Revisions to SAM sections are provided after the summary table below, and are indicated with the “track changes” display through the revised text on all revised SAM pages.

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| **CHAPTER/**  **SECTIONS** | **SUMMARY** |
| **Chapter 1300** | |
| **Section 1323.1** | Veteran’s Home Property Use Policy inserted. |
| **Chapter 1700** | |
| **Section 1700** | Updated incorrect or broken links. General updates. |
| **Section 1701** | Reviewed. No updates necessary. |
| **Section 1702** | Reviewed. No updates necessary. |
| **Section 1705** | Updated incorrect or broken links. General updates. |
| **Section 1706** | Updates to roles and responsibilities to FMR & DFC. |
| **Section 1710** | Updates to terms and definitions of Forms Program. |
| **Section 1715** | Updates to training and guidance. |
| **Section 1720** | Updates to form design standards for general program and standardization updates. |
| **Section 1721** | New section related to AB 434 – ADA accessibility requirements. |
| **Section 1725** | Updates to standard (STD) form revision process. |
| **Section 1730** | Updates to program terminology. General updates. |
| **Section 1731** | Updates to STD form identifiers. Removed broken link, not replaced. |
| **Section 1732** | Updates to security section per Information Security Office (ISO). |
| **Section 1733** | Updates to modified STD form process. |
| **Section 1735** | General updates. |
| **Section 1740** | General updates. |
| **Section 1745** | Updated incorrect or broken links. General updates. |
| **Section 1750** | Reviewed. No updates necessary. |
| **Chapter 2800** | |

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| **Section 2876** | 6 minor revisions/corrections   * Changed “Procurement Contracting Officer” to “Procurement and Contracting Officer” * Changed “Chief Procurement Officer” to “Procurement and Contracting Officer” * Changed “solicitation date” to “solicitation release date” for clarity * Modified Table 1 to three columns to include FI$Cal Asset Profile IDs, which were created after SAM Section 2876 was originally published in May 2019 * Removed “or delegation of procurement authority,” as state agencies may not exceed their delegated procurement authority * Added explicit disclaimer that SAM Section 2876 does not apply to printing operations enabled under Penal Code Section 2807 (CalPIA). |
| **Chapter 4900** Chapter retitled from Introduction to Uniform System of Accounting to Accounting and Fiscal Policies | |
| **Section 4983.1** | Included reference to Cloud Security Standard (SIMM 5315-B). |
| **Chapter 5300** | |
| **Section 5315.1** | Included reference to Cloud Security Standard (SIMM 5315-B). |
| **Chapter 7000** | |
| **Section 7010** | New section to introduce terms and definitions commonly used in statewide accounting and fiscal policies and procedures |
| **Section 7020** | New section to introduce the purpose of accounting and fiscal policies |
| **Section 7030** | New section to describe the role of the Department of Finance, Fiscal Systems and Consulting Unit |
| **Section 7040** | New section to describe how to request FSCU approval and fiscal policy assistance |
| **Chapter 7100** Chapter retitled to Uniform System of Accounting | |
| **Section 7110** | Retitled from Character and Purpose of a System of Accounting to Purpose of a Uniform System of Accounting. Language updates |
| **Section 7120** | Retitled from Necessity for Uniformity to Key Accounting Elements of a Financial and Administrative IT System. Added content from 7262. Language updates. |
| **Section 7130** | Deleted and incorporated content into 7210. |
| **Section 7131** | Renumbered from 7261. Language updates |
| **Section 7140** | Formatted text as chronological table. Language updates. |
| **Section 7150** | Deleted and incorporated content into 7120, 7130, and chapter 7200. |
| **Chapter 7200** Retitled chapter to Governmental Accounting and Reporting | |

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| **Section 7200** | Section deleted and content added to 7220 |
| **Section 7210** | Added new section to describe key differences in accounting for government vs. commercial business. Incorporated content from 7130 |
| **Section 7220** | Retitled from Accounting Records. Incorporated content from 7200. Language updates |
| **Section 7221** | Section deleted. Moved content to 7231 |
| **Section 7222** | Section deleted. Moved content to 7231 |
| **Section 7223** | Section deleted. Moved content to 7231 |
| **Section 7223.3** | Section deleted. Moved content to 7231 |
| **Section 7223.4** | Section deleted – content outdated |
| **Section 7230** | Section deleted – required reports are outlined in 7900-7999 |
| **Section 7231** | Added section to provide overview of state accounting. Incorporated content from 7221, 7222, 7223, and 7223.3 |
| **Section 7240** | Section deleted – auditing information is contained in 20000 |
| **Section 7241** | Added new section to describe annual financial reports issued by SCO |
| **Section 7250** | Language updates |
| **Section 7261** | Section deleted. Moved content to 7231 |
| **Section 7262** | Section deleted. Moved content to 7120 |
| **Section 7270** | Added new section to describe manager’s responsibilities under SLAA |
| **Section 7280** | Renumbered from 8080. Language updates |
| **Chapter 7300** | |
| **Section 7300** | Language updates |
| **Section 7310** | Updated responsibilities. Language updates |
| **Section 7320** | Updated responsibilities. Language updates |
| **Section 7330** | Updated responsibilities. Language updates |
| **Section 7340** | Updated responsibilities. Language updates |
| **Section 7350** | Updated responsibilities. Language updates |
| **Section 7360** | Retitled from Legislative Analyst to Legislative Analyst’s Office. Updated responsibilities. Language updates. |
| **Section 7370** | Updated responsibilities. Language updates |
| **Section 7380** | Updated responsibilities. Language updates |
| **Chapter 7900** | |
| **Section 7961** | Replaced CALSTARS with FI$Cal |
| **7961 Illustration 1** | Remove Illustration “1” from footer |

