FSCU

Fiscal Systems and Consulting Unit

DEPARTMENT OF FINANCE

STATE OF CALIFORNIA

PLAN OF FINANCIAL ADJUSTMENT AND SCO/AGENCY RECONCILIATION

Month-End Training – September 2026

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Importance of Meeting Month-End and Year-End Close Deadlines ...55

COURSE OBJECTIVE

Upon completion of this course, participants will have the prerequisite knowledge and tools necessary to validate and reconcile Plan of Financial Adjustment (PFA) – eligible transactions and perform SCO/Agency Reconciliation.

COMMITMENT CONTROL

COMMITMENT CONTROL

- Overview
- Reports and Queries
- Budget Validation

OVERVIEW

Ledger Description	Modified Accrual Basis	Cash Basis
Budget appropriations	CC_APPROP	CC_CV_APR
Budget reimbursement authority	CC_REV	CC_CV_REV
Budget appropriation control at the enactment year, fund, reference, and account level	CC_CLRNG	CC_CVCLNG
Reimbursement authority control at the enactment year, fund, reference, and account level	CC_REVCLNG	CC_CVRVCLG
Expenditure activity at the detail/lowest level	CC_DETAIL	
Reimbursement and revenue activity at the detail/lowest level	CC_DTL_REV	

REPORTS AND QUERIES

- Reports in PeopleSoft
  - Job Aid FISCal.080 – KK Reports within the FI$Cal System.

- Reports in Power BI
  - Power BI KK History Detail Report – Job Aid FISCal.469
  - Power BI Budget to Actuals Report – Job Aid FISCal.467

BUDGET VALIDATION

PeopleSoft GL									
Report ID:	GLS8020	BUDGET STATUS REPORT						Page No.	1
Bus. Unit:	8860--Department of Finance							Run Date	9/9/20XX
Ledger Grp:	CC_APPROP--Appropriation Ledger							Run Time	13:14:39
Currency :	USD								
Chartfields Criteria									
Fund: 0001	ENY: 20XX	Approp Ref: All values				Program: All values			

Fund / Program	ENY	Approp Ref	Budget	Assoc Revenue	Planned	PreEncumbrance	Encumbrance	Expense	Remaining
0001	20XX	001	b	c					
6770			39,390,000.00	2,900,000.00	0.00	975.00	390,000.00	1,831,260.56	40,068,739.44
0001	20XX	001							
6780			10,607,000.00	8,107,000.00	0.00	567.56	6,840.47	789,638.31	17,917,521.22
0001	20XX	001							
6785			8,182,000.00	125,000.00	0.00	0.00	0.00	392,290.51	7,914,709.49
0001	20XX	001							
9900100			18,584,000.00	0.00	0.00	0.00	0.00	940,686.29	17,643,313.71
0001	20XX	001							
9900200			(18,584,000.00)	0.00	0.00	0.00	0.00	0.00	(18,584,000.00)
0001	20XX	001							
9999			a 0.00	0.00	0.00	5,041.28	323,288.64	6,833,481.05	(7,156,769.69)
Grand Total :			58,179,000.00	11,132,000.00	0.00	6,583.84	720,129.11	10,787,356.72	57,803,514.17

Budget Act

8860-001-0001—For support of Department of Finance ..... a 58,179,000

Schedule:

(1) 6770-State Budget 42,290,000

(2) 6780-State Audits and Evaluations 18,714,000

(3) 6785-Statewide Accounting Policies, Consulting and Training 8,307,000

(4) 9900100-Administration 18,584,000

(5) 9900200-Administration—Distributed ..... −18,584,000

(6) Reimbursements to 6770-State Budget ..... −2,900,000

(7) Reimbursements to 6780-State Audits and Evaluations ..... −8,107,000

(8) Reimbursements to 6785-Statewide Accounting Policies, Consulting and Training ..... −125,000

b

c

GENERAL LEDGER

GENERAL LEDGER

- Overview
- Budgetary Legal Ledger

ACCOUNT DESCRIPTION

Chart of Accounts

Account Number	Description
1108000	BLL Cash in State Treasury
1110101	Intraunit Accrual Account-LD/PFA Allocation
1120100	BLL – Deposits in Surplus Money Investment Fund
1222100	Advances to Agency & Office Revolving Funds
1309200	Prepayments to Other Funds / Appropriations
2000000	Accounts Payable
2000100	Accrued Accounts Payable
2000300	Accounts Payable - Encumbrance
2021000	Due to Local Governments
2024000	Due to Other Governmental Entities

ACCOUNT DESCRIPTION

Chart of Accounts (continued)

Account Number	Description
5xxxxxx	Expenses
5901000	Refunds to Reverted Appropriations
63xxxxx	Unappropriated Operating Transfers from Other Funds
6510000/6520000	Unappropriated InterUnit Cash Transfers In/Out
6590000	Unappropriated InterUnit Cash Transfer - BLL

OVERVIEW

Modified Accrual Ledger (MODACCRL)

Cash basis and modified accrual transactions from the submodules and direct entries in the General Ledger.

Departmental Adjustment Ledger (DEPTADJ)

Capitalized assets, depreciation, and encumbrance transactions.

Budgetary Legal Ledger (BUDLEGAL/BLL)

Cash basis, modified accrual basis, and encumbrance transactions.

Cash Basis Ledger (CASH)

Cash basis transactions.

