



Fiscal Systems and Consulting Unit



DEPARTMENT OF FINANCE
STATE OF CALIFORNIA

PLAN OF FINANCIAL ADJUSTMENT AND SCO/AGENCY RECONCILIATION

Month-End Training – October 2024

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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

Commitment Control is the structure and rules set up to validate transactions against predefined budgets; the purpose is to achieve budgetary control.

These are some of the main Commitment Control ledgers:

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, and reference level	CC_CLRNG	CC_CVCLNG
Reimbursement authority control at the enactment year, fund, and reference 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

REPORTS AND QUERIES

❖ Queries in PeopleSoft include:

- DFQ_KK_01_ACTIVITYLOG_SUP_PROJ - Transactions recorded in the Commitment Control during a specified period.
- DFQ_KK_02_BUDGET_JRNL_LINES - Budget journals in Commitment Control.
- DFQ_KK_14_APPROP_ACTIVITY_LEVL - Transactions in the Detail Expense (C_DTL_EXP) and Detail Revenue Recognized (C_DTL_REC) ledgers.

BUDGET VALIDATION

Departments are responsible for validating the budget of each appropriated expenditure, transfer, and reimbursement account in FI\$Cal to ensure it matches the authorized amount.

Budget Act

PeopleSoft GL									
Report ID:	GLS8020	BUDGET STATUS REPORT						Page No.	
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	ENY	Approp Ref	Budget	Assoc Revenue	Planned	PreEncumbrance	Encumbrance	Expense	Remaining
Program									
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

8860-001-0001—For support of Department of Finance			58,179,000
Schedule:			a
(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	

GENERAL LEDGER

GENERAL LEDGER

- ❖ Account Description
- ❖ Overview
- ❖ Budgetary Legal Ledger

ACCOUNT DESCRIPTION

Legacy Accounts

Account Number	Description
1140	Cash in State Treasury
9000	Appropriation Expenditures

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

ACCOUNT DESCRIPTION

Chart of Accounts (continued)

Account Number	Description
2000000	Accounts Payable
2000100	Accrued Accounts Payable
2000300	Accounts Payable - Encumbrance
2021000	Due to Local Governments
2024000	Due to Other Governmental Entities
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

The General Ledger is used to summarize transactions into the accounts needed to prepare financial reports. General Ledger is the repository for all financial transactions recorded across all FI\$Cal modules.

Transactions flow from the submodules to the General Ledger, making it the last module to close at month-end.

There are multiple ledgers in FI\$Cal General Ledger module, including:

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)