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| **7961 Illustration 2** | Deleted outdated Illustration 2 |
| **Chapter 8000** | |
| **Section 8010** | Added hyperlinks. Restructured content to provide clarity |
| **Section 8011** | Expanded the description of major and non-major CMIA programs. Added that CMIA major program must be included in TSA and must submit quarterly reports to FSCU. Added that CMIA minor programs are not inlcuded in TSA and not required to submit quarterly report to FSCU. |
| **Section 8012** | Restructured content to provide clarity. |
| **Section 8013** | Added an additional responsibilities for state agency/department to minimize the time between the deposit of funds to the disbursement of funds. Added the SCO’s responsibilities to develop the clearance/redemption patterns and provide the Warrant Redemption Reports to Finance. |
| **Section 8014** | Minor language updates. |
| **Section 8080** | Deleted section and renumbered to 7280. |
| **Chapter 8300** Retitled to Budgetary Accounting | |
| **Section 8300** | Deleted outdated content. |
| **Section 8301** | Deleted outdated content. |
| **Section 8301.1** | Deleted outdated content. |
| **Section 8301.2** | Deleted outdated content. |
| **Section 8301.3** | Deleted outdated content. |
| **Section 8302** | Deleted outdated content. |
| **Section 8310** | New section discusses the purpose and objective of budgetary accounting, and the relationship between budgeting and accounting. This section provides the Government Code sections that require specific linkage between these two fiscal disciplines. |
| **Section 8311** | New section describes the elements of budgetary control. Added a table to illustrate the budgetary control elements. |
| **Section 8320** | Retitled and revised. The section title was changed from Allotments to Appropriation Purpose and Requirements. Updated to discuss the purpose of an appropriation and the processes that should be in place in an agency/department’s system of accounting. |
| **Section 8322** | Deleted outdated content. |
| **Section 8324** | Deleted outdated content. |

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| **Section 8325** | New section discusses the availability period in which an appropriation maybe encumbered or expended and describes the provisions in Budget Act, Government Code and the California Code of Regulations. |
| **Section 8326** | New section describes the types of appropriations such as regular, continuing and continuous. |
| **Section 8340** | Updated content and added sub-headings to describe the purpose, method, liquidating and recording of encumbrances. |
| **Section 8341** | Retitled section from Personal Services to Encumbrance- Personal Services. Changed SAM reference from SAM 6000 to 6448. |
| **Section 8342** | Revised by combining sections 8342.1, 8342.2., and 8342.3 into 8342. Added new topics, “Estimating Encumbrances” and “Purchase Estimate”. Removed the term lag and replaced it with estimates. |
| **Section 8343** | Retitled section from Capital Outlay to Encumbrances-Capital Outlay. |
| **Section 8360** | Updated content and added sub-headings. Removed references to accounts 6150 and 5350. Added information pertaining to Personal Services, OE&E, and Abatement expenditures. |
| **Section 8361** | Deleted and content added to section 8360. |
| **Section 8362** | Deleted outdated content. |
| **Section 8363** | Deleted and content added to section 8343. |
| **Section 8364** | Deleted and content added to section 8364. |
| **Section 8365** | Updated to describe the purpose of a reimbursement. |
| **Chapter 8500** | |
| **Section 8500** | Changed title from “General” to “Central Service Roles for Payroll Process”. Added DOF’s role in the Payroll Process.  Restructured content to provide clarity. |
| **Section 8510** | Changed title from “State Pay Plan” to “State Pay Plan (Pay Frequency)”. Restructured content to provide clarity. |
| **Section 8520** | Added link to SCO’s Personnel and Payroll Services Division. Eliminated the 17 specific descriptions of PPSD payroll functions and replaced with high level descriptions of PPSD functions.  Updated Government Code (GC) sections. Changed Board of Control rule to California Code of Regulations (CCR) sections. |

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| **Section 8531** | Retitled from “General Personnel Procedures Established Positions” to “Personnel Procedures-Established Positions”.  Added sub-headers for clarity. Added link to SCO’s Payroll Procedures Manual (PPM) section on interchangeable classes. |
| **Section 8533** | Retitled from “Position Numbers” to “Personnel Procedures- Position Numbers”. Added link to SCO’s PPM section on Position Numbers. |
| **Section 8534** | Retitled from “Position Numbers” to “Personnel Procedures- Position Numbers”. Added link to SCO’s PPM section on Position Numbers. |
| **Section 8534.1** | 8534.1 is a new section. Renumbered and moved content from section 8539. Added links to CCR, CalHR’s Human Resources (HR) manual, and SCO’s PPM. Expanded description of the policy on attendance records maintenance. Updated“Form 672” to “CD-672”. |
| **Section 8534.2** | 8534.2 is a new section. Renumbered and moved content from 8540. |
| **Section 8535** | Retitled from “Unemployment Insurance” to “Compensation and Disability Insurance-Unemployment Insurance. Replaced Revenue and Taxation Code (RTC) section 19269 with Unemployment Insurance Code section 803(f). Replaced DGS, Office of Risk and Insurance Management as the contact for questions on Unemployment Insurance (UI) claim, with EDD. |
| **Section 8536** | Retitled from “Disability Payments” to “Compensation and Disability Insurance-Temporary Disability”. Changed from “about 30 departments” that purchase workers’ compensation insurance policy to “relatively few”. Revised GC section 19863 to 19863.1. |
| **Section 8537** | Retitled from “Accounting for Third Party Recoveries” to “Compensation and Disability Insurance-Third Party Recoveries”. Added Labor Code sec 3850-3865. Added content from SAM 8775-Subrogation Receipts. 8775 will be deleted. |
| **Section 8538** | Retitled from “Nonindustrial Disability Insurance” to “Compensation and Disability Insurance-Nonindustrial Disability Insurance”. Updated Senate Bill 1555 to CalHR’s HR Manual section 1411. Replaced Budget Act section 3(a) and (b) with section 3.50. |
| **Section 8539** | Deleted and renumbered to 8534.1. |
| **Section 8540** | Deleted and renumbered to 8534.2. |
| **Section 8572** | Retitled from “Withholding and Reporting Requirements for Taxable Fringe Benefits and Employee Business Expenses” to “Tax Withholding and Reporting –Fringe Benefits and Employee Business Expenses.” Updated the federal income tax rate from 25% to 22%. |