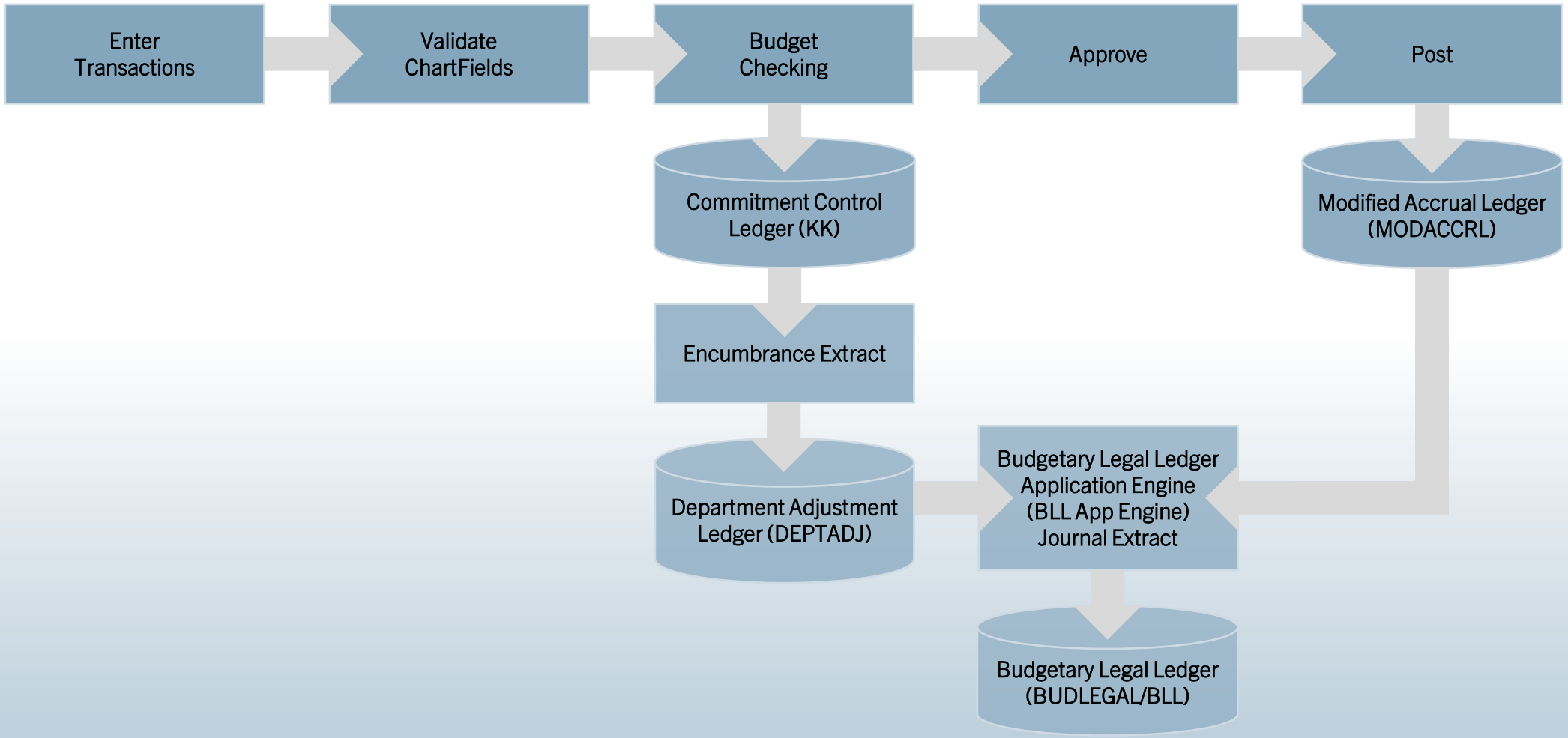
BUDGETARY LEGAL LEDGER

- The Budgetary Legal ledger (BUDLEGAL/BLL) is the source of financial information for the budgetary/legal basis financial reports.

- After an accounting period is closed, a PeopleSoft application engine (BLL App Engine) generates and posts transactions from the MODACCRL and DEPTADJ ledgers to BUDLEGAL. Journal selection criteria:
  - MODACCRL – all transactions.
  - DEPTADJ – encumbrance transactions (see slide #19) and transactions posted in the DEPTADJ ledger with target ledger that includes the letter “L”.
  - The source ledger accounting period is closed.
  - Journal accounting date is on or after July 1, 2021.
  - Journal status is Posted (P) or Unposted (U).

BUDGETARY LEGAL LEDGER

❖Transaction Workflow



BUDGETARY LEGAL LEDGER

Transactions	Commitment Control	MODACCRL	BUDLEGAL
Budget	X		
Encumbrances	X		X
Appropriated Expenditures	X	X	X
Unappropriated Expenditures		X	X
Appropriated Transfers	X	X	X
Unappropriated Transfers		X	X
Reimbursements	X	X	X
Revenues	X	X	X
Real Accounts		X	X

BUDGETARY LEGAL LEDGER

❖ Encumbrance accounting entries in the BUDLEGAL ledger.

Description	Accounting Event	Commitment Control		MODACCRL ledger		DEPTADJ ledger			BUDLEGAL ledger (after the MODACCRL and DEPTADJ ledgers are closed)		
		Encumbrance (5xxxxxx)	Expenditure (5xxxxxx)	Expenditure (5xxxxxx)	Cash (6510000/ 6520000)	Accounts Payable (2000000)	Due to Local Government (2021000)	Encumbrance (5xxxxxx)	Accounts Payable - Encumbrance (2000300)	Expenditure/ Encumbrance (5xxxxxx)	Cash (6510000/ 6520000)
PO #1 (local government supplier)	Setup	10,000.00					(10,000.00)	10,000.00	(10,000.00)	10,000.00	
PO #2 (private supplier)	Setup	5,000.00				(5,000.00)		5,000.00	(5,000.00)	5,000.00	
	Voucher is paid		1,000.00	1,000.00	(1,000.00)					1,000.00	(1,000.00)
	PO is reduced	(1,000.00)				1,000.00		(1,000.00)	1,000.00	(1,000.00)	
PO #3 (state government supplier)	Setup	2,000.00				(2,000.00)		2,000.00	(2,000.00)	2,000.00	
Balances after Month-End Close (MEC)		16,000.00	1,000.00	1,000.00	(1,000.00)	(6,000.00)	(10,000.00)	16,000.00	(16,000.00)	17,000.00	(1,000.00)

Description	Accounting Event	BUDLEGAL ledger (at year-end)						
		Accounts Payable - Encumbrance (2000300)	Accounts Payable (2000000)	Accrued Payable (2000100)	Due to Other Funds (2010000)	Due to Local Government (2021000)	Expenditure/ Encumbrance (5xxxxxx)	Cash (6510000/ 6520000)
Cumulative MEC Balance		(16,000.00)					17,000.00	(1,000.00)
Balance in 2000300 is allocated to the appropriate AP accounts	Allocation	16,000.00	(6,000.00)			(10,000.00)		
Department posts encumbrance reclass in Period 998				2,000.00	(2,000.00)			
Balances at year-end		0.00	(6,000.00)	2,000.00	(2,000.00)	(10,000.00)	17,000.00	(1,000.00)

BUDGETARY LEGAL LEDGER

❖Other transactions posted in the BUDLEGAL ledger.

