



Fiscal Systems and Consulting Unit



DEPARTMENT OF FINANCE  
STATE OF CALIFORNIA

# **PLAN OF FINANCIAL ADJUSTMENT AND SCO/AGENCY RECONCILIATION**

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Month-End Training – February 2024

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## **COURSE OBJECTIVE**

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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

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# 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 FISCal 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

## ❖ 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 that it matches the authorized amount.

Fund	ENY	Approp Ref	Budget	Assoc Revenue	Planned	PreEncumbrance	Encumbrance	Expense	Remaining
0001	2023	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	2023	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	2023	001							
6785			8,182,000.00	125,000.00	0.00	0.00	0.00	392,290.51	7,914,709.49
0001	2023	001							
9900100			18,584,000.00	0.00	0.00	0.00	0.00	940,686.29	17,643,313.71
0001	2023	001							
9900200			(18,584,000.00)	0.00	0.00	0.00	0.00	0.00	(18,584,000.00)
0001	2023	001							
9999			0.00	0.00	0.00	5,041.28	323,288.64	6,833,481.05	(7,156,769.69)
Grand Total :		a	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	
	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

# GENERAL LEDGER

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# GENERAL LEDGER

- ❖ 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)**

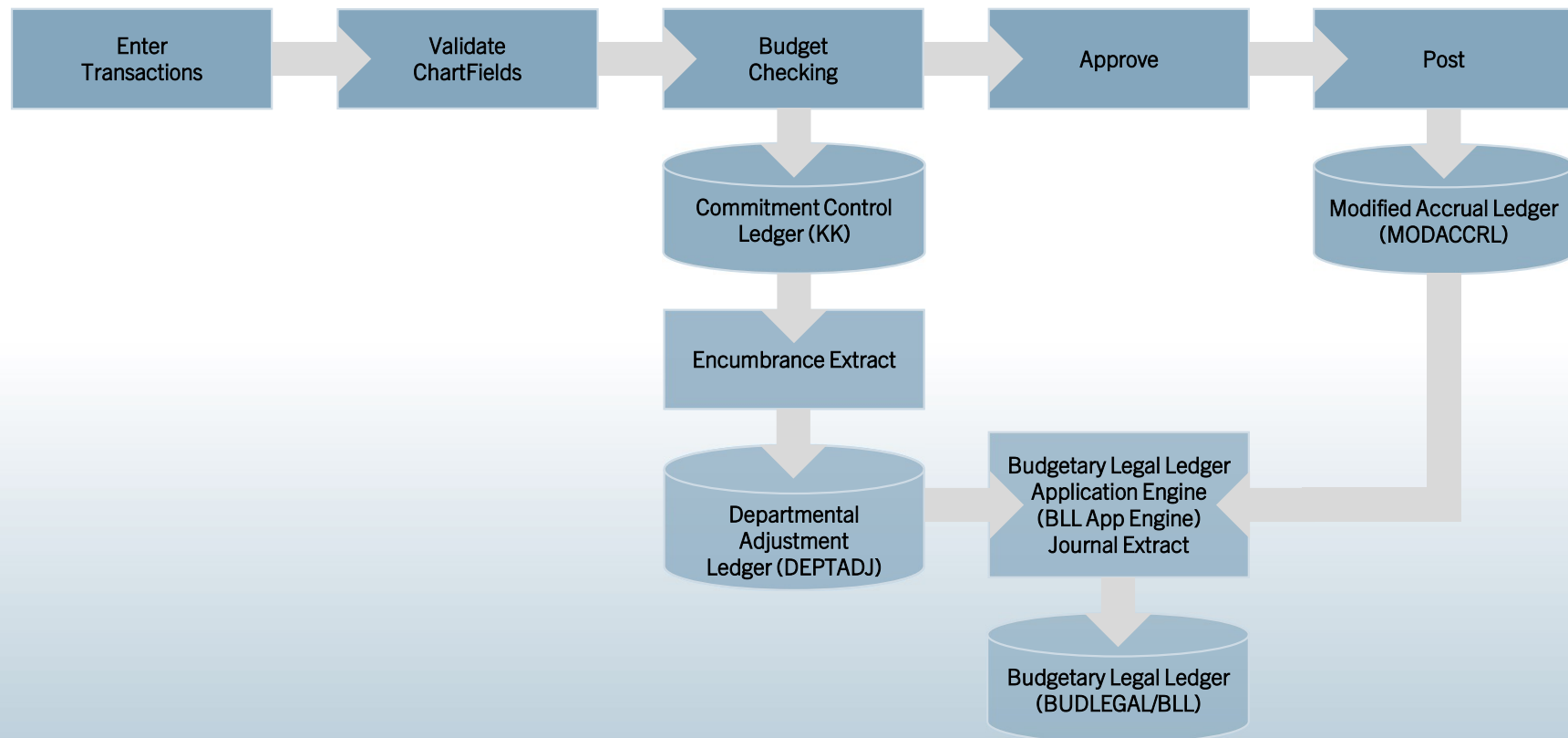
Cash transactions.