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| **Section 8572.1** | Retitled from “Moving Expenses” to “Tax Witholding and Reporting-Moving Expenses”.  Restructured content to provide clarity. |
| **Section 8572.2** | Retitled from “Indeterminate Field Assignment Allowances (Long Term Travel-Indefinite) to “Tax Witholding and Reporting-Long- Term Travel Expenses”. Replaced “DPA Regulation” with “California Code of Regulations.” |
| **Section 8572.4** | Retitled from “Personal Use Of State-Provided Vehicles” to “Tax Witholding and Reporting-Personal Use Of State-Provided Vehicles.” Replaced IRS Publication 535 with Publication 15-B. |
| **Section 8572.5** | Retitled from “Uniform Allowances” to “Tax Witholding and Reporting-Uniform Allowances.” Added CCR sections 599.726- 599.734. Added link to the Bargaining Unit contract page from CalHR web page. |
| **Section 8580** | Retitled from “Distribution of Salary Warrants” to “Salary Warrants-Distribution.” Updated form CD-66 to STD-666. Added instruction on designating individual to collect salary-related documents. |
| **Section 8580.1** | Retitled from “Duties Incompatible with Handling of Salary Warrants” to “Salary Warrants-Separation of Duties |
| **Section 8580.2** | Retitled from “Release of Salary Warrants” to “Salary Warrants - Release Of Salary Warrants.” Restructured content to provide clarity. |
| **Section 8580.3** | Changed title from “Return of Salary Warrants to the State Controller’s Office, Division of Administration and Disbursements” to “Salary Warrants - Return of Salary Warrants.” Added link to CalHR for bargaining unit agreements. |
| **Section 8580.4** | Retitled from “Employee Separations” to “Salary Warrants – Employee Separations.” Updated GC section 19838 to 19838 (b) and (c). Revised “the state to withhold amounts owed for outstanding travel and salry advances from employee’s final separation pay” to:“…withhold any amounts owed…”. Removed the verbage on providing employee “an amount sufficient to satisfy the state’s minimum wage requirement.” |
| **Section 8580.5** | Retitled from “Undelivered Salary Warrants” to “Salary Warrants - Undelivered Salary Warrants.” Updated “claim schedule” to “regular voucher” and added GC17096.1. |
| **Section 8590** | Retitled from “Payroll Expenditure Accounting” to “Payroll Accounting - Overview”. Removed reference to a manual Payroll Expenditure Register. Deleted Payroll Clearance type 8.  Removed CALSTARS reference. |
| **Section 8593** | Retitled from “Overpayments” to “Payroll Accounting Overview- Payroll Accounts Receivable”. Added FI$Cal account codes. |

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| **Section 8593.1** | Retitled from “Recovery by Cash Collection” to “Payroll Accounting-Recovery by Cash Collection”. Added FI$Cal account codes. Removed legacy accounts 1150 Cash in Transit and 3730 Uncleared Collection. Removed the reference to manual Payroll Expenditure Register. |
| **Section 8593.2** | Retitled from “Recovery by Payroll Deduction” to “Payroll Accounting-Recovery by Payroll Deduction.” Added FI$Cal account codes. Removed the reference to manual Payroll Expenditure Register. |
| **Section 8593.3** | Retitled from “Recovery from Separated Employees” to “Payroll Accounting-Recovery from Separated Employees.” Added SAM 8776.6 as additional reference. |
| **Section 8594** | Retitled from “Absences for Jury Duty” to “Managing and Reporting Absences – Jury Duty.” |
| **Section 8594.1** | Retitled from “Absences as a Court Subpoened Witness” to “Managing and Reporting Absences – Court Subpoened Witness.”Revised to rename sub-header from “Interest of the State” to “Court Appearance in the Interest of the State.” |
| **Section 8594.2** | Retitled from “Absence As An Expert Witness’ to Managing and Reporting Absences – Expert Witness.” Added CalATERS Expense claim as reference for travel expense claim. |
| **Section 8594.3** | Retitled from “Absences Reporting for Witnesses” to “Managing and Reporting Absences-Reporting Requirement for Witnesses.” |
| **Section 8594.4** | Retitled from “Absence for Collective Bargaining Activities” to Managing and Reporting Absence-Collective Bargaining Activities.” |
| **Section 8595** | Retitled from “Revolving Fund Advances” to “Salary Advances”. Added Labor Code section 202 as reference. |
| **Section 8599** | New section to replace Chapter 11000 – Services Furnished to Employees. Moved and condensed content from Chapter 11000 (5 sections in total) in this section. |
| **Chapter 11000** | |
| **Section 11000** | Deleted and renumbered to 8599 |
| **Section 11010** | Deleted and renumbered to 8599 |
| **Section 11020** | Deleted and renumbered to 8599 |
| **Section 11030** | Deleted and renumbered to 8599 |
| **Section 11040** | Deleted and renumbered to 8599 |

# LEASES ON STATE PROPERTY 1323.1

(Revised ~~01/2017~~10/2020)

The Asset Management Branch is the initial point of entry for real estate services. To request real estate services, agencies submit a request via CRUISE. [See Section 1300](https://www.dgs.ca.gov/Resources/SAM/TOC/1300) [and 1310.](https://www.dgs.ca.gov/Resources/SAM/TOC/1300)

Leasing State-Owned Real Property to Others.

The Director of DGS, with the consent of the state agency concerned, may lease state- owned real property to others for a period not to exceed five years. Leases of state- owned property are required to reflect fair market rental, with certain exceptions. Leases of state- owned real property for radio and television purposes (telecommunications leases) and other specified uses may exceed the five-year limit. When space permits, agencies may request that space in state facilities be leased to financial institutions in order to provide for Automated Teller Machines.

General Competitive Bidding Requirement for Leases of State-Owned Property.

Competitive bids shall be solicited for new leases or renewal of existing leases of state- owned real property, except for the following:

1. Leases where prior approval has been received from DGS to lease without solicitation and at a rental rate consistent with fair market value.
2. Renewal of a lease for up to three five-year extensions where prior approval has been received from DGS and at a rental rate consistent with fair market value.
3. Leases to nonprofit organizations.
4. Leases to governmental agencies.
5. Telecommunications leases.

Commercial Advertising Signs.

There are restrictions regarding commercial advertising signs on state property. To obtain guidelines before entering into a lease for signage, clients may contact DGS.

Veteran’s Home Property Use Policy

(New 8/2020) APPROVAL CRITERIA

1. In accordance with MVC §1023(b), all leases, licenses, and other property uses of Veterans Home Property must be in the best interests of the home and its members. To be in the best interests of the home and its members, all property use must meet at least one of the following criteria:

Member Benefit

* 1. The property use would principally and directly benefit the members of the home and their medical, welfare, recreation, or similar needs;

Operational Benefit

* 1. The property use would principally and directly benefit the operations of the home, solely as it relates to the home’s delivery of long-term and residential care to current members;

Health & Safety Benefit

* 1. The property use would directly, routinely, substantially, and demonstrably benefit the health and safety of home members; and/or

Use of Existing Facilities

* 1. The property to be used is an existing home facility that cannot be reasonably operated or repurposed in a manner that meets the preceding criteria, and the terms of the property use agreement would maximize the direct benefit to the home and its members while complying with all other requirements for the use of state property, to include fair market value rent and lease duration.

Approval Determination

1. Only the Secretary or designee shall determine whether the proposed Property use meets these Approval Criteria.
2. These approval criteria shall be applied to all future considerations of new or renewed property use agreements.
3. An activity that principally and directly benefits the home and its members must be provided exclusively or primarily to members, or it must be designed for the particular needs of the home and its members, as opposed to the general public.

General Public

* 1. Any benefit of property use to the general public, to include non-member veterans, must be ancillary to the intended benefit to the home and its members and must not be a determinative factor in the development of the lease.

