



FI\$Cal

Financial Information System for California

Conference Room Pilot

General Ledger

2 of 2

November 5, 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

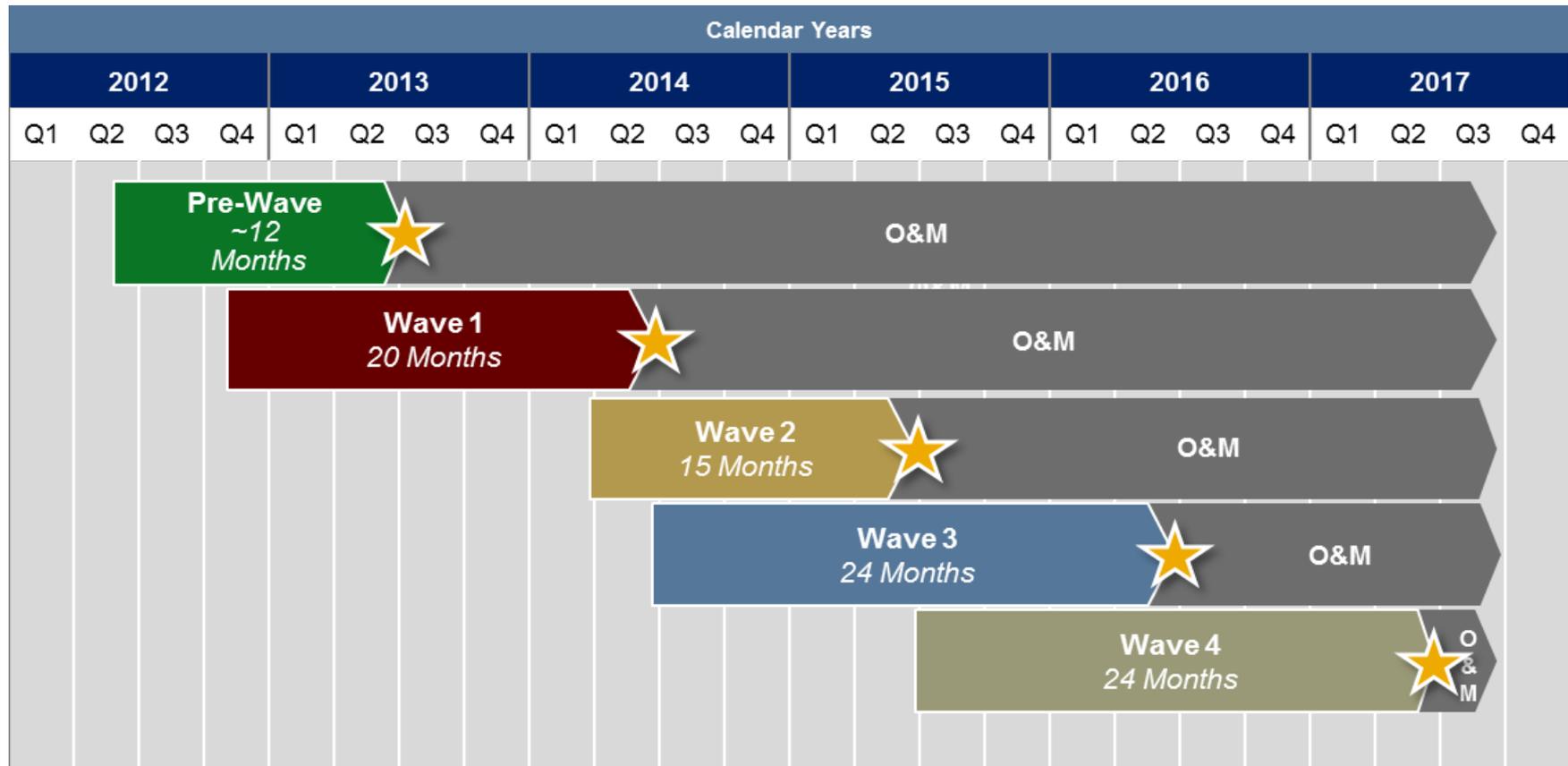
- FI\$Cal Project Overview
- Wave 3 CRP Objectives and Approach
- FI\$Cal Solution Overview
- General Ledger
 - Key Terms
 - Business Process Overview
 - Scenarios Overview
 - Covered Requirements
- Session Recap