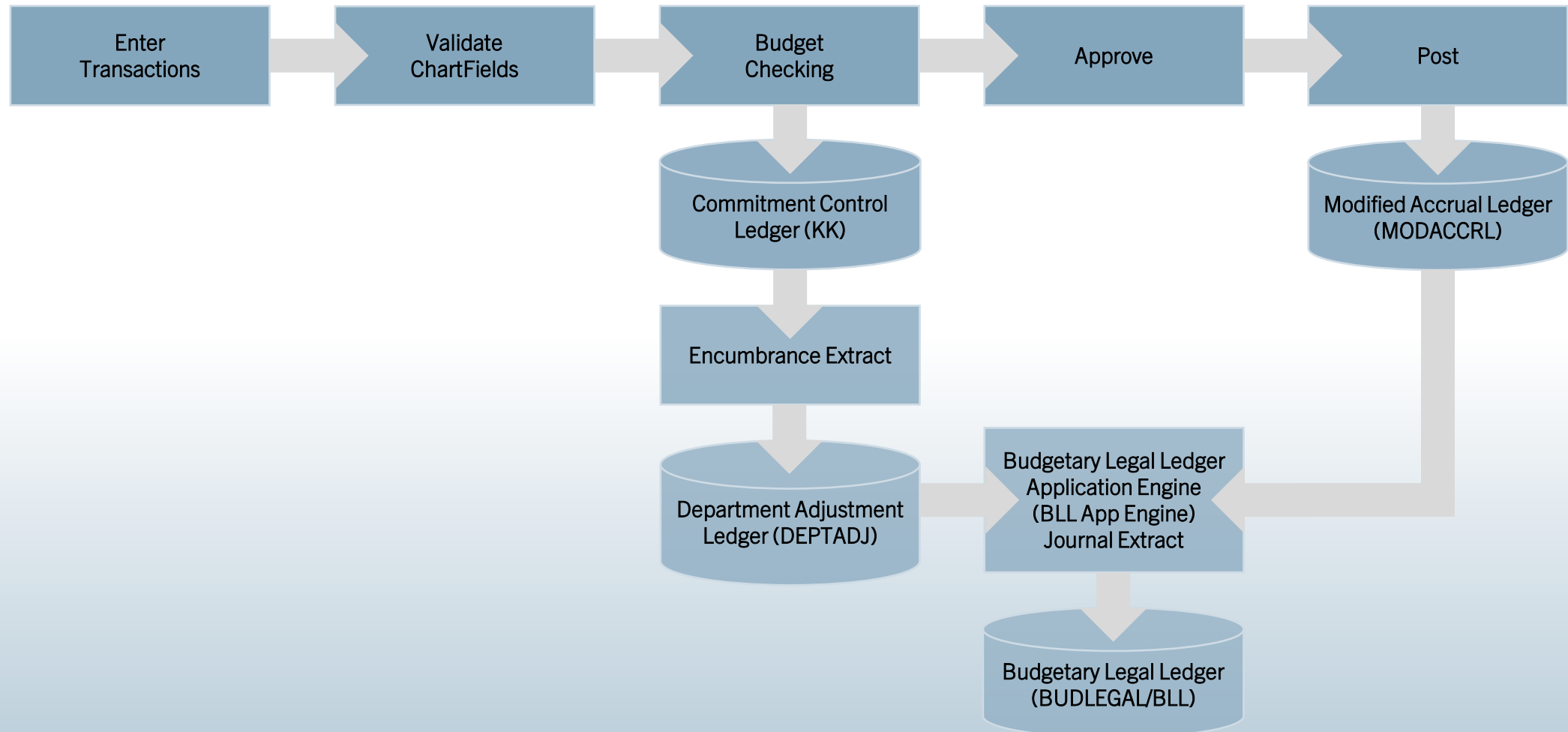
Cash basis transactions.

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

Commitment Control

- Budget
- Encumbrances
- Appropriation Expenditures
- Appropriation Transfers
- Reimbursements
- Revenues

Modified Accrual Ledger

- Appropriated and Unappropriated Expenditures
- Appropriated and Unappropriated Transfers
- Reimbursements
- Revenues
- Real Accounts

Budgetary Legal Ledger

- Encumbrances
- Appropriated and Unappropriated Expenditures
- Appropriated and Unappropriated Transfers
- Reimbursements
- Revenues
- Real Accounts

BUDGETARY LEGAL LEDGER

- ❖ Encumbrance accounting entries in the BUDLEGAL ledger.
 - At year-end, account 2000300 is allocated based on the balances in the DEPTADJ ledger.
 - The ending balance in account 2000300 must be zero.

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 PO is reduced	(1,000.00)	1,000.00	1,000.00	(1,000.00)					1,000.00	(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.

BUDGETARY LEGAL LEDGER

- ❖ Other transactions posted in the BUDLEGAL ledger (continued).
 - 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