Revenue

* 1. Generation of revenue for any state fund, to include the Morale, Welfare, and Recreation Fund, is not an appropriate substitute for this requirement, regardless of how the revenue may be used, unless the event itself is a fundraiser for the benefit of the home and its members.

Incompatible Use

1. Any other third-party uses of home property are incompatible with the letter and/or spirit of MVC §1023(b) and shall not be approved.

IV. EXAMPLES OF APPROPRIATE PROPERTY USE

1. Examples of third-party activities that principally and directly benefit the home and its members include:

Beneficial Third Party Activities

* 1. Meetings of veterans or support groups, provided that attendance significantly consists of home members;
  2. Onsite barbershops and salons that primarily serve home members;
  3. Fundraisers and meetings by support foundations for the purposes of soliciting and distributing donations for the home and its members;
  4. State-owned housing leases for home employees;
  5. Events such as picnics, holiday parties, and Veterans Day celebrations, which may be operated or sponsored by third parties but primarily serve home members and their families; and
  6. Medical care, financial assistance, or similar services to be provided for home members.

1. Examples of third-party activities that do not principally and directly benefit the home and its members include:

Third-Party Activities Without Direct Benefit

* 1. Private events, such as corporate events and company picnics, in which home members are not the primary participants or beneficiaries;
  2. Leases and events that primarily benefit the community at large, even if they provide a secondary benefit to home members, such as free admission;
  3. Walking, running, or cycling events not primarily composed of home members, unless the event is held for the explicit purpose of raising donations and providing support for the home and its members;
  4. Activities that benefit veterans in the community and do not provide a significant benefit to home members; and
  5. Activities that create undue disruption or risk for the home or its members or are otherwise incompatible with the mission of the home, regardless of the type, purpose, or beneficiary of the activity.

Third-Party Activities Benefiting Health & Safety

1. Examples of third-party leases that are in the best interests of the home, regardless of the principal beneficiary, due to the direct, routine, substantial, and demonstrable benefit to the health and safety of home members include:
   1. An active firefighting or law enforcement facility that regularly dispatches firefighters or police officers to respond to emergencies on the campus of the home; and
   2. A clinic or other medical facility that regularly provides healthcare services to members of the home.

# SAM – FORMS MANAGEMENT

**PROGRAM SUMMARY, RESOURCES, AND CONTACTS 1700**

(Revised 07~~10~~/20~~19~~20)

Government Code Section [14771](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771) establishes the State Forms Management Program (SFMP) for all state agencies to facilitate the statewide standardization of all agencies’ forms and forms management programs.

The SFMP is administered by the Forms Management Center [(](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx)[FMC](https://www.dgs.ca.gov/Resources/Statewide-Forms/)[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx) which is located within the Department of General Services, Administrative Division, 707 Third Street, West Sacramento, California 95605. For inquires, email the FMC at [FormsManagement@dgs.ca.gov](mailto:FormsManagement@dgs.ca.gov) or telephone at (916)375-4216.

This chapter provides policy for the SFMP, which includes, but is not limited to, criteria for forms design, electronic signature (eSignature), inventory control process, terms and definitions, review processes, agencies’ responsibilities and reporting requirements. Procedures for complying with this policy can be found on the [Statewide Forms Program website](https://www.dgs.ca.gov/Resources/Statewide-Forms/).

The website contains FMC'[FK1]s resource documents ~~and~~ which are based on

are part of the

‟best business practices‟ for forms programs. The~~y~~ resources contain guidelines, procedures, instructions, recommended readings, and other detailed information relating to state and departmental forms management programs.

The Forms Management Representative (FMR) [FK2]and/or other staff involved in the forms management responsibilities should contact the FMC for guidance on the policy within SAM 1700. See SAM Section 0030 for contact information.

# ~~REV 444~~

**SAM – FORMS MANAGEMENT**

# STATUTORY AUTHORITY 1701

(Revised~~iewed~~ ~~7/2014~~07/2020)

[Government Code Section 14770 r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14770)equires the director of the Department of General Services (DGS) to “. establish and staff an activity within the department to be known as the ”forms

management center‟ for the orderly design, implementation and maintenance of a statewide

forms management program.” This activity includes the study, development, coordination, and initiation of state standard (STD.) forms (forms of interagency and common administrative usage) which is required by [Government Code Section 14771(a)(2).](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)

[Government Code Section 14771(a)(9) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)equires the director of the Department of General Services (DGS), through the Forms Management Center (FMC) to “…develop and promulgate rules and standards to implement the [State Forms Management Program].” These rules and standards include responsibilities of the FMC, State agencies, and departmental forms coordinators (DFCs).

[Government Code Section 14771(a)(14) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)equires the director of the Department of General Services (DGS), through the FMC, to “. provide notice to state agencies, forms

management representatives, and departmental forms coordinators, that in the usual course of reviewing and revising all public-use forms that refer to or use the terms spouse, husband, wife, father, mother, marriage, or marital status, that appropriate references to state registered domestic partner, parent, or state- registered domestic partnership are to be included.”

The term” agency” refers to appropriate state departments, offices, boards, commissions, etc.

# ~~REV 427~~

# SAM – FORMS MANAGEMENT

# RESPONSIBILITIES OF THE FORMS MANAGEMENT CENTER 1702

(Revised~~ised~~ ~~7/2014~~07/2020)

The Forms Management Center ([FMC)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx) is responsible for carrying out the provisions of [Government Code Section 14771](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771) on behalf of the director of the Department of General Services. These responsibilities include:

1. Establishing standards, policies and procedures to carry out the state’‟s forms management program.
2. Assisting agencies in developing programs for the effective management, analysis and design of forms.
3. Establishing basic design and specification criteria for the state forms.
4. Maintaining a central cross-index of state agency forms, eliminating redundant forms while providing a central source of information for users.
5. Establishing a program for the management of the state standard (STD.) forms.
6. Studying, developing, designing, revising, coordinating, and managing the state’‟s STD. forms in cooperation with the agencies responsible for their content.
7. Obtaining information and reports from agencies as required administering the program and evaluating its progress.

# ~~REV 427~~

**SAM – FORMS MANAGEMENT**

# ESTABLISHING THE AGENCY PROGRAM 1705

(Revised ~~7/2014~~07/2020)

[Governmen](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=12274&lawCode=GOV)[t Code Section](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14750) ~~14750(a)~~[12274](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14750)(a) [r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14750)equires the head of each agency to “…establish and maintain an active, continuing program for the economical and efficient management of the records and information collection practices of the agency. The program shall ensure that the information needed by the agency shall be obtained with a minimum burden upon individuals and businesses…”

[Government Code Section 14771(a)(4) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)equires the director of the Department of General Services (DGS), through the Forms Management Center (FMC), to “…provide assistance, training, and instruction in forms management techniques to state agencies, forms management representatives, and departmental forms coordinators . . .”

