

# State Accounting Office (SAO) Streamlined Banking Presentation

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## State Accounting Office (SAO) Streamlined Banking

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## State Accounting Office (SAO) Streamlined Banking

### I. Streamlined Banking Team Introduction - Jeremie Peterkin

SAO's team is comprised of the following individuals. We will continue to add additional staff and the project continues.

- Jie Chang
- Toni Kennelly
- Fran King
- Kristi Rayford
- Natalie Redding
- Accenture

## State Accounting Office (SAO) Streamlined Banking

### II. State Assessment and Streamlined Banking Goals – Fran King

#### Current State Environment: (Decentralized)

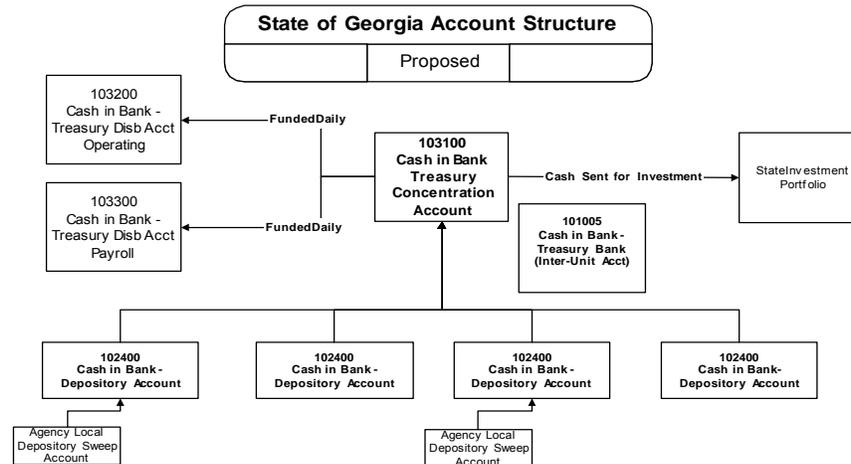
##### Maintain 8 Regional Banking Relationships

- Over 1500 Accounts      Activity--Daily Average
- Operating Accounts      263 Deposits
- Payroll      400+ Wires/EFT's
- Trust Accounts      2300 Checks/20 Manual
- Agencies Responsible For:
  - Bank Administration      Receipts and Settlements
  - Bank Communication      Exception Management
  - Bank Reconciliation      Budgeting and Accounting
  - Cash Positioning
- Payroll Decentralized

## State Accounting Office (SAO) Streamlined Banking



### New Streamlined Bank Structure:



## State Accounting Office (SAO) Streamlined Banking



### New Roles and Responsibilities:

#### SAO/OTFS

- Bank Administration
- Bank Communication
- Cash Positioning
- Exception Handling (In Coordination w/Agencies)
- Settlement Generation (Checks, Ach, Wires, Positive Pay Files)
- Bank Reconciliation (Main Concentration & Disbursement Accounts)

#### AGENCIES

- Bank Reconciliation (Main Depository Account & Local Depository Bank Accounts)
- Budget Functions
- Accounting Functions
- Receipt and Settlement Processing

## State Accounting Office (SAO) Streamlined Banking

### Primary Objectives of Streamlined Banking:

- ☑ Centralize Cash for Investment by the Treasury
- ☑ Centralize All Disbursement Activity into One Bank Account
- ☑ Reduce the Current Number of Bank Accounts
- ☑ Transition to a Single Taxpayer ID for the State of Georgia
- ☑ Move Cash Management from Agencies to a Centralized Entity
- ☑ Improve Internal Controls through Standardization

## State Accounting Office (SAO) Streamlined Banking

### Benefits for the State:

- Maximize Interest Returned on Invested Balances
- Increase Savings on Bank Fees
- Increase Availability of Cash
- Improve the Data Available for Reporting and Management Purposes
- Centralize Responsibility for Bank Accounts with Bank Administration Team
- Centralize Disbursement Processing
- Reduce the Number of Bank Accounts

### Benefits to Agencies:

- Reduced Responsibility for Bank Reconciliation Process
- Allow Agencies to Concentrate on Primary Business
- Reduce Duplication of Effort/ Recognize Revenue at Point of Origination.
- Run Agency Based on Budget/General Ledger Balance Rather than Bank Balance