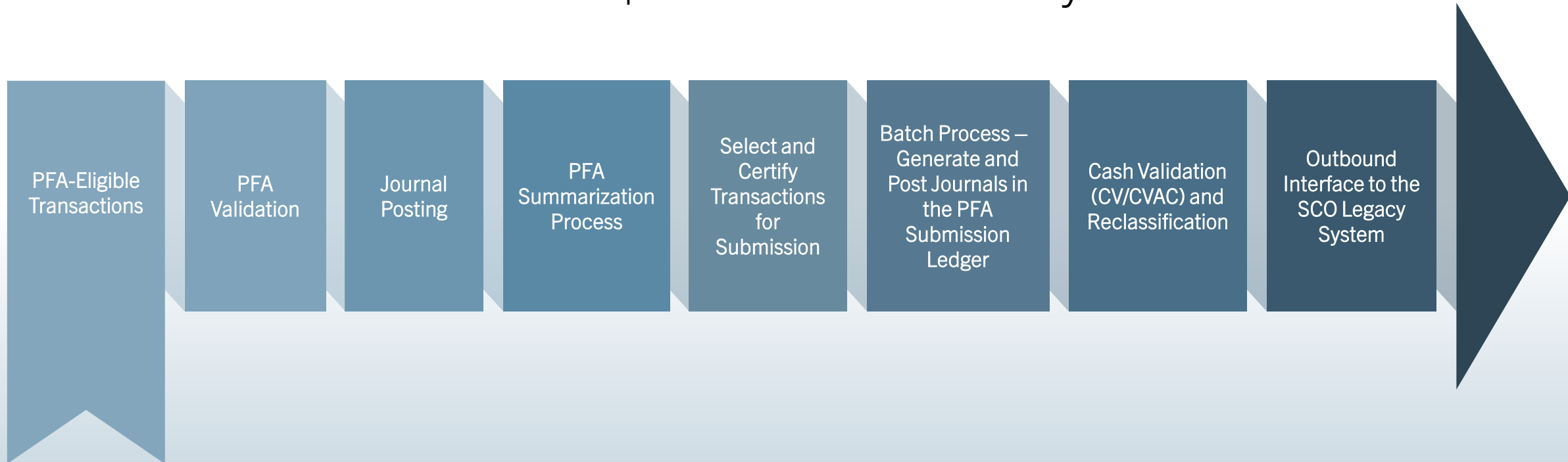
Departments' Responsibilities

- 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

	FI\$Cal Department						SCO			
	Primary Appropriation (Source) 4321-001-0001 Prg 9999 ENY 2023			Special Appropriation (Target) 4321-001-0001 Prg 2220 ENY 2023			Primary Appropriation 4321-001-0001 Prg 99 ENY 2023		Special Appropriation 4321-001-0001 Prg 10 ENY 2023	
	6510000/ 6520000	5xxxxxx	1110101	6510000/ 6520000	5xxxxxx	1110101	GL 1140	GL 9000	GL 1140	GL 9000
1. Department: record expenditures in the primary appropriation.	(5,000.00)	5,000.00					(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				
5. Outbound interface to the SCO legacy system.							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	0.00	0.00	(5,000.00)	5,000.00

VALIDATING PFA-ELIGIBLE TRANSACTIONS

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

DFQ_GL_08_PFA_KK_SUMMARY

Summary										Budget Period				
Fiscal Year	Period	Eligible PFA	Summarized	Source	Fund	ENY	Approp Ref	Program		2021	2022	2023	Grand Total	
2023	2	PFA	Y	12N	0001	2023	001	9999				(1,000,000.00)	(1,000,000.00)	b
								2220				1,000,000.00	1,000,000.00	
12N Total												0.00	0.00	b
				ALO	0001	2021	001	9999		(146.05)			(146.05)	
								2220		146.05			146.05	
						2023	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	b
ALO Total										0.00		0.00	0.00	
				PFR	0001	2023	001	9999				1,000,000.00	1,000,000.00	b
								2220				(1,000,000.00)	(1,000,000.00)	
PFR Total												0.00	0.00	b
				(blank)	0001	2023	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)	c
				(blank)	11N	2022	001	9999			(772.35)		(772.35)	
								2220			772.35		772.35	d
11N Total												0.00	0.00	
(blank) Total												0.00	0.00	d
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 legacy system to identify the pending amount for each appropriation account.