# 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 #18) 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)
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	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	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**

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# 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.

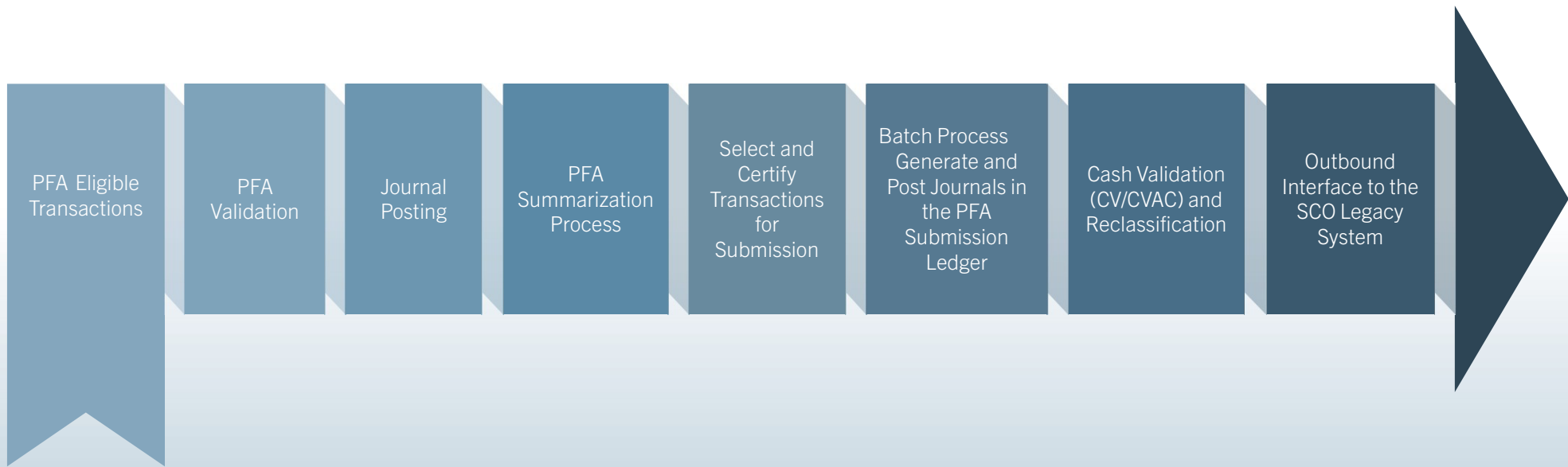
## Departments' Responsibilities

- 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



## PFA-Eligible Transactions

# OVERVIEW

- 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:
  - PFA (PFA Corrections)
  - CARE (Clearing Account Reclass/Manual Allocation)
  - ESAD (Estimated PFA)

Departments must offset the journal entries with account 1110101.