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



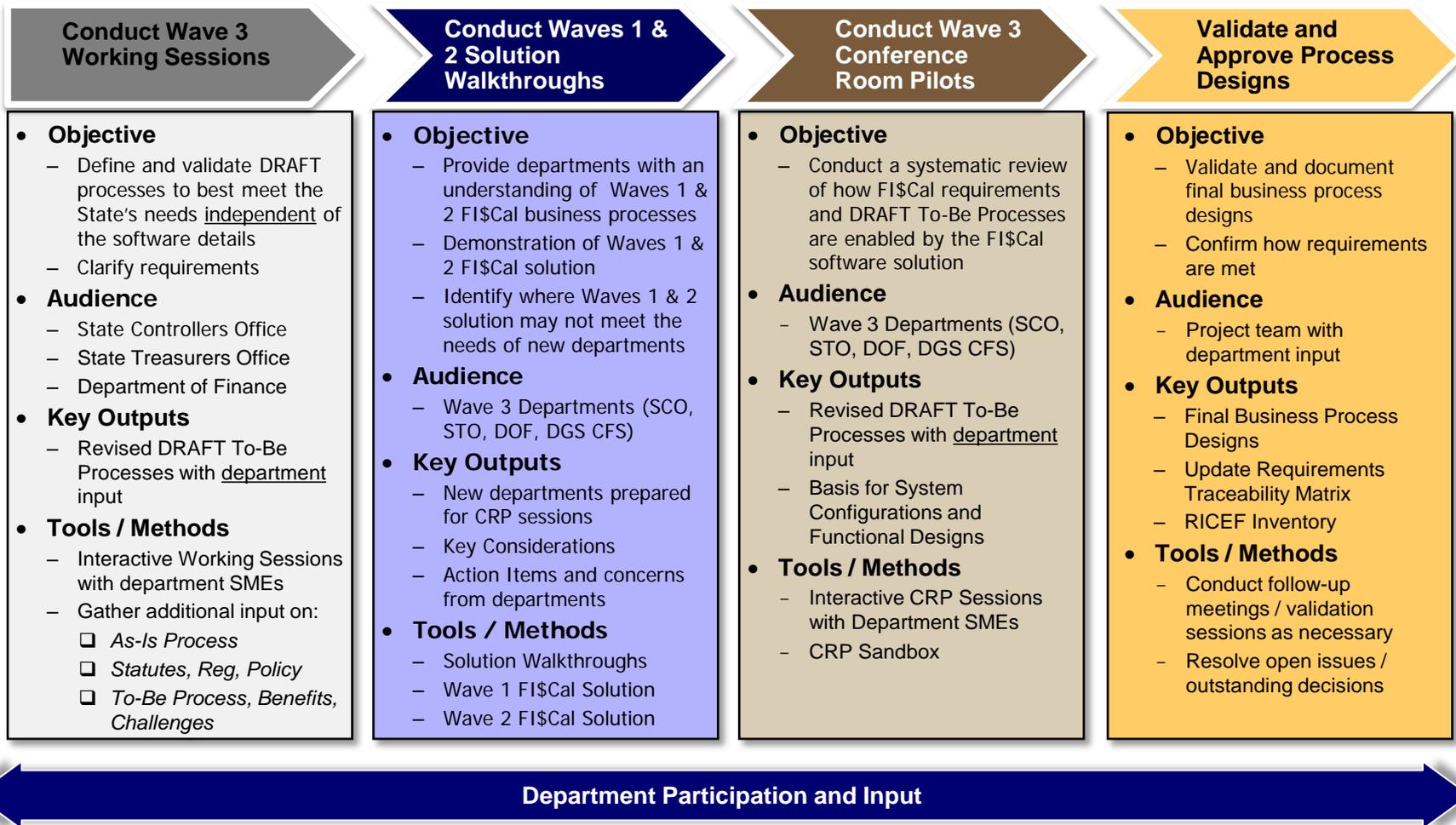
CRP Objectives

- 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
 - The 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