PFA RECONCILIATION WORKSHEET BU 8860 Department of Finance FY 2024-25 As of 07/31/2024 (Period 1)		Fund:	0001	0001	0001	0001	0001	0001	9740	3314	Total
		ENY:	2022	2022	2022	2022	2022	2022	2022	1990	
		Reference:	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	501 (501)	
		Program:	9999 (99)	6770 (10)	6780 (20)	6785 (30)	9900100 (40.01)	9900200 (40.02)	6770 (10)	6770 (10)	
Carryover Balance	Pending PFA as of 06/30/2024		7,881,588.38	(3,015,495.26)	(812,527.05)	(649,098.13)	(1,379,185.17)	1,379,185.17	(2,708,925.73)	(695,542.21)	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	(281,504.08)	(3,968.37)	(0.00)
	SCO JE \$PF0000365	7/26/2024	(7,544,670.84)	2,873,062.00	840,120.07	625,447.92	1,277,241.47	(1,277,241.47)	2,510,498.64	695,542.21	0.00
											0.00
											0.00
Pending PFA as of 07/31/2024			1,132,644.61	(421,770.46)	(116,290.96)	(110,683.65)	(199,887.05)	199,887.05	(479,931.17)	(3,968.37)	(0.00)

BudgetPeriod_2022

BudgetPeriod_2023

BudgetPeriod_2024

- ❖ **Procedure** – PFA Reconciliation Procedure

<https://dof.ca.gov/accounting/fiscal-resources-for-accounting/>

SCO/AGENCY RECONCILIATION

SCO/AGENCY RECONCILIATION

- ❖ Overview
- ❖ Components
- ❖ Reconciling Disbursement (D) Accounts
- ❖ Reconciling Reimbursement (F) Accounts
- ❖ Reconciling Revenue (R) Accounts
- ❖ Reconciling Appropriated Operating Transfer Out (T) 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).
- The SCO/Agency Reconciliation will assist departments in completing the year-end manual financial reports (e.g., Reports 1, 2, 5, and 15).