# OVERVIEW

## ❖ Accounting Entries

	FIŞCal 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 FIŞCal.										
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
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(5,000.00)</b>	<b>5,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(5,000.00)</b>	<b>5,000.00</b>

# 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: 2021, 2022, 2023

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)
								2220			1,000,000.00	1,000,000.00
12N Total											0.00	0.00
				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
ALO Total											0.00	0.00
				PFR	0001	2023	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	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
				(blank)	11N	0001	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
Grand Total											0.00	0.00

Annotations: 'b' points to 12N and ALO sections; 'a' points to PFR and (blank) sections; 'c' points to Y Total; 'd' points to 11N and (blank) sections.

# 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		Fund:	0001	0001	0001	0001	0001	0001	9740	3314	Total
BU 8860 Department of Finance		ENY:	2022	2022	2022	2022	2022	2022	2022	1990	
FY 2023-24		Reference:	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	501 (501)	
As of 08/31/2023 (Period 2)		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 06/30/2023		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	7/26/2023	(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 08/31/2023			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\_2021 BudgetPeriod\_2022 BudgetPeriod\_2023 + ◀

❖ Procedure – PFA Reconciliation Procedure

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

# **SCO/AGENCY RECONCILIATION**

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# 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).

## 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 resolution time for each reconciling item.
- 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	2023	2023	2023	2023	2023	2023	2023	TOTAL	Totals per	GL Accounts	GL		
	FUND: 0001 - GENERAL FUND	TITLE	Scheduled	State Comp Insur.	Revolving Fund	Advance to	"C" Balance	Escheat-	"Q" Account	Appropriations	BUDLEGAL	not Posted to KK	Account		
	FY 2023-24		Reimbursement	Fund Deposit	Advance	Service Revolving	Account	Checks,	Balance		Balance	per Trial Balance	per Trial Balance	Variance	
	August 31, 2023 - PERIOD 2 BUDLEGAL		2023.F.001.6770 2023.F.001.90.10	2023.D.001.96.9990 2023.D.001.96	2023.D.001.97.9990 2023.D.001.97	2023.D.001.98.9990 2023.D.001.98		2023.R.0161000				(Actual sign)	(Opposite sign)		
B	Balance per SCO Agency Reconciliation Report		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)					
C	<b>Current Year Accruals</b>														
	<b>Receivables: (Enter GL Account Name &amp; Number)</b>														
		Accounts Receivable - Revenue (GL 1313)	1200000					0.00	0.00	0.00	(1,350.00)	1,350.00		0.00	
		Accounts Receivable - Reimbursements (GL 1312)	1200050					0.00	0.00	0.00	(230,802.00)	230,802.00		0.00	
		Accounts Receivable - Abatements (GL 1311)	1200100					(2,627.64)	0.00	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		0.00	
		AR - Audit Exceptions (1340)	1209100					0.00	0.00	0.00	0.00	0.00		0.00	
		AR - Other (GL 1319)	1209900					0.00	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	0.00	(54,267.60)	54,267.60		0.00	
		Due from Other Appropriations (GL 1420)	1240100					0.00	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		0.00	
		Provision for Deferred Receivables (GL 1600)	1290000					0.00	0.00	0.00	0.00	(4,766.04)	4,766.04	0.00	
		<b>Payables: (Enter GL Account Name &amp; Number)</b>													
		<b>From the AP Input Table (below)</b>													
		Accounts Payable - Encumbrance	2000300	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	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	(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	
		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	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	
		<b>Other Payable Accounts:</b>													
		Local Sales Taxes Payable (GL 3230)	2023000					0.00	0.00	0.00	0.00			0.00	
		<b>Other:</b>													
		Plan of Financial Adjustment - Pending	1110101					(4,645,932.61)	0.00	0.00	(5,174,267.08)	5,174,267.08		0.00	
	D	<b>Adjustments to SCO Accounts:</b> (Enter adjustments to SCO Accounts)													
	E	<b>Other Accrual Adjustments:</b>													
		Prior Year Accrual Reversal					0.00	0.00	0.00	151,913.02					
		VID 00015273, 282, 288 - payment posted in F\$ on 9/1/23					(2,823.96)	0.00	0.00	(4,513.96)					
	VID 00015274, 275, 277-281, 283, 284, 286 - payment posted in F\$ on 9/5/23					(5,000.81)	0.00	0.00	(7,780.66)						
F	SCO ADJUSTED BALANCE		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	<b>Balance per Department's Records</b>														
	<b>Adjustments to FISCat:</b>														
		Advance to ORF not posted to KK	1222100		200,000.00			200,000.00	0.00	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	0.00	85,755.77		(\$85,755.77)	0.00	
		Refunds to Reverted Appropriations not posted to KK	5901000					0.00	0.00	0.00	(408.25)		\$408.25	0.00	
	Unappropriated Operating Transfer from Other Funds	63XXXXX					0.00	0.00	0.00	0.00		\$0.00	0.00		
H	DID 1656 posted in SCO legacy on 9/5/23						0.00	0.00	0.00	138.51					
	DID 1658 posted in SCO legacy on 9/1/23						0.00	0.00	0.00	1,835.00					
I	DEPARTMENT'S ADJUSTED BALANCE		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					