- **Pro Rata** – allocated from BU 9900 to the fund administrator BU after BU 9900 accounting period is closed.
- **SB 84 Supplemental Pension** – allocated from BU 9892 to the fund administrator BU after BU 9892 accounting period is closed.
- **Deposits in Surplus Money Investment Fund** – allocated to the fund administrator BU and posted with account 1120100.
- **Cash reclassification** – cash is reclassified to account 1108000 or 6590000 for non-shared or shared funds, respectively, after all other transactions are posted successfully in the BUDLEGAL ledger.

PLAN OF FINANCIAL ADJUSTMENT

PLAN OF FINANCIAL ADJUSTMENT

- Overview
- Validating Plan of Financial Adjustment (PFA)-Eligible Transactions
- Reconciling Pending PFA

OVERVIEW

Purpose

State Administrative Manual (SAM) Section 8452:

A PFA is a plan proposed by a department to allocate costs paid from one fund or appropriation to other funds or appropriations. The purpose is to eliminate the use of multiple claims for an invoice or payroll charge applicable to more than one fund or appropriation.

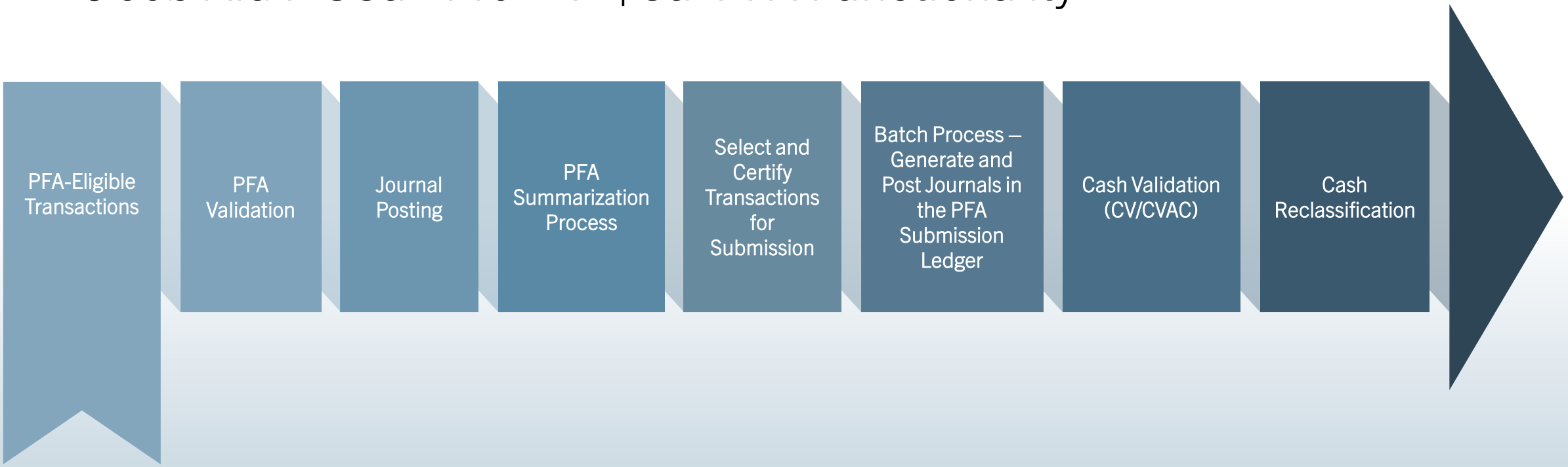
OVERVIEW

Departments' Responsibilities

- Ensure that the State Controller's Office (SCO) has the current PFA letter on file.
- Follow the procedures outlined in SAM Sections 8452, 8452.1, and 8452.2 to prepare and request approval for a new/revised PFA.

OVERVIEW

- PFA Process in FI$Cal
  - Job Aid FISCal.440 – FI$Cal PFA Functionality



OVERVIEW

PFA-Eligible Transactions

- Labor Distribution transactions charged to the Clearing Account/primary appropriation and allocated to the ultimate funds/appropriations.
- Cost allocation journals identified as having PFA impact (offset to account 1110101).
- Journals with the following SCO Transaction Types (offset to account 1110101):
  - **PFA** (PFA Corrections)
  - **CARE** (Clearing Account Reclass/Manual Allocation)
  - **ESAD** (Estimated PFA)

OVERVIEW

❖ Accounting Entries

	Primary Appropriation (Source) 4321-001-0001 Prg 9999 ENY 20XX			Special Appropriation (Target) 4321-001-0001 Prg 2220 ENY 20XX		
	6510000/ 6520000	5xxxxxx	1110101	6510000/ 6520000	5xxxxxx	1110101
1. Department: record expenditures in the primary appropriation	(5,000.00)	5,000.00				
2. Department: run and post Labor Distribution/Cost Allocation (CA)/Manual CA journals		(5,000.00)	5,000.00		5,000.00	(5,000.00)
3. Department: complete PFA submission process in FI$Cal						
4. Cash reclassification process	5,000.00		(5,000.00)	(5,000.00)		5,000.00
Total	0.00	0.00	0.00	(5,000.00)	5,000.00	0.00

VALIDATING PFA-ELIGIBLE TRANSACTIONS

- **Purpose** – To ensure each period's PFA-eligible transactions have been summarized, certified, and submitted to the SCO.