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

											K	L	M	N
A	SCO / AGENCY RECONCILIATION WORKSHEET	ACCT	20X1	20X1	20X1	20X1	20X1	20X1	20X1	20X1	TOTAL Appropriations	Totals per BUDLEGAL Trial Balance	GL Accounts not Posted to KK per Trial Balance	GL Account Variance
	FUND: 0001 - GENERAL FUND FY 20X1-X2 August 31, 20X1 - PERIOD 2 BUDLEGAL	TITLE	Clearing Account D-001-9999 D-001-99	Scheduled Reimbursement F-001-6770 F-001-90.10	State Comp Insur. Fund Deposit D-001-96-9990 D-001-96	Revolving Fund Advance D-001-97-9990 D-001-97	Advance to Service Revolving Fund D-001-98-9990 D-001-98	"C" Balance Account	20X1 Escheat-Checks, Warrants 4171400 R.0161000	"Q" Account Balance		(Actual sign)	(Opposite sign)	
B	Balance per SCO Agency Reconciliation Report		12,182,816.09	11,132,000.00	755.77	200,000.00	85,000.00	(45,654,838.80)	(6,565.61)	(6,565.61)	(62,694,679.22)			
	Current Year Accruals													
	Receivables: (Enter GL Account Name & Number)													
	Accounts Receivable - Revenue (GL 1313)	1200000						0.00	0.00	(1,350.00)	1,350.00			0.00
	Accounts Receivable - Reimbursements (GL 1312)	1200050						0.00	0.00	(230,802.00)	230,802.00			0.00
	Accounts Receivable - Abatements (GL 1311)	1200100	(2,627.64)					(2,627.64)	0.00	(16,176.46)	16,176.46			0.00
	AR - Dishonored Checks (GL 1315)	1200150						0.00	0.00	0.00	0.00			0.00
	AR - Audit Exceptions (1340)	1209100						0.00	0.00	0.00	0.00			0.00
	AR - Other (GL 1319)	1209300						0.00	0.00	0.00	4,766.04	(4,766.04)		0.00
	Due from Other Funds (GL 1410)	1240000		(3,125.00)				(3,125.00)	0.00	(54,267.60)	54,267.60			0.00
	Due from Other Appropriations (GL 1420)	1240100						0.00	0.00	(140,422.00)	140,422.00			0.00
	Due from Other Governmental Entities (GL 1590)	1262000						0.00	0.00	0.00	0.00			0.00
	Provision for Deferred Receivables (GL 1600)	1290000						0.00	0.00	0.00	(4,766.04)	4,766.04		0.00
	Payables: (Enter GL Account Name & Number)													
	From the AP Input Table (below)													
	Accounts Payable - Encumbrance	2000300	0.00	0.00	0.00	0.00	0.00	775,064.13	0.00	0.00	214,623.05	(214,623.05)		0.00
	Accounts Payable (GL 3010)	2000000	42,954.76	0.00	0.00	0.00	0.00	42,954.76	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	0.00	(618,912.53)	618,912.53		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		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		0.00
	Due to Federal Government (GL 3210)	2020000	0.00	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	1,241.00	0.00	0.00	0.00	0.00	1,241.00	0.00	0.00	1,504.51	(1,504.51)		0.00
	Due to Other Governmental Entities (GL 3290)	2024000	0.00	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	0.00	0.00			0.00
	Other:													
	Plan of Financial Adjustment - Pending	1110101	(12,216,468.44)					(4,645,932.61)	0.00	(5,174,267.08)	5,174,267.08			0.00
D	Adjustments to SCO Accounts: (Enter adjustments to SCO Accounts)													
	Other Accrual Adjustments:													
	Prior Year Accrual Reversal							0.00	0.00	151,913.02				
E	VID 00015273, 282, 288 - payment posted in F\$ on 9/1/X1		(2,823.96)					(2,823.96)	0.00	(4,513.96)				
	VID 00015274, 275, 277-281, 283, 284, 286 - payment posted in F\$ on 9/5/X1		(5,000.81)					(5,000.81)	0.00	(7,780.66)				
F	SCO ADJUSTED BALANCE		91.00	11,128,875.00	755.77	200,000.00	85,000.00	(49,495,088.93)	(6,565.61)	(6,565.61)	(67,026,536.51)			
G	Balance per Department's Records		91.00	11,128,875.00				(49,780,844.70)	(6,565.61)	(6,565.61)	(67,313,857.54)			
	Adjustments to Fi\$Cal:													
	Advance to DRF not posted to KK	1222100				200,000.00		200,000.00	0.00	200,000.00		(\$200,000.00)		0.00
	Advance to SCIF and SRF not posted to KK	1309200			755.77		85,000.00	85,755.77	0.00	85,755.77		(\$85,755.77)		0.00
	Refunds to Reverted Appropriations not posted to KK	5901000						0.00	0.00	(408.25)		\$408.25		0.00
	Unappropriated Operating Transfer from Other Funds	63XXXXXX						0.00	0.00	0.00		\$0.00		0.00
H	DID 1656 posted in SCO legacy on 9/5/X1							0.00	0.00	138.51				
	DID 1658 posted in SCO legacy on 9/1/X1							0.00	0.00	1,835.00				
I	DEPARTMENT'S ADJUSTED BALANCE		91.00	11,128,875.00	755.77	200,000.00	85,000.00	(49,495,088.93)	(6,565.61)	(6,565.61)	(67,026,536.51)			
J	VARIANCE		(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			

COMPONENTS

											K	L	M	N
A	SCO / AGENCY RECONCILIATION WORKSHEET	ACCT	20X1	20X1	20X1	20X1	20X1	20X1	20X1	20X1	TOTAL Appropriations	Totals per BUDLEGAL Trial Balance	GL Accounts not Posted to KK per Trial Balance	GL Account Variance
	FUND: 0001 - GENERAL FUND FY 20X1-X2 August 31, 20X1 - PERIOD 2 BUDLEGAL	TITLE	Clearing Account D-001-3939 D-001-99	Scheduled Reimbursement F-001-6770 F-001-90.10	State Comp Insur. Fund Deposit D-001-96-9990 D-001-96	Revolving Fund Advance D-001-97-9990 D-001-97	Advance to Service Revolving Fund D-001-98-9990 D-001-98	"C" Balance Account	20X1 Escheat-Checks, Warrants 4171400 R.0161000	"Q" Account Balance		(Actual sign)	(Opposite sign)	
J	VARIANCE		(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			