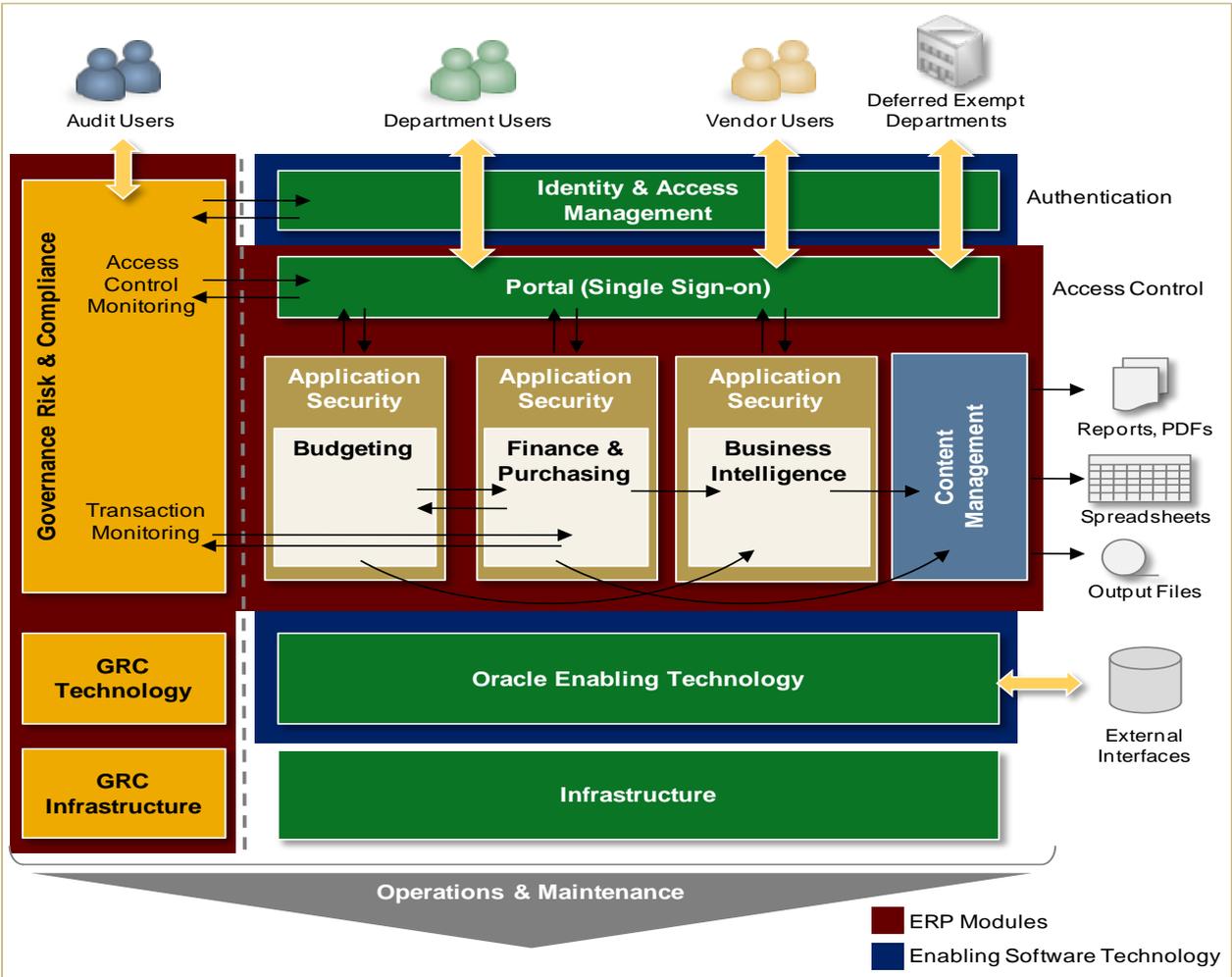
FI\$Cal Design Approach



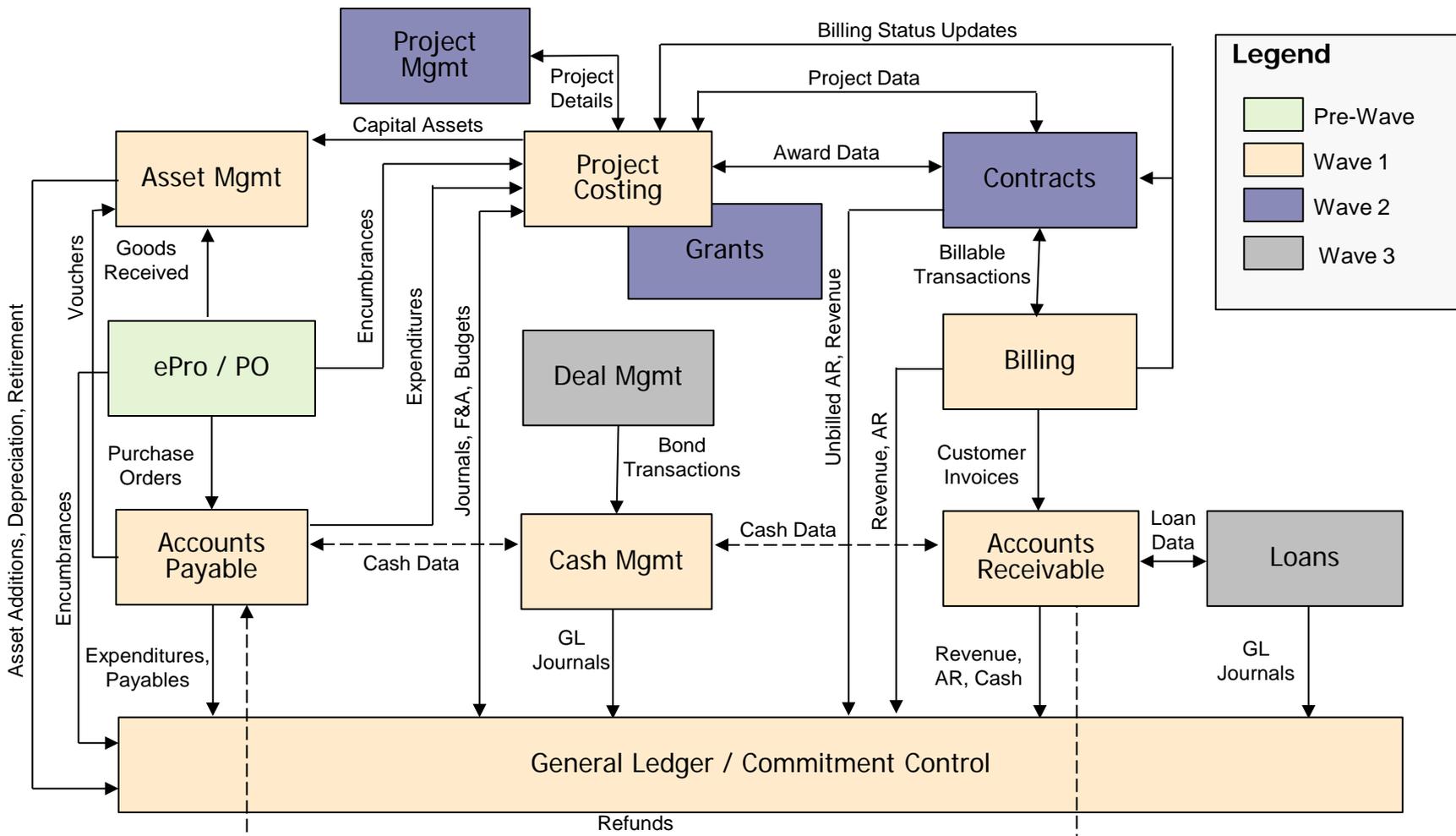
Ground Rules & Guiding Principles

- 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 |
| CRP: General Ledger (2 of 2) | 11/05/14 | 9:00 – 12:00 | Jade - Evergreen |
| SWT: Disbursements | 11/12/14 | 9:00 – 12:00 | Jade - Evergreen |
| SWT: Receivables & Cash Management | 11/12/14 | 1:00 – 4:00 | Jade - Evergreen |
| CRP: Disbursements | 11/13/14 | 9:00 – 12:00 | Jade - Evergreen |
| CRP: Loan Accounting | 11/13/14 | 1:00 – 4:00 | 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
 - Integrating Future Wave and Deferred/Exempt Departments
 - Conversion of ledger balances
 - PMIA Accounting

Key GL Concepts and Terms

- General Ledger (GL) Business Unit – an organizational entity with a balanced set of books, comparable to existing “Level 1 Orgs”
- 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 – Book of Record

| ID | | Requirement Description |
|----|------|--|
| GL | 1.00 | The System shall have a single official General Ledger “Book of Record” (e.g., combining every departments General Ledger accounts). |
| GL | 2.00 | The System shall provide the single General Ledger “Book of Record” daily access to all the data needed to ensure that the State’s mission critical processes (e.g., financial statements, cash/depository bank balances, General Fund status, bond payments, and appropriation control/cash control) are not interrupted. |