DFQ_GL_08_PFA_KK_SUMMARY

Summary									Budget Period			
Fiscal Year	Period	Eligible PFA	Summarized	Source	Fund	ENY	Approp Ref	Program	20X1	20X2	20X3	Grand Total
20X3	2	PFA	Y	12N	0001	20X3	001	9999			(1,000,000.00)	(1,000,000.00)
								2220			1,000,000.00	1,000,000.00
				12N Total							0.00	0.00
				ALO	0001	20X1	001	9999	(146.05)			(146.05)
								2220	146.05			146.05
						20X3	001	9900100			142,088.84	142,088.84
								9900200			(1,092,287.39)	(1,092,287.39)
								9999			(871,255.67)	(871,255.67)
								2220			1,821,454.22	1,821,454.22
				ALO Total					0.00		0.00	0.00
				PFR	0001	20X3	001	9999			1,000,000.00	1,000,000.00
								2220			(1,000,000.00)	(1,000,000.00)
				PFR Total							0.00	0.00
				(blank)	0001	20X3	001	9900100			950,198.55	950,198.55
								9999			(5,716,578.02)	(5,716,578.02)
								2220			4,658,671.31	4,658,671.31
					3314	1990	501	2220			107,708.16	107,708.16
				(blank) Total							(0.00)	(0.00)
			Y Total						0.00		(0.00)	(0.00)
			(blank)	11N	0001	20X2	001	9999		(772.35)		(772.35)
								2220		772.35		772.35
				11N Total						0.00		0.00
			(blank) Total							0.00		0.00
	2 Total								0.00	0.00	(0.00)	(0.00)
Grand Total									0.00	0.00	(0.00)	(0.00)

VALIDATING PFA-ELIGIBLE TRANSACTIONS

❖ Validations

a. Total summarized amount by appropriation per DFQ_GL_08_PFA_KK_SUMMARY = total certified amount by appropriation per ZZ_PFA_ACT_SUMMARY + amount displayed on the PFA Interface Review page.

b. All estimated PFA (Journal Source 12N) must be reversed before the department submits actual PFA to the SCO. The reversal must use SCO Transaction Type EPFR and Source PFR and be posted in the same accounting period.

c. The net total of the Source and Target appropriations by budget period must be zero.

d. Departments must take one of the following actions to resolve any amounts identified as eligible for PFA but not summarized:
   - Run the summarization process again and ensure that those amounts are no longer outstanding.
   - If those amounts are still outstanding, the department will need to research and correct the source transactions; contact the FI$Cal Service Center if needed.

RECONCILING PENDING PFA

❖**Purpose** – To reconcile PFA transactions between department's records and the SCO to identify the pending amount for each appropriation account.

PFA Reconciliation - Budget Period 20X2

PFA RECONCILIATION WORKSHEET **BU 8860 Department of Finance** **FY 20X3-24** **As of 07/31/20X3 (Period 1)**		**Fund:** **ENY:** **Reference:** **Program:**	0001 20X2 001 9999	0001 20X2 001 6770	0001 20X2 001 6780	0001 20X2 001 6785	0001 20X2 001 9900100	0001 20X2 001 9900200	3314 1990 501 6770	9740 20X2 001 6770	**Total**
Carryover Balance	Pending PFA as of 06/30/20X3		7,881,588.38	(3,015,495.26)	(812,527.05)	(649,098.13)	(1,379,185.17)	1,379,185.17	(695,542.21)	(2,708,925.73)	0.00
Period 1	PFA-eligible transactions		795,727.07	(279,337.20)	(143,883.98)	(87,033.44)	(97,943.35)	97,943.35	(3,968.37)	(281,504.08)	0.00
	CB11031944	7/26/20X3	(7,544,670.84)	2,873,062.00	840,120.07	625,447.92	1,277,241.47	(1,277,241.47)	695,542.21	2,510,498.64	0.00
											0.00
Pending PFA as of 07/31/20X3			1,132,644.61	(421,770.46)	(116,290.96)	(110,683.65)	(199,887.05)	199,887.05	(3,968.37)	(479,931.17)	0.00

BudgetPeriod_20X1 | BudgetPeriod_20X2 | BudgetPeriod_20X3

❖**Procedure** — PFA Reconciliation Procedure
https://dof.ca.gov/accounting/fiscal-resources-for-accounting/

SCO/AGENCY RECONCILIATION

SCO/AGENCY RECONCILIATION

- Overview
- Components
- Reconciling Expenditure Accounts
- Reconciling Advance Accounts
- Reconciling Reimbursement Accounts
- Reconciling Revenue, Refunds to Reverted, and Transfer In Accounts
- Reconciling Appropriated Operating Transfer Out Accounts
- Reconciling Commitment Control to the General Ledger
- Reconciliation Tips

OVERVIEW

Purpose

- To reconcile department's appropriation balances to the corresponding balances maintained by the SCO (SAM Section 7921).

OVERVIEW

Departments' Responsibilities

- Complete the reconciliation monthly; within 30 days of the preceding month. The reconciliation must show the preparer's and reviewer's names and signatures, date prepared, and date reviewed, and be retained for at least two years (SAM Section 7901).
- Disclose any differences between the two records; the information must include the reconciling amount, clear identification of each item that makes up that amount, the corrective actions (if applicable), and the resolution time.
- Resolve reconciling items timely to prevent differences at year-end and to ensure appropriations are within the established limits.

