Agenda

- FI$Cal Project Overview
- Wave 1 Solution Walkthrough Objectives and Approach
- FI$Cal Solution Overview
- Key Terms
- Cash Management Overview
- Create Bank Account
  - Process Flows
  - Wave 1 Demonstration
- Reconcile Bank Statement
- Manage Cash
- Forecast Cash
- Technology Considerations
- Session Recap


2 May 14, 2014
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

<table>
<thead>
<tr>
<th>Calendar Years</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<td>Q4</td>
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</table>

- **Pre-Wave** (~12 Months)
- **Wave 1** (20 Months)
- **Wave 2** (15 Months)
- **Wave 3** (24 Months)
- **Wave 4** (24 Months)

O&M
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

**Conduct Wave 2 Working Sessions**
- **Objective**
  - Define and validate DRAFT processes to best meet the State’s needs independent of the software details
  - Clarify requirements
- **Audience**
  - Department of General Services (DGS)
- **Key Outputs**
  - Revised DRAFT To-Be Processes with department input
- **Tools / Methods**
  - Interactive Working Sessions with department SMEs
  - Gather additional input on:
    - As-Is Process
    - Statutes, Reg, Policy
    - To-Be Process, Benefits, Challenges

**Conduct Wave 1 Solution Walkthroughs**
- **Objective**
  - Provide departments with an understanding of Wave 1 FI$Cal business processes
  - Demonstration of Wave 1 FI$Cal solution
  - Identify where Wave 1 solution may not meet the needs of new departments
- **Audience**
  - Wave 2 Departments absent in Wave 1
- **Key Outputs**
  - New departments prepared for CRP sessions
  - Key Considerations
  - Action Items and concerns from departments
- **Tools / Methods**
  - Solution Walkthroughs
  - Wave 1 FI$Cal Solution

**Conduct Wave 2 Conference Room Pilots**
- **Objective**
  - Conduct a systematic review of how FI$Cal requirements and DRAFT To-Be Processes are enabled by the FI$Cal software solution
- **Audience**
  - Wave 1 and Wave 2 departments
- **Key Outputs**
  - Revised DRAFT To-Be Processes with department input
  - Basis for System Configurations and Functional Designs
- **Tools / Methods**
  - Interactive CRP Sessions with Department SMEs
  - CRP Sandbox

**Validate and Approve Process Designs**
- **Objective**
  - Validate and document final business process designs
  - Confirm how requirements are met
- **Audience**
  - Project team with department input
- **Key Outputs**
  - Final Business Process Designs
  - Update Requirements Traceability Matrix
  - RICEF Inventory
- **Tools / Methods**
  - Conduct follow-up meetings / validation sessions as necessary
  - Resolve open issues / outstanding decisions

Department Participation and Input

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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

Audit Users → Department Users → Vendor Users → Deferred Exempt Departments

Governance Risk & Compliance → Identity & Access Management → Portal (Single Sign-on)

Access Control Monitoring → Application Security → Access Control Monitoring

Transaction Monitoring → Application Security → Access Control Monitoring

Identity & Access Management → Portal (Single Sign-on)

Application Security
- Budgeting
- Finance & Purchasing
- Business Intelligence

Content Management → Reports, PDFs → Spreadsheets → Output Files → External Interfaces

Oracle Enabling Technology → ERP Modules → Enabling Software Technology

Infrastructure → Operations & Maintenance

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FI$Cal Accounting Solution

Legend
- Pre-Wave
- Wave 1
- Wave 2
- Wave 3

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Cash Management Overview

- Cash Management includes:
  - Creating and maintaining bank and bank accounts
    - Involves the configuration setup of the FI$Cal Bank (State Bank), the CTS Accounts, the Warrant Account and the Internal Transaction Account
  - Bank statement reconciliation
    - Process that reconciles system transactions to bank statements and gives control agencies and departments the ability to manage reconciliation
  - Managing cash positions
    - Enables control agencies and departments to view the position of cash in the appropriate bank account
# Cash Management Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralized Treasury System (CTS) Accounts</td>
<td>Department checking accounts</td>
</tr>
<tr>
<td>Bank Account Transfer</td>
<td>The transfer of money between CTS Accounts (not including interagency billing)</td>
</tr>
<tr>
<td>Banks</td>
<td>STATE Bank (for Wave 1)</td>
</tr>
<tr>
<td>STATE Bank</td>
<td>Includes Department CTS Accounts, the SCO Warrant Account, and the Internal Transaction Account</td>
</tr>
<tr>
<td>Internal Transaction Account</td>
<td>Bank account used to facilitate direct and non-direct transfers</td>
</tr>
</tbody>
</table>
## Cash Management Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrant Account</td>
<td>SCO Account from which warrants are drawn</td>
</tr>
<tr>
<td>Bank Statement Reconciliation</td>
<td>The process used to reconcile FI$Cal transactions to imported bank statement transactions</td>
</tr>
<tr>
<td>Item Processing Section (IPS)</td>
<td>The STO section whose system generates the Paid Items file</td>
</tr>
<tr>
<td>Centralized Treasury Trust System (CTTS)</td>
<td>SCO’s system that records department bank statement transactions and provides monthly department bank statements</td>
</tr>
</tbody>
</table>
What **IS NOT** Changing for Wave 1