C2	AP Input Table													
	ENCUMBRANCE ACCRUALS:													
	Accounts Payable - Encumbrance	2000300									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									505.94			
	Due to Other Governmental Entities (GL 3290)	2024000									972.96			
	TOTAL ENCUMBRANCE ACCRUALS:		0.00	0.00	0.00	0.00	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:		44,195.76	0.00	0.00	0.00	0.00		0.00	0.00	132,680.52			



PREPARED BY:

J. M. Dancy

DATE: 9/21/X1

REVIEWED BY:

Rec V. R

DATE: 9/22/X1

❖ 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 maintained by the SCO, including their corresponding FI\$Cal values.
B.	Balance per SCO Agency Reconciliation Report	Enter the appropriation/account balances from the SCO Agency Reconciliation Report (same sign).
C1.	Current Year Accruals	
	<ul style="list-style-type: none"> Accounts Receivable (AR) Accounts Payable (AP) Expenditure Accruals Other Payable Accounts 	Enter the accrual balance associated with each appropriation/nominal account. For AP Expenditure Accruals , enter the numbers in the AP Input Table (C2). -Use inception-to-date accrual queries, or -Use the balances from prior month's (PM) reconciliation + current month's (CM) accrual transactions in BUDLEGAL (Journal Source MOD). The total PM balances must match the PM BUDLEGAL Trial Balance or the Beginning Balances on the CM BUDLEGAL Trial Balance by Period (ZGL111) with opposite sign.
	<ul style="list-style-type: none"> Accounts Payable (AP) Encumbrance Accruals 	Enter the balances from PM reconciliation + CM encumbrance transactions in BUDLEGAL (Journal Source DEP). Enter the numbers in the AP Input Table (C2). The total PM balances must match the PM BUDLEGAL Trial Balance or the Beginning Balances on the CM BUDLEGAL Trial Balance by Period (ZGL111) with opposite sign.
	<ul style="list-style-type: none"> 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.
C2.	AP Input Table	Enter the encumbrance and expenditure accruals for accounts 2000000 through 2021000 and 2024000. Confirm that the totals from this table are reflected correctly on the reconciliation worksheet (C1).
D.	Adjustments to SCO Accounts	Enter any reconciling items that require adjustment to an SCO account. Describe each reconciling item clearly; include the action taken and the timeline to resolve the issue.
E.	Other Accrual Adjustments	Enter Prior Year Accrual Reversal for Revenue and other accounts with no budget. Any reconciling items that require an adjustment to the accrual balance in FI\$Cal should also be listed in this section.
F.	SCO Adjusted Balance	Calculated as the sum of 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.	Adjustments to FI\$Cal	Enter any reconciling items that require an adjustment to the department's balance. Describe each reconciling item clearly; include the action taken and the timeline to resolve the issue.
I.	Department's Adjusted Balance	Calculated as the sum of Balance per Department's Records and Adjustments to FI\$Cal (G+H).
J.	Variance	Calculated as the difference between the SCO Adjusted Balance and the Department's Adjusted Balance (F-I). The variance must be zero.
K.	Total Appropriations	Calculated as the total of each account code across all appropriations/nominal accounts listed on the reconciliation worksheet.
L.	Totals per BUDLEGAL Trial Balance	Enter the balance of each accrual account from the Trial Balance Report (ZGL061) , BUDLEGAL ledger.
M.	GL Accounts not Posted to KK per Trial Balance	Enter the balance of accounts that are not posted to the Commitment Control (KK), such as Advances, Refunds to Reverted Appropriations, and Unappropriated Transfers, as shown on the BUDLEGAL Trial Balance Report. Any AR and AP amounts that are offset to a Provision for Deferred account should also be included in this column. Any unearned revenues/reimbursements must be supported by a report from the SCO legacy system, such as the Fund Balance Reconciliation Report.
N.	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 (K through M).
O.	Department's Certification	The preparer and reviewer will sign and date on the bottom to certify that the reconciliation has been completed properly and accurately.
Departments must verify that the formulas to calculate the SCO Adjusted Balance, Department's Adjusted Balance, Variance, Total Appropriations, and GL Account Variance are correct, based on the descriptions above. Those cells may not contain any hard-coded numbers.		