## State Accounting Office (SAO) Streamlined Banking



**CNG Consolidated Banking Estimated Cost / Benefits**

Low Estimate	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Cumulative 6 Years
<b>Investment Earnings</b>		792,000	2,400,000	2,400,000	2,400,000	7,992,000
Bank Fee Savings		199,000	600,000	500,000	500,000	1,999,000
Agency Efficiencies		267,300	810,000	810,000	810,000	2,697,300
<b>Total Economic Gain</b>		<u>1,266,300</u>	<u>3,810,000</u>	<u>3,810,000</u>	<u>3,810,000</u>	<u>12,687,300</u>
<b>Cost</b>						
One Time Development Software	836,048					836,048
One Time Development Consulting	710,648					710,648
Ongoing Maintenance	167,810	176,200	183,248	190,578	199,201	916,037
Ongoing operating expense Staff	254,000	262,400	1,000,896	1,040,932	1,082,569	4,350,797
	<u>1,968,506</u>	<u>1,138,600</u>	<u>1,184,144</u>	<u>1,231,510</u>	<u>1,280,770</u>	<u>6,816,530</u>
<b>Low Net Savings/ (Cost)</b>	<u>(1,681,696)</u>	<u>118,700</u>	<u>2,626,856</u>	<u>2,678,490</u>	<u>2,629,230</u>	<u>6,870,770</u>
<b>High Estimate</b>						
Investment Earnings		1,815,000	5,600,000	5,500,000	5,500,000	18,315,000
Bank Fee Savings		330,000	1,000,000	1,000,000	1,000,000	3,330,000
Agency Efficiencies		267,300	810,000	810,000	810,000	2,697,300
<b>Total Economic Gain</b>		<u>2,412,300</u>	<u>7,310,000</u>	<u>7,310,000</u>	<u>7,310,000</u>	<u>24,342,300</u>
<b>Cost</b>						
One Time Development Software	720,000					720,000
One Time Development Consulting	866,998					866,998
Ongoing Maintenance	158,400	154,736	171,325	178,178	185,305	657,945
Ongoing Operating Expense Staff	264,000	862,400	1,000,896	1,040,932	1,082,569	4,350,797
	<u>2,009,398</u>	<u>1,127,136</u>	<u>1,172,221</u>	<u>1,219,110</u>	<u>1,267,875</u>	<u>6,795,740</u>
<b>High Net Savings/ (Cost)</b>	<u>(2,009,398)</u>	<u>1,286,164</u>	<u>6,137,779</u>	<u>6,090,890</u>	<u>6,042,125</u>	<u>17,646,660</u>

**Assumptions:**  
 Assumes only 1/3 saving and revenue year 2 which would be 1st year of rollout  
 Inflated savings 2% per year  
 Inflated cost at 4% per year  
 Used fee savings and interest earning from CNG study  
 Cost are from upgrade project estimates and SAO estimate of staffing  
 Agency efficiencies are estimated 1/4 FTE @ 46,000 times 72 agencies  
 Staffing Cost includes SAO cost of \$889,600 and DTFS of \$282,800 total \$1,172,400  
 Postage cost of \$200,000 is not shown because it should net against savings in other agencies

## State Accounting Office (SAO) Streamlined Banking



### III. Streamlined Banking Updates – Toni Kennelly

**Pilot Agencies:**

- State Accounting Office (SAO)
- Dept of Administrative Services (DOAS)
- Pardons & Parole
- Banking and Finance
- Audits
- Office of Treasury and Fiscal Services (OTFS)

**Strategic Agencies:**

These agencies participated in developing the new streamlined banking process.

- Dept of Technical and Adult Education (DTAE)
- Dept of Natural Resources (DNR)
- Dept of Human Resources (DHR)
- Dept of Drivers' Services (DDS)
- Dept of Revenue (DOR)
- Dept of Corrections (DOC)
- Office of Planning and Budget (OPB)
- Administrative Office of the Courts (AOC)

## State Accounting Office (SAO) Streamlined Banking



### Results of Feedback from Pilot and Strategic Agencies:

- Standardize State Revenue Collections Funding Source Codes
- Process to Allow Agencies to Access Paid Check Images
- Allow Agencies Additional Accounts for Special Needs
- Customized Statewide and Agency Financial Reporting
- Internet Site for Stop Pay/Void Requests
- Internet Site for Same Day (Express Check) Check Requests
- Remote Satellite Check Printing Sites
- Remote Deposit (New Bank Option)
- Automatic Second Presentment for Checks
- Accommodate Same Day Wires for Special Circumstances

## State Accounting Office (SAO) Streamlined Banking



### Streamlined Banking Accomplishments:

- Issued Streamlined Banking RFPs and Created Evaluation Team (Various Agency Involvement).
- Accenture Assisted with Developing RFP and Provided Independent Verification
- Completed the AS IS Agency Evaluations
- Documented Agency AS IS Process Flows
- Delivered TO BE Environment to Targeted Agencies
- Partnered with Agencies for Operating Solution
- Identified Need for Customization of Reports
- Completed Solution Design Draft
- Delivered Conference Room Pilots Sessions to Agencies
- Developed Project Plan (In Process)
- Identified Need for New Policies/Procedures