The forms management program is mandatory. Its effectiveness depends on a clear understanding of the responsibilities of the operating agencies, DGS and the FMC. The responsibilities, derived from the statutes cited here are formulated from good business practices and gathered from forms professionals and forms associations.

Forms management is a staff activity. The program should be housed at a level high enough to give the perspective and authority needed for across-the-board improvements and to provide technical guidance and department-wide coordination between functions. The program should be centralized and needs backing, upper-level support, and stature in the organization to be successful.

[Government Code Sections 14771(a) a](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)nd [14775](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775) require the director of each state agency to fulfill legislative requirements needed to effectively implement the State Forms Management Program. Such requirements may involve submitting various reports to the DGS FMC.

# ~~REV 427~~

**SAM – FORMS MANAGEMENT**

# RESPONSIBILITIES OF THE DEPARTMENTAL FORMS MANAGEMENT REPRESENTATIVE (FMR) AND FORMS COORDINATOR (~~DFC)~~ DFC) 1706

(Revised~~ised~~ ~~7/2014~~07/2020)

[Government Code Section 14772 r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14772)equires the director of each State agency to “. . . appoint a forms management representative (FMR) and provide necessary assistance to implement the State Forms Management Program (SFMP) within the agency.” Agencies are required to notify the Forms Management Center (FMC) at [FormsManagement@dgs.ca.gov](mailto:FormsManagement@dgs.ca.gov) anytime there is a change to the FMR role within the agency.

~~within the agency.” FMR usually has a level of responsibility equivalent to a staff services~~ ~~manager position.~~

Each office management appoints at least one (1) departmental forms coordinator (DFC) to work with the FMR to manage and maintain the forms management program within the agency. ~~The FMR appoints and works with the departmental forms coordinator (DFC) to manage and~~ ~~maintain the forms management program within the agency. The DFC usually has a level of~~ ~~responsibility equivalent to that of a staff services analyst position.~~

The FMR is responsible to serve as the liaison between the agency and the Forms Management Center (FMC). FMRs also maintain and submit to the FMC a list of forms distinguished by business- and public-use categories and keep contact information about their authors current.

~~These appointments are made using the form FMC 105 –~~ *~~State Forms Management Program~~ ~~Appointments~~*~~, signed by the department director, and submitted to the Forms Management~~ ~~Center (FMC).~~

The FMR of an agency is to work closely with the SFM to coordinate the development, design and publication of the state standard (STD) form; including ensuring the proof review and approval cycle is prompt between authors and the FMC.

Agencies may also staff their forms management program with forms program managers, forms analysts, forms designers, forms authors, forms programmers, proofreaders, and ADA compliance subject matter experts to assist their FMR and DFC in carrying out the forms management responsibilities of the agency.

~~The primary responsibility of the DFC is to serve as liaison between the agency and the FMC.~~ ~~The DFC of an agency responsible for the content of a state standard (STD.) form works~~ ~~closely with the FMC to coordinate the development, design and publication of the form;~~ ~~including ensuring the proof review and approval cycle is prompt between authors and the~~ ~~FMC.~~

~~Responsibilities for DFCs also include maintaining a list of forms distinguished by business- and~~ ~~public-use categories and keeping contact information about their authors current.~~

~~Agencies may also staff their forms management program with forms program managers,~~ ~~forms analysts, forms designers, forms authors, forms programmers, and proofreaders to assist~~ ~~their FMR and DFC in carrying out the forms management responsibilities of the agency.~~

~~Classifications commonly used to staff the forms management program have been staff~~ ~~services managers, associate governmental program analysts, staff services analysts, digital~~ ~~composers, information officers, and information systems analysts. Staff should possess the~~ ~~skills, knowledge, and abilities to carry out the duties detailed in SAM Chapter 1700 and the~~

~~FMC‟s handbooks.~~

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**~~SAM – FORMS MANAGEMENT~~**

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# RESPONSIBILITIES OF THE DEPARTMENTAL FORMS MANAGEMENT REPRESENTATIVE (FMR) AND FORMS COORDINATOR (~~DFC)~~ DFC) 1706

(Cont. 1) (Rev~~ised~~ ~~7/2014~~07/2020)

On behalf of the agency, the ~~DFC~~ FMR is responsible for:

* 1. Coordinating the agency forms management program.
  2. Delegating duties to other appropriate personnel.
  3. Acting as the contact between the agency and the FMC.
  4. If the agency is responsible for the content of any STD. form, providing timely response to requests for information from the FMC.
  5. Inventorying and establishing an ongoing system of controls for the forms ordered and maintained by the agency.
  6. Providing safeguards in all forms management activities for the protection of individual privacy and confidentiality of information.
  7. ~~Reviewing and approving requests for printing or creation of electronic versions of forms for the agency or delegating those responsibilities in the way that is most effective for the agency.~~
  8. ~~Determining that only necessary forms are ordered or established in electronic media and that those forms meet the standards set forth in the Forms Design Handbook.~~

~~i.~~g. Ensuring that the new or revised forms meet the standards set forth in the Forms ~~Design Handbook and the Forms Management~~ Handbook.

~~j.~~h. Ensuring discontinuance of obsolete forms from the agency system.

~~k.~~i. Conducting research into forms management problems.

~~l.~~j. Conducting forms analysis for designing or redesigning the ~~agency‟s~~ agency’s forms.

m.k. Being responsible for reports required by the FMC for administration of the program. These include, but are not limited to, reports on the agency Public Use Forms Program and the Business Use Forms/Reports Program.

~~n.~~l. Distributing information on forms management activities.

o.m. Coordinating with the agency training office to provide and make arrangements for appropriate training of forms management personnel.

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**SAM – FORMS MANAGEMENT**

# TERMS AND DEFINITIONS 1710

(Revised~~ised~~ ~~7/2014~~07/2020)

Forms – Any ~~preprinted or electronic~~ documents containing ~~fixed~~ locked content ~~messages~~ or requests that are used repeatedly. Variable data or fill-in spaces may or may not be included. ~~This definition applies to all temporary or permanent forms. It applies whether a form is~~ ~~printed by the Office of State Publishing or on agency duplicating equipment.~~ It includes such items as form letters, tags, labels, continuous forms, tab cards and envelopes. ~~Data~~ Web- based forms, surveys and reports ~~entry screens and reports from databases~~ are included in this definition.