# COMPONENTS

											K	L	M	N
A	SCO / AGENCY RECONCILIATION WORKSHEET	ACCT	23	2023	2023	2023	2023	2023	2023	2023	TOTAL Appropriations	Totals per BUDLEGAL Trial Balance	GL Accounts not Posted to KK per Trial Balance	GL Account Variance
	FUND: 0001 - GENERAL FUND FY 2023-24 August 31, 2023 - PERIOD 2 BUDLEGAL	TITLE	Account	Scheduled Reimbursement	State Comp Insur. Fund Deposit	Revolving Fund Advance	Advance to Service Revolving Fund	"C" Balance Account	Escheat-Checks, Warrants	"Q" Account Balance		(Actual sign)	(Opposite sign)	
			01.9999 001.99	2023.F.001.6770 2023.F.001.90.10	2023.D.001.96.9990 2023.D.001.96	2023.D.001.97.9990 2023.D.001.97	2023.D.001.98.9990 2023.D.001.98		2023.4171400 2023.R.0161000			0.00	0.00	0.00
J	VARIANCE		(0.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			

AP Input Table															
C2	<b>ENCUMBRANCE ACCRUALS:</b>														
	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										3,160.61			
	Due to Local Governments (GL 3220)	2021000										505.94			
	Due to Other Governmental Entities (GL 3290)	2024000										972.96			
	<b>TOTAL ENCUMBRANCE ACCRUALS:</b>		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>1,013,128.93</b>			
	<b>EXPENDITURE ACCRUALS:</b>														
	Accounts Payable (GL 3010)	2000000	2,954.76										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		
	<b>TOTAL EXPENDITURE ACCRUALS:</b>		<b>4,195.76</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		<b>132,680.52</b>		


 PREPARED BY:           J.M. Deane                                DATE: 9/21/23  
 REVIEWED BY:           Ree P. R                                DATE: 9/22/23