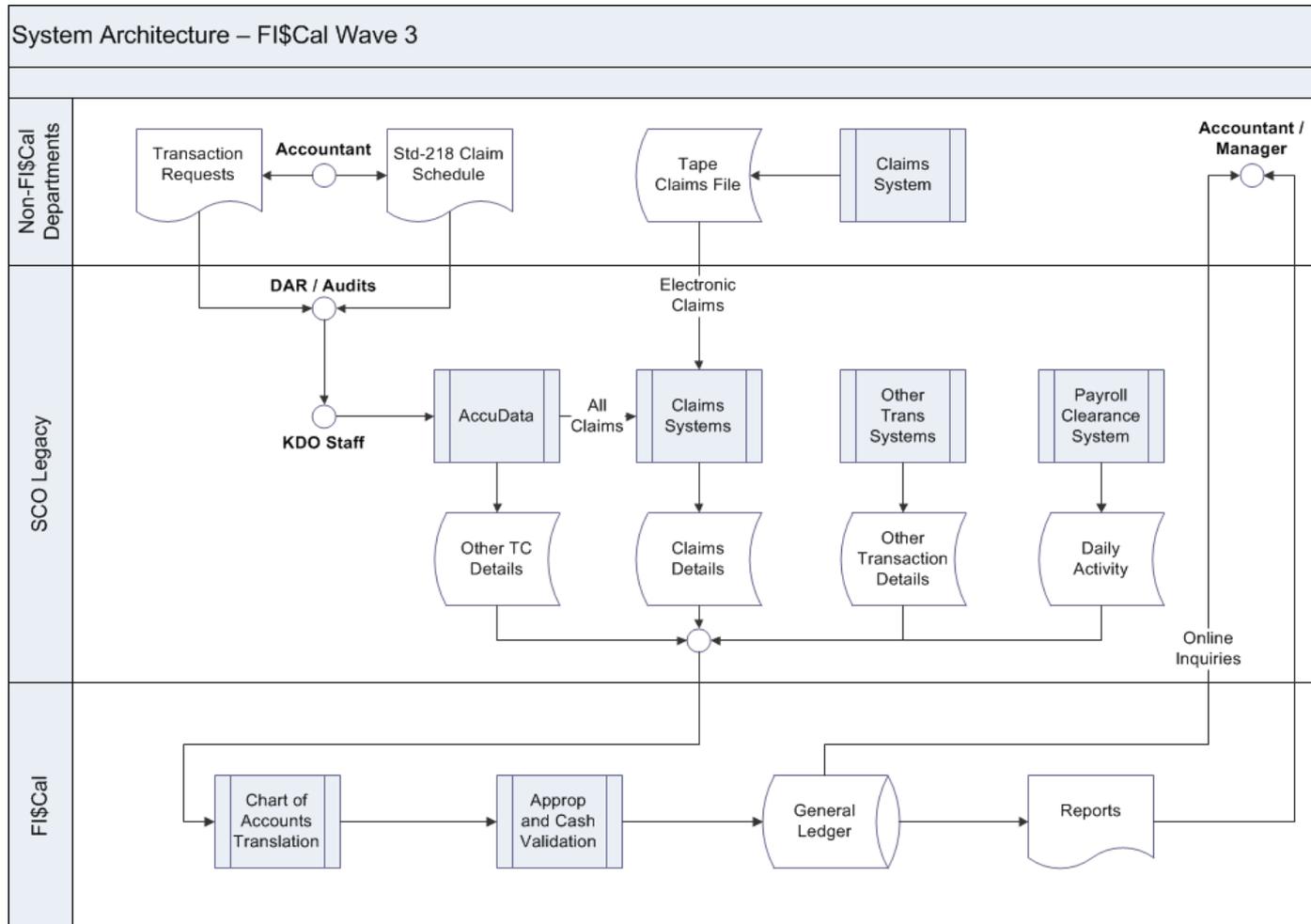
Scenario 1 – Book of Record

- Book of Record Objectives in Wave 3
 - FI\$Cal becomes the State's official Book of Record for accounting and appropriation balances for all State departments and other reportable entities
 - Minimize the impact to non-FI\$Cal departments
 - Minimize implementation risk
 - Rely on best practices where feasible
 - Minimize complexity and software development

Scenario 1 – Book of Record

- Design overview
 - Current year transactions will no longer be recorded in the SCO ARMS General Ledger system
 - ARMS will remain available for processing FY2015 year end close
 - Various ARMS supporting systems will remain in service, i.e. AccuData, eFits, etc.
 - Transaction processing for non-FI\$Cal departments will remain unchanged
 - Transactions recorded in ARMS supporting systems will be loaded into FI\$Cal using interfaces from those systems
 - Non-FI\$Cal departments will obtain reports from and perform inquiries in FI\$Cal rather than in Legacy SCO / ARMS

Scenario 1 – Book of Record



Scenario 1 – Book of Record

- Key processes
 - **Chart of Accounts (COA) Translation** – converts legacy Fiscal codes into FI\$Cal ChartField values
 - **Appropriation Validation** – checks for existence of adequate appropriation spending authority, updates affected items
 - **Cash Validation** – checks for existence of adequate fund cash, updates affected fund cash

Scenario 1 – Book of Record

- Use of FI\$Cal by non-FI\$Cal Departments
 - Reports and inquiry screens will use FI\$Cal ChartField values
 - Access to information in FI\$Cal will be controlled by Business Unit security
 - Transactional entry directly in FI\$Cal by non-FI\$Cal departments will not be allowed
 - Reports can be produced in electronic form (PDF, XLS, TXT, etc.) and scheduled by users as needed