- The following bank types will continue to be captured outside FI$Cal:
  - Depository and Presenting banks
  - SCO bank contracts
  - STO bank agreements

- The following process will continue as they are today:
  - Requests for new bank accounts
  - Deposit slips
  - Department Remittances (eFITS)

- Department bank statements will still be produced by SCO
- Departments will still need to reconcile to the monthly bank statement produced today
- Zero Balance Account (ZBA) management and reconciliation will remain the same as it is today
What is Included in Wave 1

- Department-level cash data will be contained in the FI$Cal General Ledger (GL) and transaction-level modules (for example, Accounts Receivable and Accounts Payable)
- Wave 1 includes CTS Bank Account conversion and transaction reconciliation
- Banks and bank account configuration will be maintained by STO
- ChartFields associated with bank accounts will be determined by SCO
- Reconciliation will be performed by FI$Cal overnight on a daily schedule
- Departments will analyze reconciliation exceptions within FI$Cal
- Adjustments made by SCO will need to be duplicated in FI$Cal
Future Cash Management Functionality

- Wave 3 will introduce additional control agency functionality including:
  - Creation of bank deposit slips
  - Reconciliation of depository bank account
  - Creation of bank statements for all accounts associated with the STATE Bank
- Integration with Depository Banks for ZBA Bank Statement reconciliation will be available beginning in Wave 3
Create Bank Account

Key Impacts
- This process facilitates the management of cash in the CTS Accounts, the Warrant Account, and the Interagency Account
- New bank account requests route to DOF, SCO, and STO for approval and processing
Create Bank Account Demonstration

Key Points:

- All department CTS Bank Accounts, Warrant Account and Internal Transaction Account will be attached to the STATE Bank.
Create Bank Account Demonstration

Key Points:

- Bank Branches contain information specific to each department location
- Bank Branch is configured for each department
- Addresses are used by Billing for their invoice payment/remittance address
Create Bank Account Demonstration

Key Points:

- GL Business Unit and Cash Account are maintained here
- Account number will be the CTS account number
**Create Bank Account Demonstration**

**Key Points:**
- Reconciliation Rules will be defined and maintained by STO
Create Bank Account Demonstration

Key Points:

- Payment methods are System Check, Manual Check, ACH
- Outstanding/Stop Payment is controlled at the Bank Account level
Bank Account Transfers

**Key Impacts**

- Bank account transfers are used to correct mistakes made in the wrong bank account when recording bank deposits or payments and will move cash between the accounts
- SCO Approved Cross Business Unit transactions will be keyed by SCO employees
CM – Bank Account Transfers (Transfers between Cash)

Start

Enter Bank Account Transaction (CM) → Select Bank Account Transaction (CM) → Reconcile Bank Statement (CM) → Analyze Exceptions (CM)

Outbound

Process Payments (AP) → Bank Account Transfer Table (CM) → Generate Journal Entries (GL) → Import Bank Statement (CM)

Inbound

Generate Accounting Entry (CM) → Department Bank Statement

SCO CTTS Accounting in Fiscal

For Cross BU transfers, SCO will notify FISCal Service Center, So that FSC can enter the cross BU transfer
Bank Account Transfer Demonstration

**Key Points:**

- Correct the transaction keyed to the wrong bank account
- Agency/ORF/General Cash types can be selected
Bank Account Transfer Demonstration

Key Points:

- Selected transfers are approved
- Pay Cycle generates the transfer between accounts
Bank Account Transfer Demonstration

Key Points:

- Treasury Accounting & Cash Accounting Entries run via Batch
- Entries are available for review
Bank Reconciliation

Key Impacts
- SCO analyzes exceptions for Warrant Account
- Departments analyze exceptions for CTS Accounts
- Exceptions may be reviewed daily and must be resolved monthly
<table>
<thead>
<tr>
<th>STO</th>
<th>IPS Reconciliation</th>
<th>Checks &amp; Warrants Paid</th>
<th>CTTS Bank Statement Transactions*</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCO</td>
<td>Import Bank Statements (CM)</td>
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<tr>
<td>FI$Cal</td>
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<tr>
<td>Department</td>
<td>Start</td>
<td>Process Dept Payments AP</td>
<td>Process Dept Payments AR</td>
</tr>
</tbody>
</table>