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

# COMPONENTS

Item	Description
A. <b>Reconciliation and Account Description</b>	Enter the reconciliation information and the list of accounts maintained by the SCO, including their corresponding FI\$Cal values.
B. <b>Balance per SCO Agency Reconciliation Report</b>	Enter the appropriation/account balances from the <b>SCO Agency Reconciliation Report</b> (same sign).
C1. <b>Current Year Accruals</b>	
<ul style="list-style-type: none"> <li>• Accounts Receivable (AR)</li> <li>• Accounts Payable (AP)</li> <li style="padding-left: 20px;">Expenditure Accruals</li> <li style="padding-left: 20px;">Other Payable Accounts</li> </ul>	Enter the accrual balance associated with each appropriation/nominal account. For <b>AP Expenditure Accruals</b> , enter the numbers in the <b>AP Input Table (C2)</b> . -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 <b>BUDLEGAL Trial Balance by Period (ZGL111)</b> with opposite sign.
<ul style="list-style-type: none"> <li>• Accounts Payable (AP)</li> <li style="padding-left: 20px;">Encumbrance Accruals</li> </ul>	Enter the balances from PM reconciliation + CM encumbrance transactions in BUDLEGAL (Journal Source DEP). Enter the numbers in the <b>AP Input Table (C2)</b> . The total PM balances must match the PM BUDLEGAL Trial Balance or the Beginning Balances on the CM <b>BUDLEGAL Trial Balance by Period (ZGL111)</b> with opposite sign.
<ul style="list-style-type: none"> <li>• Other</li> <li style="padding-left: 20px;">Pending PFA</li> </ul>	Enter the Pending PFA amounts from the PFA reconciliation worksheet. The total by fund must match account 1110101 on the Trial Balance.
C2. <b>AP Input Table</b>	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. <b>Adjustments to SCO Accounts</b>	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. <b>Other Accrual Adjustments</b>	Enter <b>Prior Year Accrual Reversal</b> 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. <b>SCO Adjusted Balance</b>	Calculated as the sum of the amounts above (B through E).
G. <b>Balance per Department's Records</b>	Enter the balance for each appropriation; use the appropriate data source for each Account Type as explained in the next sections.
H. <b>Adjustments to FI\$Cal</b>	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. <b>Department's Adjusted Balance</b>	Calculated as the sum of <b>Balance per Department's Records</b> and <b>Adjustments to FI\$Cal</b> (G+H).
J. <b>Variance</b>	Calculated as the difference between the <b>SCO Adjusted Balance</b> and the <b>Department's Adjusted Balance</b> (F-I). The variance must be zero.
K. <b>Total Appropriations</b>	Calculated as the total of each account code across all appropriations/nominal accounts listed on the reconciliation worksheet.
L. <b>Totals per BUDLEGAL Trial Balance</b>	Enter the balance of each accrual account from the <b>Trial Balance Report (ZGL061)</b> , BUDLEGAL ledger.
M. <b>GL Accounts not Posted to KK per Trial Balance</b>	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. <b>GL Account Variance</b>	Calculated as the sum of <b>Total Appropriations</b> , <b>Totals per BUDLEGAL Trial Balance</b> , and <b>GL Accounts not Posted to KK per Trial Balance</b> (K through M).
O. <b>Department's Certification</b>	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).  
Enter any prior year accrual reversal amount in the “Other Accrual Adjustments” section, if applicable.

## ❖ Encumbrance

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

# RECONCILING DISBURSEMENT (D) ACCOUNTS

## ❖ 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 on Report 6.

## ❖ 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 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 on 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.
  
- ❖ 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 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 (R) ACCOUNTS

- ❖ Departments reconcile to the year-to-date activities recorded by the SCO; therefore, any prior year accruals reversed in the current fiscal year must be excluded from the total amount in FI\$Cal. Enter the amount to exclude in the “Other Accrual Adjustments” section.
- ❖ The current enactment year amount in FI\$Cal should reconcile to the current year 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 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.

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
<b>Grand Total</b>	<b>\$142,801,706.51</b>	<b>Grand Total</b>	<b>\$142,801,706.51</b>

# 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.

## ❖ 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\_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
<b>Assets</b>		X		
Exceptions:	1100000 – 1101400 (Cash on Hand, cash in the CTS accounts) <sup>1</sup>			X
	1109100 – 1109600 (Pending Cash) <sup>2</sup>			X
	1240020 – 1240040 (Due from Labor Distribution, GL Journal, and PC Fund Distribution) <sup>2</sup>			X
	129xxxx (Provision for Deferred or Uncollectible Receivables)		X	
	6510000 and 6520000 (Unappropriated InterUnit Cash Transfers) <sup>3</sup>			X
<b>Liabilities</b>			X	
Exceptions:	2000100 (Accrued Accounts Payable) <sup>4</sup>			X
	2010020 – 2010040 (Due to Labor Distribution, GL Journal, and PC Fund Distribution) <sup>2</sup>			X
<b>Fund Balance<sup>5</sup></b>			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.
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**

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# 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 State Controller's Office 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.
  - SCO will report delinquent departments to the Legislature and the departments will be required to testify on correcting the deficiency.

## **QUESTIONS**

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Contact the FSCU Hotline.

Email: [FSCUHotline@dof.ca.gov](mailto:FSCUHotline@dof.ca.gov)

Phone: (916) 324-0385

## **MAILING LISTS**

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

