report
 - Trial Balance
 - Etc.
 - No financial statements
 - Every organization's ChartField structure and financial statement requirements are different
- A process to assist with Cash Flow Statement prep is provided

Scenario 3 – Financial Statements

- PeopleSoft provides reporting tools well suited to financial statement design
 - **nVision** – creates transactional (tabular) and financial statement (matrix) reports using report layouts defined in Microsoft Excel
 - **BI Publisher** – a template based reporting tool combining word processing-like functionality with traditional reporting capabilities
 - **Trees** – a hierarchical structure that can “roll up” detailed values (including ChartFields) into summaries. Trees can be used in nVision and BI Publisher reports.
- Detailed designs for the financial statement reports required in Wave 3 will be defined in the Design Phase of the Wave

Related CRPs

- 11/5/2014 – General Ledger Session 2

Session Recap

- Key Considerations
- Future Action Items
- Action Items
- Concerns

Question and Answer



FI\$Cal Project Information:

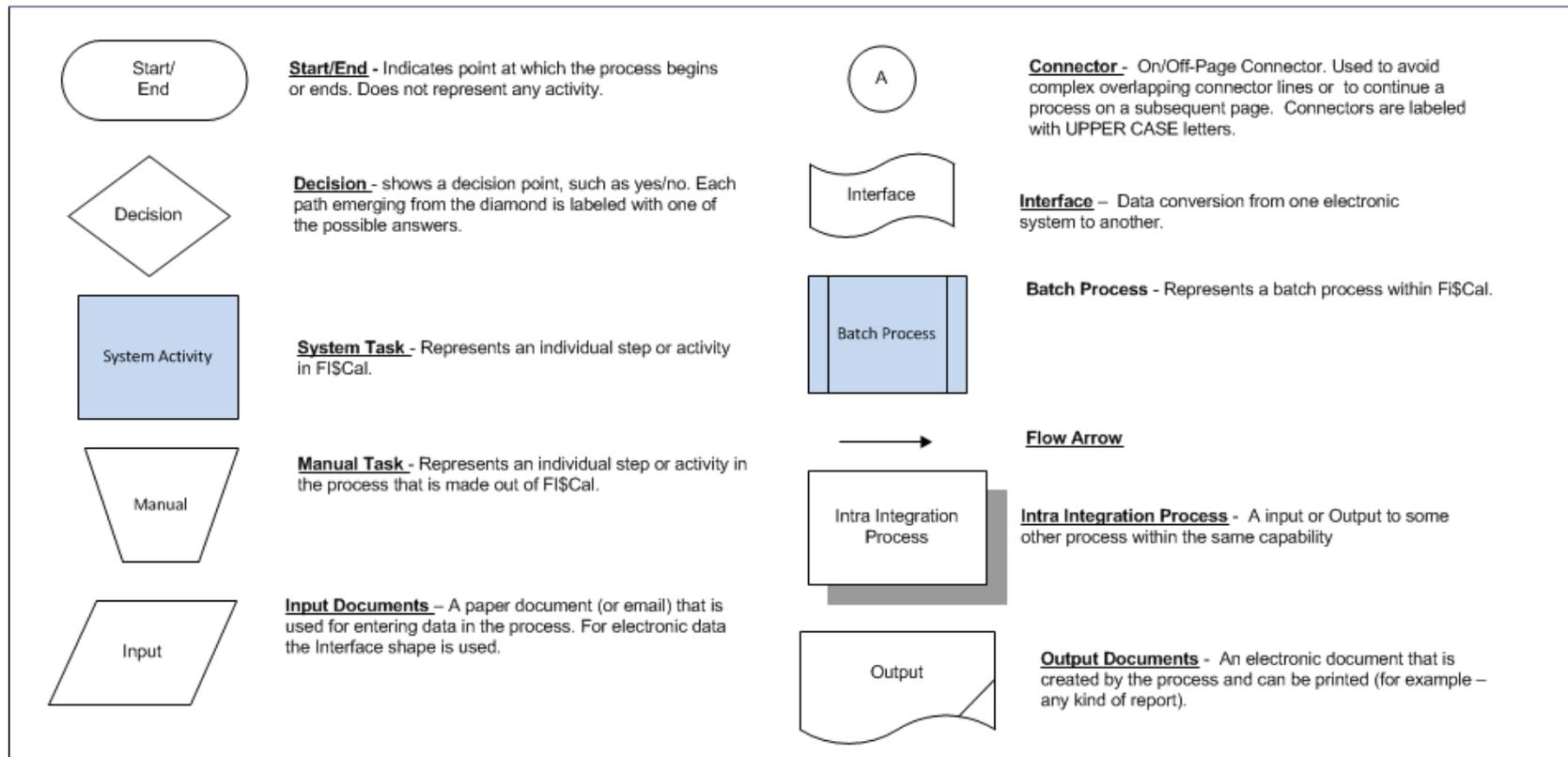
<http://www.fiscal.ca.gov/>

or e-mail the FI\$Cal Project Team at:

fiscal.cmo@fiscal.ca.gov

Appendix

Guide to Symbols in Flows



ChartField Cross Reference