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*FI$Cal: Transparency. Accuracy. Integrity.*
Key Points:

- Upload transactions based off of IPS AIAA file & SCO Bank Statements
- Statement Date and Value Date will be determined by SCO Bank Statement (i.e. date reported to STO/SCO)
- Balances will be calculated by the import process
Key Points:

- Reference number will be the deposit number on the deposit slip (from EDF), check number, or JE number
- Location Code has been added to tie to the AR Identifier
- Delivered reconciliation uses Statement Code, Reference ID, Bank Date, Transaction Amount, Trans Code, and Reconciliation Status for processing
Reconcile Statement Demonstration

Key Points:

- Items can be matched across dates
- Reduce manual reconciliation through the use of an automated matching process and integrated data management
- Streamlines the data flow and reconciliation process across the Partner Agencies, Departments and Banks
- Items that do not match according to the reconciliation rules, show up in Analyze Exceptions
- Reconciled transactions can be seen under Semi Manual Reconciliation and un-reconciled if necessary
Key Points:

- Items can be matched ad-hoc
- Total bank transactions must equal total system transactions
- When items do not match 100% according to the automated reconciliation criteria, semi manual recon can be used to match items
Reconcile Statement Demonstration

Key Points:

- Depending on accounting configuration, items can only be unreconciled if the associated accounting entries have not been posted to the general ledger.
Reconcile Statement Demonstration

Key Points:

- This is used for manual ad hoc adjustments that are not recorded on the bank side, or in cases where a credit and a debit on the bank side match to one system transaction.
**Key Points:**

- Manually reconciled items can be unreconciled
- Reconciliation dates can be adjusted by searching for all manually reconciled items
Manage Cash Position

- Load Bank Statement
  - Load CTS bank statements from STO and SCO

- Perform Preliminary Cash Position
  - Daily process runs to determine preliminary cash position
  - Includes pending and future dated transactions

- Run CM Cash Position Report
  - Cash Position report is generated

Key Impacts
- State staff view, monitor, and forecast the balances in any bank account in FI$Cal associated with their Business Unit
- FI$Cal provides visibility into pending and future transactions to support Cash Positioning and Cash Balance Forecasting
Technical Considerations – Interfaces

<table>
<thead>
<tr>
<th>Interface</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>1. Positive Pay Checks (Outstanding Checks/Stops)</td>
<td>Daily outbound outstanding items and stopped payments file from AP to IPS</td>
</tr>
<tr>
<td>2. Paid Items File (AIAA) from IPS</td>
<td>Daily inbound IPS interface to import Paid Items</td>
</tr>
<tr>
<td>3. Bank Statements File (Treasury Trust) from SCO</td>
<td>Daily inbound CTTS interface to import CTS bank statements</td>
</tr>
</tbody>
</table>

**Key Impacts**

- These are already existing interfaces that will require limited information from your department.
- All Wave 2 departments will be automatically enrolled in these interfaces based on Wave 2 configuration.
Data Protection Overview

- FI$Cal will receive and retain various types of data that will need to be protected. All data can be classified as:
  - Public
  - Personally Identifiable Information (PII)
  - Sensitive
  - Confidential

- Various state agencies assisted FI$Cal in the development of a Data Classification and Protection Framework
# Data Protection – Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Public Information</td>
<td>Information maintained by state agencies that is not exempt from disclosure under the provisions of state or federal laws.</td>
</tr>
<tr>
<td>Confidential Information</td>
<td>Information maintained by state agencies that is exempt from disclosure under the provisions of state or federal laws.</td>
</tr>
<tr>
<td>Sensitive Information</td>
<td>Information maintained by <strong>state agencies</strong> that requires special precautions to protect from unauthorized use, access, disclosure, modification, loss, or deletion. Sensitive information may be either public or confidential.</td>
</tr>
<tr>
<td>Personally Identifiable Information</td>
<td>Information that identifies or describes an individual. This information must be protected from inappropriate access, use, or disclosure and must be made accessible to data subjects upon request.</td>
</tr>
</tbody>
</table>
Data Protection Overview

- All data that is received, retained, and transmitted by FI$Cal protected by:
  - Business Unit
  - Encryption
  - Role Based Access

- In addition, data classified as PII, sensitive, and confidential will receive the additional protection of:
  - Masked
  - Tracking when added, updated, deleted, and read
  - Role Based Access, such as Confidential User
Data Protection Processes & Fields