RECONCILING DISBURSEMENT (D) ACCOUNTS

❖ 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 DISBURSEMENT (D) ACCOUNTS

❖ Encumbrance

- Account 2000300 shows the year-to-date encumbrance activities.
- The total of other encumbrance accrual accounts = Prior Year Encumbrance Reversals in Report 6.
- The total encumbrance accruals, including account 2000300 = Encumbrance/Allocated Encumbrance 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 DISBURSEMENT (D) ACCOUNTS

❖ Category 96, 97, and 98

- Confirm that Category 96 (State Compensation Insurance Fund Deposit) and Category 98 (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 Category 97 (Revolving Fund Advance).
- Validate the budgetary amount in the Commitment Control CC_CLRNG (accounts 596, 597, and 598) against the SCO Agency Reconciliation Report.

RECONCILING DISBURSEMENT (D) 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 REIMBURSEMENT (F) ACCOUNTS

❖ Balance per FI\$Cal

- 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 (R) ACCOUNTS

- ❖ Revenue and Operating Revenue accounts (SCO legacy revenue accounts 01xxxxx and 02xxxxx)

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 SCO Agency Reconciliation Report. Any discrepancies must be corrected unless they are due to timing issues in periods 1-11.

RECONCILING REVENUE (R) ACCOUNTS

- ❖ Transfers from Other Funds and Refunds to Reverted Appropriations (SCO legacy revenue accounts 03xxxxx and 0500000)

These revenue accounts are treated as unappropriated transfers and expenditures in FI\$Cal.

Departments can use the Trial Balance or the DFAQ_GL_01_JOURNAL_DETAIL query to extract the year-to-date transactions. The Fund Affiliate information in the DFAQ_GL_01_JOURNAL_DETAIL query will assist departments in validating the sources of the transfers.

RECONCILING REVENUE (R) ACCOUNTS

- ❖ Departments reconcile to the year-to-date activities recorded by the SCO; therefore, any prior year accruals must be excluded from the total amount in FI\$Cal.
Enter the amount to exclude as prior year accrual reversal in the “Other Accrual Adjustments” section.
- ❖ The current enactment year amount in FI\$Cal should reconcile to the current year revenue on the SCO Agency Reconciliation Report. The sum of all prior enactment years in FI\$Cal should reconcile to the SCO’s prior year amount.

RECONCILING APPROPRIATED OPERATING TRANSFER OUT (T) ACCOUNTS

❖ Balance per FI\$Cal

- 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 - posted by the SCO in the current month, but the accrual reversal and payment post in FI\$Cal in the subsequent month.
- Timing issues related to remittances/payment applications - approved by the SCO and posted in FI\$Cal, but the transaction is recorded in the SCO legacy system the following month.
- 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: departments can use these queries 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 YEAR-END REPORTING 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 State Controller's Office will have reliable data to publish in their annual reports timely.
- The state will be able to meet its goal to publish the fiscal year 2024-25 Annual Comprehensive Financial Report (ACFR) in March 2026.

IMPORTANCE OF MEETING YEAR-END REPORTING DEADLINES

- The Department of Finance will have reliable financial data to build the Governor's Budget.
- Finance will have the information necessary to meet statewide Single Audit Act reporting requirements.
- Departments will be able to meet Single Audit management certification requirements.
- Departments will stay in compliance with the requirements in SAM Section 7901.
- The state will have the information necessary to meet bond disclosure requirements.

IMPORTANCE OF MEETING YEAR-END REPORTING DEADLINES

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

- 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.
- Delay in the preparation and publication of the ACFR.
- Delay in the preparation of the Schedule of Expenditure of Federal Awards and non-compliance with federal regulatory requirements, which may result in the suspension or termination of federal awards.
- Distrust/loss of public confidence and reputational damage, which may impact credit rating and result in higher borrowing costs.
- May lead to the inability to fund key programs.
- SCO may report delinquent departments to the Legislature and the departments will be required to testify on correcting the deficiency.



QUESTIONS

Contact the FSCU Hotline.

Email: FSCUHotline@dof.ca.gov

Phone: (916) 324-0385