Business – A business is any partnership, corporation, organization, business trust, or any person or nongovernmental entity or representative thereof, which supplies the state with information by filling out a form**.**

Business-Use Forms/Reports – State forms and/or reports used to collect and/or solicit information, including signatures, from businesses. ~~See Code Sections 14771(c) and 14775.~~

Public-Use Forms – State forms used to obtain or solicit facts, opinions, or other information from the public or private citizens, etc. ~~See Government Code Section 14741(1).~~

State Standard (STD.) Forms – State forms developed for use by all agencies to carry out common statewide administrative functions. ~~See Government Code Sections 14771(a)(2-6).~~ Agency / Departmental Forms – State forms created and used specifically by an agency to

carry out the agency’‟s administrative functions. The term ‟agency”„ refers to appropriate

departments, offices, boards, commissions, etc.

Forms Management Center (FMC) – Includes the Statewide Forms Manager (SFM), Forms Management Representative (FMR) and a technical support unit within the Department of General Services responsible for the orderly design, implementation and maintenance of the

statewide forms management program[PT1].

Statewide Forms Management Program (SFMP) – A program built up of individuals statewide selected to carry out forms management responsibilities.

Statewide Forms Manager (SFM) – An individual responsible for the management functions required by the SFMP.

Forms Management Representative (FMR) – An individual appointed by the department’‟s director to implement the agency’‟s forms management program. See [Government Code Section 14772.](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14772)

Departmental Forms Coordinator (DFC[FK2]) – An

assigned

by the office

chief/ manager to serve as the liaison between the office/program and the FMR. ~~Departmental Forms Coordinator (DFC) – An individual appointed by the department‟s FMR~~ ~~to serve as liaison between the agency and the Forms Management Center.~~

[FK4]

[FK3]

individual

See [Government Code Sections 14770-14775](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=5.5.&chapter=5.5.&article).

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# SAM – FORMS MANAGEMENT

**FORMS MANAGEMENT TRAINING AND GUIDELINES 1715**

(Revised ~~7/2014~~07/2020)

As required by [Government Code Section 14771(a)(4),](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771) the Forms Management Center [(](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx)~~FMC~~FMC[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx) provides training and assistance in all aspects of establishing and implementing the State Forms Management Program.

Due to advances in technology, many state government agencies use diverse software to produce forms, both paper and electronic such as data entry screens used to process data on a variety of information-processing systems. ~~To ensure uniformity, the FMC offers training classes~~ ~~and holds user group meetings. During classroom training, instructors educate students in forms~~ ~~design techniques and forms management strategies such as effective layout presentation and~~ ~~organization, naming convention guidelines and file management methods. At user group~~ ~~meetings, problems and resolutions as well as industry trends are discussed.~~ The FMC ~~also~~ provides ~~manuals~~ resources and material ~~that include topics~~ such as forms design, forms management and forms analysis.

See [Statewide Forms Program webpage](https://www.dgs.ca.gov/Resources/Statewide-Forms/).

~~State agencies may contact the FMC to coordinate and schedule training sessions.~~

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**FORMS DESIGN STANDARDS 1720**

(Revised 07~~12~~/2020~~19~~)

Forms can be filled out and designed on paper or by electronic media. Agencies should follow the forms design standards, criteria, and techniques presented in the Forms Handbook. All agency departmental forms and all state standard (STD) forms must contain the term “State of California”, the authoring department’s name, a form title, a form number, and a form creation or revision date. Contact the Forms Management Center (FMC) for information about forms design standards and software[FK1].

All State forms must comply with all other applicable form requirements (see SAM Section 1745).

Forms not included in the STD Forms Program may not carry “STD” or any variation of that designation as a prefix to the form number. If a form is removed from coordination as an STD form and returned to management of the generating agency, the agency must change the number and identification. These forms may carry a statement such as “Formerly STD XXX”’.

All[FK2][FK3][FK4] agency forms must show certain identifying information. If there is space[FK5], you should place this information together on the form. The Forms Handbook shows formatting for this information.

Form Titles – Form titles must describe both the form’s subject and function. See the Forms Handbook for help with titling forms.

Form Numbers – Ideally, form numbers should be prefixed by the initials of the agency, i.e., FTB, SCO, etc. The numbers may follow any plan or scheme that works for your agency but must not duplicate a number already in use by the agency. A form used by an office or division within an agency may carry a sub-prefix. An example is “DGS OLS” for the DGS, Office of Legal Services.

Creation or Revision Dates – The date, must be the month and year in which the form was created or first distributed, such as “MM/YYYY”. If it is revised, the date will be the month and year in which the form was revised, such as “‘Rev. 12/2019”’.

It is not advisable to preprint names of employees on forms unless there are compelling reasons to do so. An exception may be made for names of elected or appointed officials.

FORMS REVIEW PROCESSES 1725

(Revised~~iewed 7/2014~~ 07/2020)

Proposed changes to ~~paper and electronic~~ state standard (STD) and departmental forms should be reviewed for legal impact, policy compliance, workflow, and electronic signature or approval processes. ~~and routed for review by the appropriate departmental staff.~~

Coordinating this review and approval process is the responsibility of the ~~departmental~~ Forms Management Representative (~~forms coordinator (DFC)~~FMR) for each agency/department.

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STATE STANDARD (STD.) FORMS 1730

(Revised~~iewed~~ ~~7/2014~~07/2020)

State standard (STD.) forms are state forms developed for use by all agencies to carry out common statewide administration functions. The Forms Management Center (FMC[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx) is responsible for the orderly design, implementation, management and maintenance of STD. forms, ~~including STD. electronic forms (eForms) and integrated STD. eForms systems~~.

In accordance with [Government Code Section 14771,](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771) state government agents and entities doing business with the state should use STD. forms disseminated by the FMC rather than reproduce their own.

The FMC ensures the most current versions are available ~~either~~ online ~~or in hard-copy paper~~ ~~format.~~ STD. forms~~eForms~~ are available for online use on the [~~FMC‟s~~California State Forms](https://www.dgsapps.dgs.ca.gov/osp/StatewideFormsWeb/Forms.aspx) [Directory](https://www.dgsapps.dgs.ca.gov/osp/StatewideFormsWeb/Forms.aspx) ~~website~~. Certain paper forms are available through the Office of State Publishing (OSP) in prepackaged quantities and minimum print quantities. See OSP Storefront.

Using STD. forms managed by the FMC ensures that the most cost-effective, economical and efficient solution is provided to the state.

These compliance practices reduce costs associated with reproduction, dissemination, storage, and destruction, eliminating redundancy by serving as a centralized location for management of STD. forms. Observing these compliance practices avoids the probability of using an expired form revision or an unauthorized ~~bootlegged~~ form. ~~Bootlegged~~ Unauthorized forms and expired form revisions have been found to increase administrative costs and cause legality problems.