<table>
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<tr>
<th>Process Name</th>
<th>Field Description</th>
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<tbody>
<tr>
<td>CM1 - Create and Maintain Bank</td>
<td>Bank Routing Number</td>
</tr>
<tr>
<td>CM1 - Create and Maintain Bank</td>
<td>Bank Account Number</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Beginning Balance for a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Total credits on a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Total debits on a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Ending Balance for a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Credit lines on a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Debit lines on a bank statement</td>
</tr>
<tr>
<td>CM2 - Reconcile Statement</td>
<td>Date the transaction processed via the bank</td>
</tr>
<tr>
<td>CM1 - Create and Maintain Bank</td>
<td>Bank Name</td>
</tr>
<tr>
<td>CM1 - Create and Maintain Bank</td>
<td>Bank Account Name</td>
</tr>
<tr>
<td>CM1 - Create and Maintain Bank</td>
<td>General Ledger Business Unit</td>
</tr>
</tbody>
</table>

**Standard Data Protection Level For:**
- Confidential (Protected under the Public Records Act),
- Electronic Protected Health Information (e/PHI),
- Federal Tax Information,
- Notice Triggering Information,
- Payment Card Industry,
- Personally Identifiable Information (PII)
- and Sensitive Information, the following is the Standard Data Protection Level:

1. Mandates that Govern the Collection of this Field – State Administrative Manual (SAM).
2. Federal Tax Information Labeling – None.
3. FI$Cal Standard Protection Method(s):
   - Business Level Security.
   - Encryption.
   - Masked (SSN, TIN, and Payment Card).
   - Role Based.
4. FI$Cal Standard Actions to be Tracked:
   - Add, Delete, Update and Read.
5. FI$Cal Standard Data Retention: Average 7 Years. (No data disposal planned for FI$Cal currently).

Cash Management classified as Sensitive with the exception of the fields highlighted to be Public.
Data Protection – Next Steps

- FI$Cal is expecting this framework confirmed by Wave 1 departments will also meet the data protection requirements of Wave 2 departments
- Opportunity to request additional data protection in Wave 2 task TECH201: Review Data Classification and Protection Framework
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
Process Payments

Department Cashiering Unit
- Receive Payments
  - Deposit payments into Bank Account

Dept. AR Payment Processor
- Enter Deposit/Payments
  - Flag direct journal and payment predictor payments
  - Select Cash Type
  - Create worksheets for over and underpayments

Department AR Payment Approver
- Set Payments to Post
  - Review payment worksheets and set to post
  - Code direct journal payments for posting

Department AR Payment Processor
- Process Payments
  - Process Worksheets
  - Post payments against receivables
  - Generate Accounting Entries for posting to GL

- Submit Journal Entry
  - Submit Journal Entry to GL to record or reverse general cash/uncleared collections (as applicable)

Key Impacts
- Department AR Payment Processor/Approver enter Journal Entries which affect cash balances
- Journal Entries need to be submitted daily to record or reverse General Cash/Uncleared Collections
Guide to Symbols in Flows

- **Start/End** - indicates point at which the process begins or ends. Does not represent any activity.

- **Decision** - shows a decision point, such as yes/no. Each path emerging from the diamond is labeled with one of the possible answers.

- **System Task** - Represents an individual step or activity in FISCAl.

- **Manual Task** - Represents an individual step or activity in the process that is made out of FISCAl.

- **Input Documents** - A paper document (or email) that is used for entering data in the process. For electronic data the Interface shape is used.

- **Connector** - On/Off-Page Connector. Used to avoid complex overlapping connector lines or to continue a process on a subsequent page. Connectors are labeled with UPPER CASE letters.

- **Interface** - Data conversion from one electronic system to another.

- **Batch Process** - Represents a batch process within FISCAl.

- **Flow Arrow**

- **Intra Integration Process** - A input or Output to some other process within the same capability

- **Output Documents** - An electronic document that is created by the process and can be printed (for example – any kind of report).
AR4 – Process Payments

Start → Process Interfaced Payments → Receive Customer Payments → Enter/Review Deposit Details → Enter/Review Payment Details → Payment for a receivable?

Yes → Enter/Review Invoice ID(s) or Customer ID(s) for the Payment → Apply using Payment Predictor?

No → B

Yes → C

Flag as a Direct Journal Payment

Enter Customer ID, if desired, for tracking purposes

A

A → Enter/Update Payment Accounting Entries → Set Direct Journal Payment to Post → Budget Check Payment → Budget Errors?

No → GL – Enter and Process Journals → End

Yes → End

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