COMPONENTS

										L	M	N	O
A	**AGENCY RECONCILIATION WORKSHEET** **FUND: 0001 - GENERAL FUND** **FY 20X3-X4** **August 31, 20X3 - PERIOD 2 BUDLEGAL**	**ACCT** **TITLE**	20X2 Transfer from Fund 8505 6380000 CASH	20X3 Scheduled Reimbursement 001.6770.4 CC_CV_REV	20X3 State Budget 001.6770.50 CC_CV_APR	20X3 Clearing Account 001.9999.50 CC_CV_APR	20X3 State Comp Insur. Fund Deposit 001.536.9930 CC_CVCLNG	20X3 Revolving Fund Advance 001.537.9930 CC_CVCLNG	20X3 Advance to Service Revolving Fund 001.538.9930 CC_CVCLNG	TOTAL Appropriations	Totals per BUDLEGAL Trial Balance **(Actual sign)**	GL Accounts not Posted to KK per Trial Balance **Opposite sign**	GL Account Variance
B	**Balance per FI$Cal Appropriation Activity Report**		**(148,863.02)**	**11,132,000.00**	**(31,140,517.97)**	**12,174,391.32**	**755.77**	**200,000.00**	**85,000.00**	**(51,576,947.35)**			
C	**Current Year Accruals:**												
	Receivables: (Enter GL Account Name & Number)												
	Accounts Receivable - Revenue (GL 1313)	1200000								(1,350.00)	1,350.00		0.00
	Accounts Receivable - Reimbursements (GL 1312)	1200050								(230,802.00)	230,802.00		0.00
	Accounts Receivable - Abatements (GL 1311)	1200100				(2,627.64)				(16,176.46)	16,176.46		0.00
	AR - Dishonored Checks (GL 1315)	1200150								0.00	0.00		0.00
	AR - Audit Exceptions (1340)	1203100								0.00	0.00		0.00
	AR - Other (GL 1319)	1203900								0.00	4,766.04	(4,766.04)	0.00
	Due from Other Funds (GL 1410)	1240000		(3,125.00)						(54,267.60)	54,267.60		0.00
	Due from Other Appropriations (GL 1420)	1240100								(140,422.00)	140,422.00		0.00
	Due From Other Governmental Entities (GL 1530)	1262000								0.00	0.00		0.00
	Provision For Deferred Receivables (GL 1600)	1230000								0.00	(4,766.04)	4,766.04	0.00
	Payables: (Enter GL Acct Name & Number)												
	From the AP Input Table (below)												
	Accounts Payable - Encumbrance	2000300	0.00	0.00	612,303.35	0.00	0.00	0.00	0.00	214,623.05	(214,623.05)		0.00
	Accounts Payable (GL 3010)	2000000	0.00	0.00	0.00	42,354.76	0.00	0.00	0.00	1,548,444.42	(1,548,444.42)		0.00
	Accrued Accounts Payables (GL 3010)	2000100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(618,312.53)	618,312.53		0.00
	Due to Other Funds (GL 3114)	2010000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Due to Other Appropriations (GL 3115)	2011000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Due to Federal Government (GL 3210)	2020000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	(150.00)		0.00
	Due to Local Governments (GL 3220)	2021000	0.00	0.00	0.00	1,241.00	0.00	0.00	0.00	1,504.51	(1,504.51)		0.00
	Due to Other Governmental Entities (GL 3230)	2024000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
	Other Payable Accounts												
	Local Sales Taxes Payable (GL 3230)	2023000								0.00			0.00
	Other:												
	Plan of Financial Adjustment - Pending	1110101			4,547,227.33	(12,216,468.44)				(5,174,267.08)	5,174,267.08		0.00
D	**Adjustments to Cash Basis:**												
	[Enter adjustments to Cash Basis]												
E	**Other Accrual Adjustments:**												
	Prior Year Accrual Reversal		148,863.02							151,313.02			
F	**CASH BASIS ADJUSTED BALANCE**		**0.00**	**11,128,875.00**	**(25,980,981.29)**	**31.00**	**755.77**	**200,000.00**	**85,000.00**	**(55,896,510.02)**			
G	**Balance per Department's Records**			**11,128,875.00**	**(37,112,981.29)**	**31.00**				**(67,313,857.54)**			
H	**Uncollected Associated Revenues:**				11,132,000.00					**11,132,000.00**			
	Adjustments to BUDLEGAL:												
	Advance to ORF not posted to KK	1222100						200,000.00		200,000.00		(200,000.00)	0.00
	Advance to SCIF and SRF not posted to KK	1303200					755.77		85,000.00	85,755.77		(85,755.77)	0.00
	Refunds to Reverted Appropriations not posted to KK	5901000								(408.25)		408.25	0.00
	Unappropriated Operating Transfer from Other Funds	63XXXXX	0.00							0.00		0.00	0.00
I	(Enter reconciling items to adjust BUDLEGAL.)												
J	**BUDLEGAL BASIS ADJUSTED BALANCE**		**0.00**	**11,128,875.00**	**(25,980,981.29)**	**31.00**	**755.77**	**200,000.00**	**85,000.00**	**(55,896,510.02)**			
K	**VARIANCE**		**0.00**	**0.00**	**0.00**	**(0.00)**	**0.00**	**0.00**	**0.00**	**0.00**			

*Some columns are hidden for illustration purposes.