If a state agency has a suggested revision to an STD. form, but is not the author of the form, it may submit the revision proposal to the FMC. The FMC will review the proposal and coordinate review by the form’‟s authoring agency for approval.

Note: Customizing department forms for anyone other than the authoring agency will not be performed by the FMC.

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# SAM – FORMS MANAGEMENT

**STATE STANDARD (STD.) FORMS IDENTIFICATION 1731**

(Revised~~ised~~ ~~7/2014~~07/2020)

To ensure accuracy in tracking the author of a state standard (STD.) form, the originating department’‟s name must be placed near the location of the title, number and date of the form after or opposite the ”State of California” line.

The Forms Management Center [(](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx)~~FMC~~FMC[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx), in order to enforce forms identification standards statewide, reserves the right to modify the information contained in the “„State of California”‟ line, department’‟s name, title, number, and date of any STD. form. Modification of this information may not be made without the consent of the FMC. The positioning of this information on a form is left to the discretion of the FMC and may be modified by the FMC to fit space limitations.

Forms not included in the STD. Forms Program may not carry ~~”STD.”‟~~”STD” or any variation of that designation as a prefix to the form number. If a form is removed from coordination as an STD. form and returned to management of the authoring agency, the agency must change the number and identification. These forms may carry a statement such as

“Formerly STD XXX”.

~~form and returned to management of the authoring agency, the agency must change the~~ ~~number and identification at the next printing. These forms may carry a statement such as~~

~~“‟Formerly STD. XXX”.~~

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# SAM – FORMS MANAGEMENT

# STATE STANDARD (STD.) FORMS ~~SECURITY~~ CONTROL 1732

(Revised ~~7/2014~~07/2020)

To ensure compliance, authenticity and version control by being the primary source of state forms ~~security technology~~ control measures will be applied and enforced on all state standard (STD.) ~~electronic~~ forms ~~(eForms) and integrated STD. eForms systems~~ the Forms Management Center (~~FMC~~FMC[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx) disseminates.

These ~~security~~ control practices include locking of STD. ~~eForms~~ forms to reduce unauthorized possession and unapproved altering of the content, design and form field properties, and disabling of menu options for STD~~. eForms~~ deployed on the ~~FMC‟s website~~California Forms Directory. The FMC will post online to facilitate ~~‟s purpose for deploying STD. eForms on its~~ ~~website~~ ~~is to ensure that~~ a cost-effective, economical and efficient solution is provided to the state, and to enable entities, public and private, to conduct administrative transactions for state business.

STD~~. eForms~~ forms should not be downloaded for the purpose of redistribution. This non- downloadable aspect ensures that the current revision of an STD. form is used.

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# MODIFIED STATE STANDARD (STD) FORMS 1733

(Revised~~ised~~ 07~~12~~/2020~~19~~)

If ~~your~~ an agency has a significant and compelling need for a modification to~~of~~ a~~n~~ STD form for ~~your~~ the agency only, ~~you must~~a request for approval must be submitted via email ~~in writing~~ ~~from~~ to the Forms Management Center (FMC[)](http://www.dgs.ca.gov/osp/Programs/FormsManagementCenter.aspx). This[FK1] request ~~must first be reviewed and~~ ~~approved by your agency Forms Management Representative (FMR).~~ should e~~E~~xplain the need for the change., ~~and~~ Tthe benefits expected, and ~~attach~~ a mock-up or draft of the modified form. The agencies Forms Management Representative (FMR), must review and approve the request before submitting to the FMC. If the FMC finds the request is reasonable, they will then ask the responsible agency if the modification can be accepted. If the request is granted, a copy of the

FMC’s approval must be attached to any request [RS3]. ~~No~~ A~~a~~pprovals will be valid

[FK2]

for printing

for ~~more than~~ one year unless specifically stated in the approval by the FMC in order ~~. This is~~ to ensure ~~that you are not reprinting forms that have been revised~~ the most current forms are being used.

STD forms modified by an agency with approval of the FMC will carry the STD number and the naming convention of the generating agency, such as “STD 15 - Department of General Services (Rev 12/2019).”

Overprinted STD forms – If your agency purchases STD forms in their original paper form and wishes to overprint with agency information, you must request pre-approval from the FMC. Send the FMC a written request with a mockup copy of the form showing the ~~as you wish it~~ overprinted text. The Office of State Publishing (OSP) will not overprint STD forms without approval from the FMC. Overprinted forms do not need special identification of the using agency if it is identified in the material overprinted.

State government agencies may opt to have STD forms developed in-house by state government union employees such as digital composers but must coordinate development with the FMC. ~~Whichever the case,~~ STD forms must adhere to the FMC’s forms design principles and practices. ~~As a result,~~ Tthe FMC has final approval of the layout and design of STD forms. The final management and dissemination of STD forms ~~must occur~~is required ~~from~~ by the FMC

or from [RS5]. Compliance with these guidelines minimizes the

[FK4]

its centralized resource center~~s~~

chance of errors associated with unauthorized forms and maximizes efficient use of state resources.

# BUSINESS-USE INVENTORY 1735

(Revised~~iewed~~ ~~7/2014~~07/2020)

[Government Code Sections 14771(c) a](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)nd [14775](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775) require the development, maintenance, and review of a statewide inventory of non-tax business-use forms and reports used by state agencies to collect and/or solicit information from businesses.

This inventory is known as the Business-Use Inventory (BUI), synonymous with departmental forms, which is comprised of the forms your department has created in order to conduct its daily business and reports that it requests of businesses. For the purpose of this inventory, a business is defined as any partnership, corporation, organization, business trust, or any person or non- governmental entity or representative thereof which supplies the state with information by filling out a form.

[Government Code Section 14771(c) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)equires the director of the Department of General Services (DGS), through the Forms Management Center (FMC), to develop and maintain the statewide ~~Business-Use Inventory~~BUI, and notify state agencies of their annual review requirements.

[Government Code Section 14775(b) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775)equires each state agency, commencing on December 31, 1995, to review one-third of its ~~Business-Use Inventory~~BUI on an annual basis.

~~The reporting period has been changed to alleviate other workloads that exist due to the closing~~ ~~of fiscal years.~~ The ~~new~~ reporting period is January 1 through December 31. Each agency shall submit their inventory report using the form FMC 95 - *Forms Inventory Report.* Reports for that calendar year are due to the Form Management Center (FMC) on December 31.