## State Accounting Office (SAO) Streamlined Banking



The State Accounting Office is in the process of establishing policies to address all aspects of Streamline Banking. Additionally, SAO is responsible for developing and maintaining the State Accounting Manual (SAM) OCGA 50-5B-3

### The Purpose of the SAM:

- To establish statewide policies, and other procedures consistent with the application of GAAP
- To provide guidance for agencies to establish and monitor sound internal controls
- To provide guidance on the proper use of centralized accounting and payroll systems
- To provide compliance with applicable state statutes
- To promote efficient financial management through the provision of useful reference materials and standardized forms

## State Accounting Office (SAO) Streamlined Banking



### Cash Receipts/Administrations:

SAO and OTFS is currently establishing policies surrounding the following Streamlined Banking functions:

#### Bank Administration & Communication

- Separate bank accounts (when needed). Examples may include some Federal funds and trust accounts.
- Adding/updating bank accounts.
- Determining if an administrative fee will be charged to agencies for fund investment.
- The use of pre-encoded deposit slips
- Error handling.
- Guidelines and procedures for re-sending a file from Accounts Payable, Cash Management, or HCM Payroll
- Communication between the agency, SAO or OTFS and the banks for any bank errors or exceptions.

#### Settlement

- Agencies to communicate their same-day wiring needs to OTFS. The policy will include items such as a cut-off time and the business process on how the wires are communicated to OTFS. This will allow OTFS enough lead-time to create and dispatch the wire.
- Sending same-day wires on an exception basis. All wires should be sent via ACH from PeopleSoft Accounts Payable, if possible.
- Transfer template naming standards
- Templates are required for all wires in Cash Management.
- Internal procedures that describe the processes for drawdowns transfers (e.g. federal taxes).

## State Accounting Office (SAO) Streamlined Banking



### Cash Receipts/Administrations Continued:

#### Treasury Accounting

- Adding new accounting templates in the system.

#### Cash Positioning

- Cut-off when OTFS will stop adjusting the daily cash position so that they can determine funding and investments for the day.

#### Peoplesoft Accounting

- Standardize chartfields, specifically revenue allocations chartfields (funding source).
- Manual General Ledger journal entries. This will state that if the entry is adjusting cash, an adjusting entry needs to be made in AP or AR.

#### Bank Reconciliation

- Reconciling the main depository bank accounts and the main concentration account by SAO.
- Agencies to reconcile the agency depository accounts (main and local)
- Requiring agencies to enter deposit information into PeopleSoft AR daily or as soon as the deposit is made.
- Daily reconciliation process for Financials and HCM.
- Procedures that describe the processes for handling of disbursement exceptions.
- Banks to automatically re-process second presentment items.

## State Accounting Office (SAO) Streamlined Banking



### Cash Disbursements:

Policies are being created to centralize all payment generation and disbursements (Operating and Payroll) processes.

- SAO will be the main contact for agencies regarding disbursement policies or processes.
- 24 hour turnaround time for all checks.
- Express checks
- Refine any existing policies for agencies initiating deposits and withdrawals to/from their GF1 accounts.
- Inter-agency transfers end state. This policy will include that the inter-agency process will not be used for withholding.
- Eligible restricted funds.
- Utilize direct deposit or stored value cards exclusively for payroll transactions.
- Void and stop payments processes.
- Distribution of accounts payable checks (SAO) and payroll checks (SAO back to the agency).
- Travel advances and travel reimbursements.
- Bilateral netting for inter agency transactions.
- AP distribution of checks to include grant documentation.

## State Accounting Office (SAO) Streamlined Banking



### Cash Disbursements Continued:

- Closing accounting periods. (Month-end, Quarterly, Annually)
- Inter agency transactions.
- Agency vendor payments will be consolidated whenever possible.
- The new allotment processes.
- Manual process of entering interest earnings.

## State Accounting Office (SAO) Streamlined Banking



### **IV. Project Scope – Natalie Redding**

- Implementation of PeopleSoft 8.8 Cash Management Module
- Bring OTFS onto PeopleSoft
- Implementation of New Bank Account Structure
- Phase 1 - Will Consolidate the Payroll and Operating Accounts.
- Centralizing the Bank Administration Function at SAO/OTFS
- Centralizing Disbursements at SAO/OTFS
- Centralizing the Reconciliation Functions at SAO
- Transition State Agencies to a Single Taxpayer ID for Payroll
- Implement the PeopleSoft Bilateral Netting Process
- Utilize PeopleSoft General Ledger Allocations

### **Future Consideration**

- Standardize Credit Card Reconciliation
- Automate Reconciliation for Checks Outside of PeopleSoft
- Use Direct Deposit and Debit Cards Only for Payroll Disbursements
- ACH for Travel Advances
- Consolidation of Vendor Payments
- Centralized Payroll Disbursement/Reporting



## State Accounting Office (SAO) Streamlined Banking



QUESTIONS?