

DEPARTMENT OF FINANCIAL SERVICES

# Modernizing the CFO's Office

CFO JIMMY PATRONIS

- Florida's Future Enterprise Resource Planning System for Accounting and Cash Management
- eXtensible Business Reporting Language (XBRL)
- Modernizing the Functions of the Florida Treasury's Investment Operations and Investment Accounting
- Consumer Protection in the New World of Cryptocurrency

# Florida's Future Enterprise Resource Planning System for Accounting and Cash Management

# Florida PALM Project Overview

## OVERVIEW OF FLAIR

- ▶ Florida Accounting Information Resource (FLAIR) was implemented 30 years ago to provide accounting resources to State agencies
- ▶ FLAIR processes \$90 billion in payments annually (including \$3.5 billion in payroll)
- ▶ FLAIR has over 16,000 users statewide
- ▶ FLAIR limitations include:
  - Paper intensive processing
  - No predictability/forecasting
  - Lack of availability of IT support

# Florida PALM Project Overview

## VISION

- ▶ Implement a statewide financial management system that enforces standardization, acts as a scalable foundation to evolve as business needs change, and positions Florida for future innovation as it considers true enterprise-wide solution

# Florida PALM Project Overview

## FLAIR STUDY

- ▶ The FLAIR Study concluded the State of Florida should pursue the replacement of FLAIR and the Cash Management Systems (CMS) with a commercial off the shelf (COTS) enterprise resource planning solution (ERP) for the financial management processes to support the constitutional obligations of the CFO

# Florida PALM Project Overview

## GOALS

- ▶ Reduce the State's risk exposure by harnessing modern financial management technology built on the premises of scalability, flexibility, and maintainability
- ▶ Improve State and agency-specific decision-making by capturing a consistent and expandable set of data
- ▶ Improve the State's financial management capabilities to enable more accurate oversight of budget and cash demands today and in the future
- ▶ Improve productivity, reduce operational complexity, and increase internal controls by enabling standardization and automation of business processes within and between DFS agencies

# Florida PALM Project Overview

## TRACKS

- ▶ Business Process Standardization (BPS)
- ▶ Project Management Office (PMO)
- ▶ Systems and Data Strategy (SDS)
- ▶ Organizational Change Management (OCM)



# Creation of the eXtensible Business Reporting Language

# eXtensible Business Reporting Language

## XBRL

- ▶ XBRL is a freely available and global standard for exchanging business information
- ▶ One use of XBRL is to define and exchange financial information, such as a financial statement
- ▶ These communications are defined by metadata set out in taxonomies, which capture the definition of individual reporting concepts as well as the relationships between concepts and other semantic meaning

# eXtensible Business Reporting Language

## XBRL

- ▶ DFS is charged with the development of the Florida Open Financial Statement System
- ▶ DFS will build one or more XBRL taxonomies suitable for state, county, municipal, and special district financial filings
- ▶ On or after September 1, 2022, all local government financial statements must be filed in XBRL format
- ▶ Purpose is to provide a searchable format for Floridians to access and understand their local government's financial statements

# Modernizing the Functions of the Florida Treasury's Investment Operations and Investment Accounting

# Modernizing the Treasury

## TREASURY OVERVIEW

- ▶ The Florida Treasury manages a portfolio between \$23 and \$26 Billion
- ▶ Strictly fixed income investments
- ▶ Treasury has diversified these portfolios into five different classifications: Liquidity, Ultra Short Duration, Short Duration, Intermediate Duration, and Long Duration

# Modernizing the Treasury

## TECHNOLOGY LIMITATIONS

- ▶ The Florida Treasury is limited to Treasuries, Agencies, Municipal Bonds, etc.
- ▶ The Florida Treasury cannot take advantage of floating or variable rate securities or asset backed securities
- ▶ Opportunity costs is conservatively **more than \$1,000,000**

# Modernizing the Treasury

## MODERN INVESTMENT TECHNOLOGY SOLUTION

- ▶ Order Management Tool
- ▶ Ensure Pre-Trade Compliance
- ▶ Employ “What-if” Scenarios prior to making a trade

# Modernizing the Treasury

## MODERN INVESTMENT ACCOUNTING SOLUTION

- ▶ Support Operational Needs of our Business Analyst
- ▶ Provide Florida with the ability to invest in new vehicles
- ▶ User-friendly interface with cloud storage



# Cryptocurrency

## REGULATORY CHALLENGES

- ▶ Currently there is no regulation of the cryptocurrency markets
- ▶ The Cryptocurrency industry is becoming too big to ignore
- ▶ The Seminole County Tax Collector announced that the office will accept bitcoin as payment for property taxes, identification cards and license plates

# Cryptocurrency

## GOVERNMENT ACTIONS

- ▶ CFO Patronis has called for a Cryptocurrency Chief
- ▶ There is potential for so many, including our large population of seniors, to be exploited
- ▶ Federal task force on financial crimes to include cryptocurrency

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