Scenario 1 – Book of Record

- Numerous SCO legacy reports and inquiry tools will be functionally replaced – not necessarily duplicated – in FI\$Cal and made available to non-FI\$Cal departments
 - When available, existing reports will be used in lieu of new reports
- In scope for replacement in FI\$Cal
 - FC00 (Inquiry) – Fund activity and balance
 - FC10 (Inquiry) – Claim activity and warrant status
 - TT00 (Inquiry) – CTS Account activity
 - View Direct

Scenario 1 – Book of Record

- General Ledger Conversion Implications
 - Legacy SCO will be the source of opening balances in the FI\$Cal ledgers:
 - Cash Basis
 - Modified Accrual (Budgetary/Legal)
 - Full Accrual (GAAP)
 - Non-FI\$Cal Departments
 - Balances can be taken as-is from Legacy SCO
 - FI\$Cal Departments
 - Adjustments in FI\$Cal may be required to ensure that FY2016 opening balances equal FY2015 SCO ending balances
 - Additional design effort will be required

Scenario 2 – PMIA Accounting

| ID | | Requirement Description |
|----|-------|--|
| GL | 51.00 | The System shall calculate and distribute interest earnings, quarterly or as required by law, to the Pooled Money Investment participants based on a "dollar day" ration or other user defined criteria, as required by Government Code Section 16480.6. |
| GL | 52.00 | The System shall calculate the "dollar day" cash balances for the funds that can earn interest via SMIF and to distribute the interest earnings to the funds, via a transfer based on the "dollar day" cash balances. |
| GL | 53.00 | The System shall automatically create accrual entries for SMIF interest due to the various funds/agencies. |
| GL | 54.00 | The System shall calculate the "dollar day" cash balances for the quarter of the deposits in the Local Agency Investment Fund (LAIF) and to distribute the interest earnings to the participants by transfer or payment, as required by Government Code Section 16429.1. |
| GL | 55.00 | The System shall calculate the "dollar day" cash balances for the quarter of the deposits in the Condemnation Deposits Fund and to distribute the interest earnings to the participants by transfer or payment. |
| GL | 60.00 | The System shall allow an authorized user to identify funds/sub-funds which can earn interest from the Surplus Money Investment Fund (SMIF) or its equivalent. |

Scenario 2 – PMIA Accounting

- Key terms and concepts
 - **PMIA** – Pooled Money Investment Account
 - **Memo of Interest Earnings** – a document submitted by the State Treasurers Office to the State Controllers Office with details of quarterly PMIA interest earnings
 - **Average Daily Balance Ledgers** – PeopleSoft functionality capable of maintaining average daily balances for user specified ChartField combinations
 - **Allocations** – PeopleSoft functionality capable of creating GL journals using ledger based criteria (reclassifications, etc.)

Scenario 2 – PMIA Accounting

Illustration – Average Daily Balance Calculation

| Per | Date | Source ADB Ldg | Target ADB Ledger | | |
|-----|------|----------------|-------------------|-------------------|---------------------------|
| | | Amount | End Bal | Aggregate | Average Bal |
| 1 | 1/5 | (a) 100 | (b) 100 | (c) 100 | 100 (=c/# of periods) |
| 2 | 1/6 | (d) 50 | (e) 150 (=b+d) | (f) 250 (=c+e) | 125 (=f /# of periods) |
| 3 | 1/7 | 50 | 200 | 450 | 150 |
| 4 | 1/8 | 50 | 250 | 700 | 175 |
| • | • | • | • | • | • |
| 26 | 1/30 | 50 | 1200 | 19650 | 755.7 |
| 27 | 1/31 | 100 | 1300 | 20950 | 775.9 |
| 1 | 2/1 | 150 | 1450 | 22400 | 800 |

Scenario 2 – PMIA Accounting

Definition | Rounding Adjustment | **ChartFields**

SetID: SHARE ADB: LOCALMTD Description: Local Month to Date Averages Refresh

Ledger: LOCAL Target Ledger: LOCALMTD Target Record: LEDGER_ADB_MTD

ADB ChartFields Find | View 1 First 1-2 of 2 Last

ChartField: Account *Detail Ledger ChartField: Account

How Specified

All Detail Values
 Selected Detail Values
 Range of Values
 Detail - Selected Parents
 Selected Tree Nodes
 Children at a Level
 All Nodes at Selected Levels

Tree: ACCTROLLUP Level:

Specify Values/Range of Values/Tree Nodes Customize | Find | View All | First 1 of 1 Last

| Value | To Value |
|----------|----------|
| BALSHEET | |

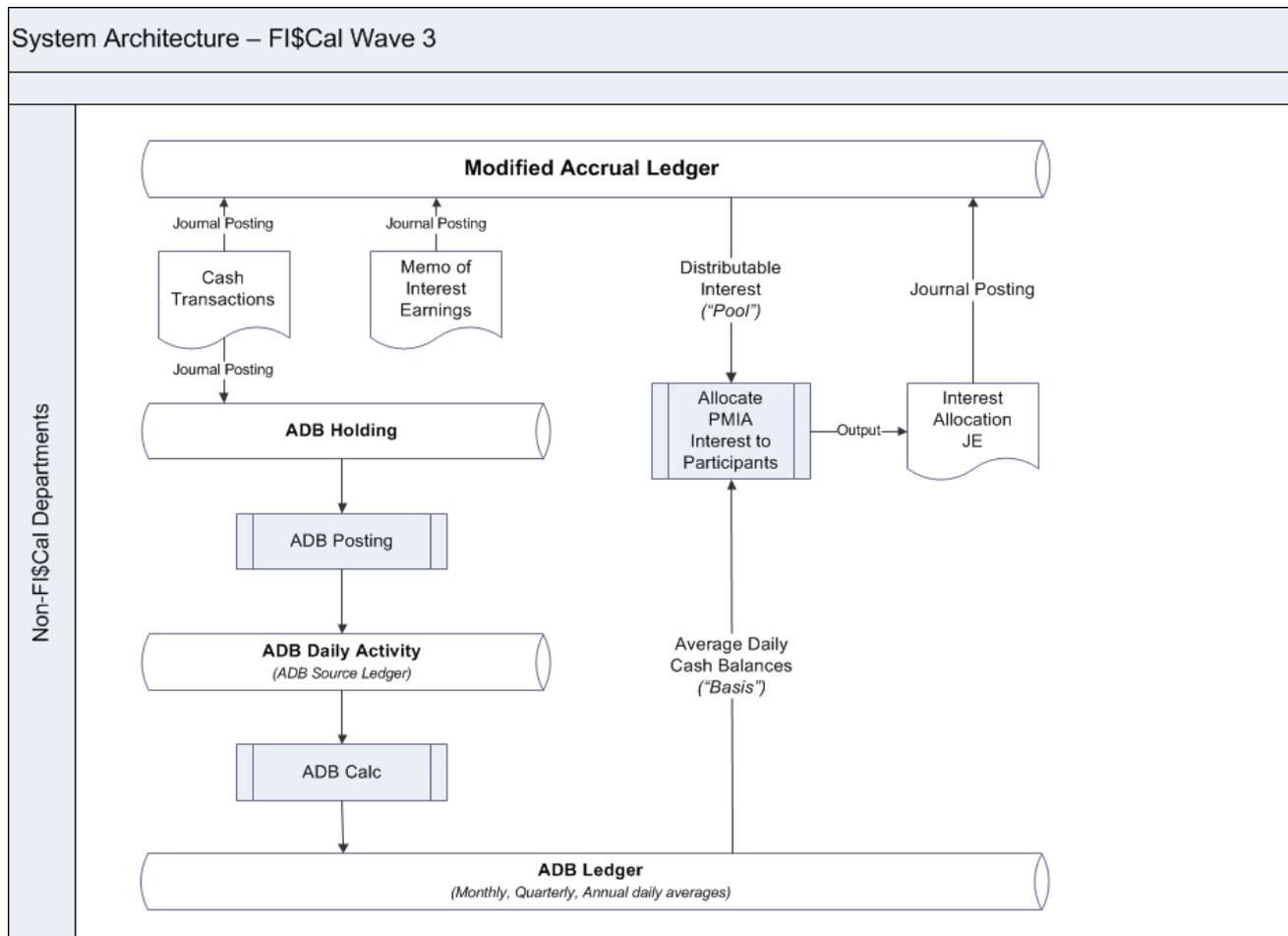
Scenario 2 – PMIA Accounting

Illustration – Average Daily Balance Based Interest Allocation

(a) Allocable interest earnings..... \$ 500,000

| Fund | Fund Cash Avg Daily Balance | Fund Cash ADB % of Total | Allocated Interest |
|------|--------------------------------|-----------------------------|--------------------|
| | (b) | (d) = (b)/(c) | (a) * (d) |
| 0100 | \$ 1,000,000 | 17% | \$ 83,333 |
| 0200 | \$ 1,500,000 | 25% | \$ 125,000 |
| 0300 | \$ 1,250,000 | 21% | \$ 104,167 |
| 0400 | \$ 500,000 | 8% | \$ 41,667 |
| 0500 | \$ 1,500,000 | 25% | \$ 125,000 |
| 0600 | \$ 250,000 | 4% | \$ 20,833 |
| | \$ 6,000,000 | 100% | \$ 500,000 |
| | (c) | | |

Scenario 2 – PMIA Accounting



Scenario 2 – PMIA Accounting

- Questions
 - How does the amortization of PMIA security premiums and discounts impact the desired interest allocation calculation?