COMPONENTS

										L	M	N	O
A	**AGENCY RECONCILIATION WORKSHEET** **FUND: 0001 - GENERAL FUND** **FY 20X3-X4** **August 31, 20X3 - PERIOD 2 BUDLEGAL**	**ACCT** **TITLE**	20X2 Transfer from Fund 8505 6380000 CASH	20X3 Scheduled Reimbursement 001.6770.4 CC_CV_REV	20X3 State Budget 001.6770.50 CC_CV_APR	20X3 Clearing Account 001.9999.50 CC_CV_APR	20X3 State Comp Insur. Fund Deposit 001.596.9990 CC_CVCLNG	20X3 Revolving Fund Advance 001.597.9990 CC_CVCLNG	20X3 Advance to Service Revolving Fund 001.598.9990 CC_CVCLNG	TOTAL Appropriations	Totals per BUDLEGAL Trial Balance **(Actual sign)**	GL Accounts not Posted to KK per Trial Balance **Opposite sign)**	GL Account Variance
	AP Input Table												
	ENCUMBRANCE ACCRUALS:												
	Accounts Payable - Encumbrance	2000300			612,309.35					214,623.05			
	Accounts Payable (GL 3010)	2000000								793,858.37			
	Accrued Accounts Payables (GL 3010)	2000100								0.00			
	Due to Other Funds (GL 3114)	2010000								0.00			
	Due to Other Appropriations (GL 3115)	2011000								0.00			
	Due to Federal Government (GL 3210)	2020000								3,168.61			
	Due to Local Governments (GL 3220)	2021000								505.34			
	Due to Other Governmental Entities (GL 3290)	2024000								372.36			
	TOTAL ENCUMBRANCE ACCRUALS:		**0.00**	**0.00**	**612,309.35**	**0.00**	**0.00**	**0.00**	**0.00**	**1,013,128.93**			
	EXPENDITURE ACCRUALS:												
	Accounts Payable (GL 3010)	2000000				42,954.76				131,439.52			
	Accrued Accounts Payables (GL 3010)	2000100								0.00			
	Due to Other Funds (GL 3114)	2010000								0.00			
	Due to Other Appropriations (GL 3115)	2011000								0.00			
	Due to Federal Government (GL 3210)	2020000								0.00			
	Due to Local Governments (GL 3220)	2021000				1,241.00				1,241.00			
	Due to Other Governmental Entities (GL 3290)	2024000								0.00			
	TOTAL EXPENDITURE ACCRUALS:		**0.00**	**0.00**	**0.00**	**44,195.76**	**0.00**	**0.00**	**0.00**	**132,680.52**			

P PREPARED BY: U.R. Dunne DATE: 9/25/20X3

REVIEWED BY: Ree V.R. DATE: 9/26/20X3

❖ **Procedure** – SCO/Agency Reconciliation Procedure
https://dof.ca.gov/accounting/fiscal-resources-for-accounting/

COMPONENTS

Item		Description
A.	**Reconciliation and Account Description**	Enter the reconciliation information, and the list of accounts in the FI$Cal Appropriation Activity Report.
B.	**Balance per FI$Cal Appropriation Activity Report**	Enter the apropriation/account balance from the **FI$Cal Appropriation Activity Report** (same sign).
C.	**Current Year Accruals**	The total accruals must agree with the **BUDLEGAL Trial Balance** (M).
	• Accounts Receivable (AR) • Accounts Payable (AP) Expenditure Accruals Other Payable Accounts	Enter the accrual account balance associated with each appropriation. For AP Expenditure Accruals, enter the numbers in the **AP Input Table** (not shown on the slide). -Use inception-to-date accrual queries, or -Use the balance from prior month's (PM) reconciliation + current month's (CM) accrual transactions in BUDLEGAL (Journal Source MOD). The total PM balance must match the PM BUDLEGAL Trial Balance or the Beginning Balance on the CM **BUDLEGAL Trial Balance by Period (ZGL111)**.
	• Accounts Payable (AP) Encumbrance Accruals	Enter the balance from PM reconciliation + CM encumbrance transactions in BUDLEGAL (Journal Source DEP). Enter the numbers in the **AP Input Table** (not shown on the slide). The total PM balance must match the PM BUDLEGAL Trial Balance or the Beginning Balance on the CM **BUDLEGAL Trial Balance by Period (ZGL111)**.
	• Other Pending PFA	Enter the Pending PFA amounts from the PFA reconciliation worksheet. The total by fund must match account 1110101 on the Trial Balance.
D.	**Adjustments to Cash Basis**	Enter any reconciling items that require adjustment to the cash basis. Describe each reconciling item clearly, including the action taken and timeline to resolve the issue.
E.	**Other Accrual Adjustments**	Enter **PY Accrual Reversal** for Revenue and Continuous Appropriations with No Budget accounts, and any reconciling items that require adjustment to the accrual balance in BUDLEGAL.
F.	**Cash Basis Adjusted Balance**	Calculated as the sum of all the amounts above (B through E).
G.	**Balance per Department's Records**	Enter the balance for each appropriation; use the appropriate data source for each account type as explained in the next sections.
H.	**Uncollected Associated Revenues**	Enter the uncollected associated revenues for disbursement accounts with associated revenues. The uncollected revenue amount should match the associated CC_CV_REV balance per FI$Cal Appropriation Activity Report.
I.	**Adjustments to BUDLEGAL**	Enter any reconciling items to adjust the BUDLEGAL nominal account balance. Describe each reconciling item clearly, including the action taken and timeline to resolve the issue.
J.	**BUDLEGAL Basis Adjusted Balance**	Calculated as the sum of **Balance per Department's Records** and **Adjustments to BUDLEGAL** (G+H+I).
K.	**Variance**	Calculated as the difference between the **Cash Basis Adjusted Balance** and the **BUDLEGAL Basis Adjusted Balance** (F-J). The variance must be zero.
L.	**Total Appropriations**	Calculated as the total of each account code across all appropriations listed on the reconciliation worksheet.
M.	**Totals per BUDLEGAL Trial Balance**	Enter the balance of each accrual account from the **BUDLEGAL Trial Balance Report (ZGL061)**.
N.	**GL Accounts not Posted to KK per Trial Balance**	Enter the balance of Advances, Refunds to Reverted Appropriations, and Unappropriated Transfers that are not posted to KK, as shown on the BUDLEGAL Trial Balance Report. Any AR and AP amount that offsets to a Provision for Deferred account should also be included in this column.
O.	**GL Account Variance**	Calculated as the sum of **Total Appropriations**, **Totals per BUDLEGAL Trial Balance**, and **GL Accounts not Posted to KK per Trial Balance** (L through N). Any amount other than zero must be explained. The aggregate **GL Account Variance** must net to zero in the same fund.
P.	**Department's Certification**	Sign and date; the preparer and reviewer certify that the reconciliation has been completed properly and accurately.
Departments must verify that the formulas to calculate the SCO Adjusted Balance, FI$Cal Adjusted Balance, Total Appropriations, and GL Account Variance are correct, based on the descriptions above. Those cells may not contain any hard-coded numbers.		