Related CRPs

- Oct 22, 2014 – General Ledger Session 1

Session Recap

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

Question and Answer



FI\$Cal Project Information:

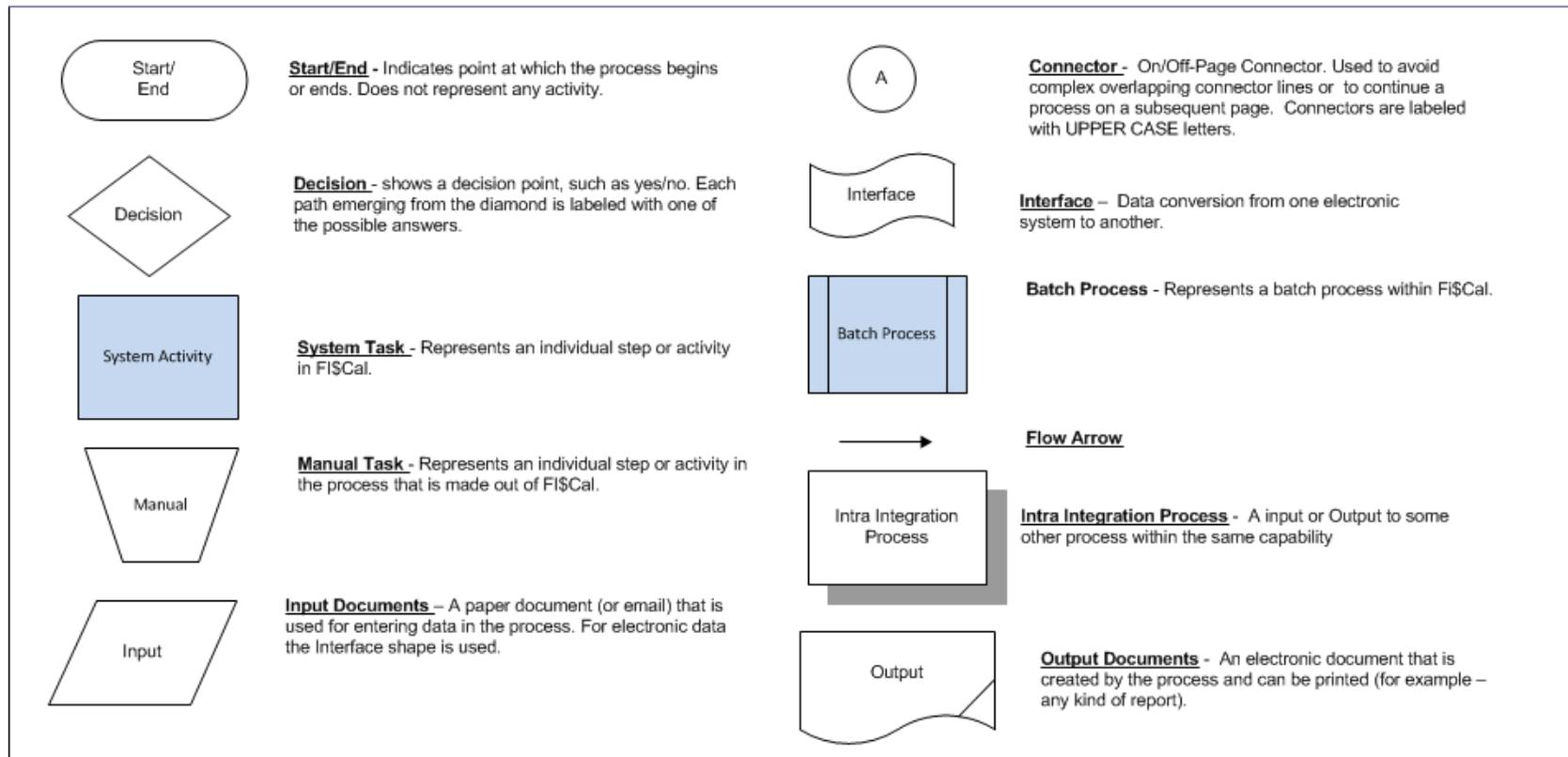
<http://www.fiscal.ca.gov/>

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

fiscal.cmo@fiscal.ca.gov

Appendix

Guide to Symbols in Flows



ChartField Cross Reference