RECONCILING EXPENDITURE ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Appropriation expenditure (Account 50) balances are from the CC_CVCLNG and CC_CV_APR ledgers.
- **Balance per Department's Records**
  - Regular appropriations: departments reconcile the inception-to-date balance.

    Enter the balance from Report 6 – Final Budget Report (same sign).
  - Continuous appropriations without a budget: departments reconcile the year-to-date activities.

    Enter the budgetary expenditure amount from Report 6 (same sign).

    If applicable, reverse the accruals from the prior fiscal year in the "Other Accrual Adjustments" section.

RECONCILING EXPENDITURE ACCOUNTS

- Encumbrance
  - Account 2000300 shows the year-to-date encumbrance activities.
  - The total encumbrance accruals, including account 2000300 = Encumbrance/Allocated Encumbrance in Report 6.
  - The total encumbrance accruals, without account 2000300 = Prior Year Encumbrance Reversals in Report 6.
- Clearing Account
  - Expenditures and encumbrances in the Clearing Account must be allocated to the ultimate funds/appropriations before the department closes the accounting period.
  - The Clearing Account will have a zero balance at month-end and should not appear in Report 6.

RECONCILING EXPENDITURE ACCOUNTS

❖Uncollected Associated Revenues

- The budget in the Commitment Control for disbursement accounts with associated revenues is set up as the spending authority in the Budget Act less the corresponding reimbursement authority.
- Once reimbursements are collected, the amounts will be reflected in the 'Associated Revenue' column of the FI$Cal Appropriation Activity Report and increase the ending balance of the disbursement account.
- The Balance per Department's Records (Report 6) shows the Budget Act amount; therefore, uncollected associated revenues are entered in the reconciliation to adjust the department's records.

RECONCILING EXPENDITURE ACCOUNTS

- **Transactions Related to Liabilities for Deposits**
  - Effective July 1, 2024, departments can use an allocation process in FI$Cal to reclassify transactions in accounts 5610120 (Other Deductions - Unspecified) and 5620120 (Other Trust and Agency Funds Additions – Unspecified) to account 2060000 (Deposits – General) monthly.
  - The reclassification happens in the BUDLEGAL ledger and is not reflected in Report 6. Therefore, it will cause a reconciling amount and needs to be footnoted on the SCO/Agency Reconciliation.
  - The reconciling amount should equal account 2060000 amount on the Trial Balance.

RECONCILING ADVANCE ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Advances (Accounts 59x) are from the CC_CVCLNG ledger (Account 59x).
- **Advances 596, 597, and 598**
  - Confirm that Advance 596 (State Compensation Insurance Fund Deposit) and Advance 598 (Advance to Service Revolving Fund – Other Services) journals interface to FI$Cal with account 1309200 and BU - Fund Affiliate 8430 - 0512 and 7760 - 066600001, respectively.
  - Account 1222100 must reflect the correct amount for Advance 597 (Revolving Fund Advance).
  - Validate the budgetary amount in the Commitment Control (CC_CLRNG), Advances 596, 597, and 598, against the FI$Cal Appropriation Activity Report.

RECONCILING REIMBURSEMENT ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Reimbursements (Accounts 48xxxxx and 44xxxxx) are from the CC_CVRVCLG and CC_CV_REV ledgers.
- **Balance per Department's Record**
  - Enter the balance from Report 6 (same sign).
  - Appropriations that are 100% reimbursements must have zero net appropriation balance in Report 6 at year-end.

RECONCILING REVENUE, REFUNDS TO REVERTED, AND TRANSFER IN ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Revenues are not appropriated, and the balances shown in the report are pulled from the CASH ledger (Account 4xxxxxx).
- **Revenue and Operating Revenue accounts**

  Enter the year-to-date recognized revenue (C_DTL_REC) balance (same sign). Departments can obtain this information by running the DFQ_KK_01_ACTIVITYLOG_SUP_PROJ query from the Revenue Detail (CC_DTL_REV) ledger group.

  - C_DTL_REC: cash and accrued revenues
  - C_DTL_COL: cash basis revenues, must match the revenues posted on the FI$Cal Appropriation Activity Report.

RECONCILING REVENUE, REFUNDS TO REVERTED, AND TRANSFER IN ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Refunds to reverted appropriations (Account 590xxxx) and Transfers In (Account 63x) are also from the CASH ledger.
- **Transfers from Other Funds and Refunds to Reverted Appropriations**
  These accounts are treated as unappropriated transfers and expenditures in FI$Cal.

  Departments can use the Trial Balance or the DFQ_GL_01_JOURNAL_DETAIL query to extract the year-to-date transactions. The Fund Affiliate information in the DFQ_GL_01_JOURNAL_DETAIL query will assist departments in validating the sources of the transfers.

RECONCILING REVENUE, REFUNDS TO REVERTED, AND TRANSFER IN ACCOUNTS

- Departments reconcile to the year-to-date activities recorded by the SCO; therefore, any prior year accruals must be excluded from the total current year revenues in FI$Cal.

  Enter the amount to exclude as prior year accrual reversal, in the “Other Accrual Adjustments” section.

RECONCILING APPROPRIATED OPERATING TRANSFER OUT ACCOUNTS

- **Balance per FI$Cal Appropriation Activity Report** – Appropriated transfers (Account 62x) are from the CC_CVCLNG and CC_CV_APR ledgers.
- **Balance per Department's Records**
  - Regular appropriations: enter the balance from Report 6 (same sign).
  - Continuous appropriations without budget:
    - Enter the budgetary expenditure amount from Report 6 (same sign).
    - Enter the prior year accrual reversal amount in the "Other Accrual Adjustments" section, if applicable.

RECONCILING COMMITMENT CONTROL TO THE GENERAL LEDGER

- **Purpose** – To ensure consistency in the total nominal account transactions between the Commitment Control and the BUDLEGAL Trial Balance.

- **Validation** – Departments can use the DFQ_GL_05_REC_KK_APPROP_LEVEL query to obtain the total nominal accounts in the Commitment Control. To simplify the validation, summarize the accounts in the query and the Trial Balance by the first two digits of the account code.

RECONCILING COMMITMENT CONTROL TO THE GENERAL LEDGER

DFQ_GL_05_REC_KK_APPROP_LEVEL			Trial Balance Report	
Row Labels	Sum of Sum Amount		Row Labels	Sum of ENDING BALANCE
41	($3,180.53)		41	($3,180.53)
48	($1,160,812.82)		48	($1,160,812.82)
51	$15,502,859.56		51	$15,502,859.56
53	$308,009.91		53	$308,009.91
59	($169.61)		59	($169.61)
63	$128,155,000.00		63	$128,155,000.00
Grand Total	**$142,801,706.51**		**Grand Total**	**$142,801,706.51**

RECONCILIATION TIPS

- Examples of common reconciling items:
  - Timing issues related to voucher payments.
  - Timing issues related to remittances/payment applications, and Pending Cash Transfers – AR amount that has not been reclassified.
  - GL/KK mismatch due to timing issues in periods 1-11. GL/KK mismatches caused by other issues must be corrected before the accounting period is closed.

RECONCILIATION TIPS

- Some useful queries to assist with researching transactions:
  - DFQ_AP_02_VOUCHERS_LISTING and DFQ_AP_06_VOUCHER_ACCTG_TRANS: to research reconciling amounts from vouchers.
  - DFQ_AR_13_CASH_RECEIPT_DETAIL: to research reconciling amounts from remittances/payment applications.
  - DFQ_AR_16_AP_AR_ACCRUAL: to research the document ID(s) associated with accrual transactions. The document ID(s) can be used further to find the associated nominal account(s).
  - DFQ_GL_05_REC_KK_APPROP_LEVEL and DFQ_GL_07_REC_ACCRUAL_OS_BAL: to research accruals that are missing appropriation information.
  - ZZ_BUDLEGAL_CROSSWALK_JRNL: crosswalk between BLL App Engine BUDLEGAL journal to the source journal(s) in the MODACCRL ledger.

RECONCILIATION TIPS

- Review the Trial Balance monthly and check for any abnormal account balances or activities.

Account		Debit	Credit	Zero Balance
Assets		X		
Exceptions:	1100000 – 1101400 (Cash on Hand, cash in the CTS accounts)[1]			X
	1109100 – 1109600 (Pending Cash)[2]			X
	1240020 – 1240040 (Due from Labor Distribution, GL Journal, and PC Fund Distribution)[2]			X
	129xxxx (Provision for Deferred or Uncollectible Receivables)		X	
	6510000 and 6520000 (Unappropriated InterUnit Cash Transfers)[3]			X
Liabilities			X	
Exceptions:	2000100 (Accrued Accounts Payable)[4]			X
	2010020 – 2010040 (Due to Labor Distribution, GL Journal, and PC Fund Distribution)[2]			X
Fund Balance[5]			X	

RECONCILIATION TIPS

Account Balance – Footnotes:

1. Accounts must be zero in state funds periods 1 through 12 but can have a debit balance in period 998 after the department has posted the year-end accrual entries.

2. Accounts must be zero in periods 12 and 998; however, there may be a balance pending correction/reclassification in periods 1 through 11.

3. Accounts 6510000 and 6520000 must be reclassified monthly to 1108000/6590000 and 1120100 (if applicable) and must have a zero balance. Some non-shared funds may have carryover balances from fiscal year 2019, which should stay the same after 6/30/2020.

RECONCILIATION TIPS

Account Balance – Footnotes:

4. Account 2000100 should be zero in periods 1 through 12 but may have a balance in period 998 after the department has posted the year-end accruals or encumbrance reclassification entries.

5. Each fund can only have one fund balance account. The Fund Balance – Clearing for shared funds may have a debit or credit balance.

IMPORTANCE OF MEETING MONTH-END AND YEAR-END CLOSE DEADLINES

IMPORTANCE OF MEETING MONTH-END AND YEAR-END CLOSE DEADLINES

Monthly reconciliation deadlines ensure departments safeguard the state's assets and provide reliable data in their financial reports. It is imperative that departments submit timely and accurate year-end financial reports for the state to accomplish its statewide statutory responsibilities.

- **Monthly reconciliation and timely and accurate year-end financial reporting provide the following benefits:**
  - The SCO will have reliable data to publish in their annual reports.
  - The Department of Finance (Finance) will have reliable financial data to build the budget and meet the deadlines for the Governor's Budget.
  - Finance will have the information necessary to meet statewide Single Audit Act reporting requirements.
  - The state will have the information necessary to meet bond disclosure requirements.
  - Departments will stay in compliance with the requirements in SAM Section 7901.
  - Departments will be able to meet Single Audit management certification requirements.

IMPORTANCE OF MEETING MONTH-END AND YEAR-END CLOSE DEADLINES

❖ Adverse impacts resulting from failure to provide accurate and timely financial information:

- May impede the timely preparation and presentation of the Governor's Budget to the Legislature.
- May create distortion in budget details resulting from inaccurate or absence of required data, or the use of estimates.
- Delay in the preparation and publication of the Budgetary-Legal Basis Annual Report as required by Government Code Section 12460.
- May lead to inability to fund key programs.
- Distrust/loss of public confidence and reputational damage, which may impact credit rating and result in higher borrowing costs.
- Non-compliance with federal regulatory requirements, which may result in the suspension or termination of federal awards.
- The SCO will report delinquent departments to the Legislature and the departments will be required to testify on correcting the deficiency.

MAILING LISTS

Subscribe to the Department of Finance's FI$Cal Resources for Accounting and Training mailing lists at https://dof.ca.gov/department-mailing-lists/

QUESTIONS

Contact the FSCU Hotline.

Email: FSCUHotline@dof.ca.gov

Phone: (916) 324-0385