~~Initially, the reporting requirement is met by submitting a complete listing of all the businessuse~~ ~~forms created by your agency, along with other information such as revision date, form type, and~~ ~~associated statutory code. The FMC will combine all agency lists into a statewide master list. For~~ ~~very specific instructions for formatting your data please contact the FMC.~~

As part of the annual review requirements, each state agency is to eliminate those forms and/or reports that are not mandated by statute. However, an agency head may certify the continued use of a form and/or report if the information provided on the form and/or report meet specific requirements detailed in [Government Code Section 14775(b).](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775)

[Government](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775) [Code Section](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775) [14775(c)](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775) [s](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14775)tates that a business may contest an agency head's certification of the continued use of a form and/or report.

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**PUBLIC-USE FORMS INVENTORY 1740**

(Revised~~iewed~~ 07~~12~~/2020~~19~~)

[Government Code Section 14771(a)(12) r](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=14771)equires that forms ~~to be~~ used by the public (including businesses) have assigned control numbers. The agency form number serves this purpose and must appear on the form as part of the identification. See SAM Section 1720.

An agency may not ask for or require members of the public to supply information to the state on a form without the required ~~not so~~ identification number~~ed~~. This applies whether thefor

~~service, or mandatory~~

~~information is submitted voluntarily, required to gain or retain a benefit or~~ (a penalty will be assessed for failure to provide the information). [FK1][RS2]

Agencies have been given the responsibility by the Forms Management Center (FMC) to identify all forms used by the public to maintain a current index and inventory of forms. Upon request, agencies must report changes to their inventory to the FMC.

Government Code Sections [14771 – 14775](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=3.&title=2.&part=5.5.&chapter=5.5.&article) and SAM Chapters 1700 – 1750 give the FMC ruling authority concerning the disposition of public-use forms. During the FMC’s analytical review of public-use forms, the FMC may create a state standard (STD) form in order to eliminate duplicate forms and duplicate form authoring efforts by state departments.

When weighing the effect that a form's disposition has on interagency and common administrative usage, consideration of management and maintenance criteria shall include, but is not limited to, costs associated with publication, distribution and availability.

The FMC will make every effort to meet the needs of the authoring agency. However, an authoring agency must understand that the needs of the state supersede the needs of an agency. FMC expects full cooperation and objectivity from an authoring agency and expects abidance by and compliance with the FMC’s decisions, policies, and procedures.

# OTHER APPLICABLE FORM REQUIREMENTS 1745

(Revised~~ised~~ ~~9/2015~~07/2020)

There are other pertinent laws and/or directives regarding forms ~~to consider~~. This includes~~, but is~~ ~~not limited to~~:

# Americans with Disabilities Act (ADA)

Section 508 of the Rehabilitation Act requires electronic and information technology to be accessible to people with disabilities, including employees and members of the public.

* The Rehabilitation Act: ~~Full text~~ [Public Law No: 93-112](https://www.congress.gov/bill/93rd-congress/house-bill/8070?q=%7B%22search%22%3A%5B%22Public%2BLaw%2B93-112%22%5D%7D&s=3&r=1)
* US Department of Justice, Civil Rights Division: [Overview of Section 508](http://www.justice.gov/crt/508/508home.php)

# Savable Documents

All State forms that are available online must be available in a fillable and savable format. This will help reduce errors, processing delays and enhance the user experience by providing a more efficient method to communicate with government.

# Privacy and Disclosure

State and federal laws protect people's privacy and confidential information. An agency must obey these laws when gathering or disclosing information about an individual. These laws include requirements concerning the kind of information a form can request, the information that is provided by the individual, how to store the forms and their information; and disclosing the data on the forms.

* [Federal Privacy Act, Public Law 93-579](http://www.justice.gov/opcl/privacy-act-1974)
* [Freedom of Information Act, 5 U.S.C. 552(b)(6)](http://www.justice.gov/oip/blog/foia-update-freedom-information-act-5-usc-sect-552-amended-public-law-no-104-231-110-stat)
* [Information Practices Act, California Civil Code Section 1798 et seq.](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=3.&chapter=1.&part=4.&lawCode=CIV&title=1.8.&article=1)
* [California Public Records Act, Government Code Section 6250 et seq.](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part&chapter=3.5.&article=1)

~~REV 431~~

# SAM – FORMS MANAGEMENT

**DISPOSAL OF UNUSED ACCOUNTABLE FORMS 1750**

(Revised~~ised~~ ~~7/2014~~07/2020)

Each agency is responsible for the appropriate disposal of unused (blank) accountable forms. Accountable forms are unused pre-numbered forms used to record or transfer money.

Examples are checks, receipts, meal tickets, and licenses.

Destruction of accountable forms should be witnessed by a member of your agency’‟s internal audit unit. If there is no such unit, it must be witnessed by an agency employee who is not directly responsible for handling or accounting for the documents or the fees for which the documents are issued.

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**SAM – PUBLISHING/PRINTING 2876**

# APPROVAL REQUIRED TO PURCHASE PRINTING EQUIPMENT

(Revised 8/2020)

1. Overview

No state agency may acquire printing equipment, including, but not limited to, offset printing, digital printing, or bindery equipment, where a piece of equipment is valued in excess of $50,000, without prior approval from the State Printer.

Agencies seeking to acquire new or replacement printing equipment are required to submit a Printing Equipment Acquisition Request (PEAR) (see SAM Section 2876(B)) to the State Printer for approval. The agency should use the PEAR to demonstrate that the agency has the capacity to operate the printing equipment efficiently and cost- effectively, and that the acquisition and use of this equipment will not be unnecessary duplicative of OSP services (or those services provided by other state agency in-plant printing operations as authorized under SAM Section 2875). To assist with this analysis, a Recovery of Investment Template (RIT) (see SAM Section 2876(C)) must be included with the PEAR.

The agency submitting the PEAR must affirm that the print work performed on the equipment will only support the printing needs of the acquiring agency (referring to the office, department, division, bureau, board or commission that purchases and/or operates the equipment), and not that of other agencies, except when a Printing Services Exemption Request (PSER) has been approved by OSP (see SAM Section 2811 for OSP exemptions).

The agency must have a current In-Plant Printing Operations Report (IPPOR) (see SAM Section 2875(F)) on file with the State Printer before they may submit a PEAR for approval.

Agencies that have delegations of procurement authority, issued by the Department of General Services’ (DGS) Procurement Division, are still required to submit and receive approval on a PEAR prior to exercising their delegated procurement authority.

1. Printing Equipment Acquisition Request Information

The PEAR standardizes the acquisition analysis with regard to the acquisition of printing equipment across state agencies. To ensure that the acquisition of printing equipment is cost-effective, the agency submitting the PEAR must provide a detailed account of its recovery of investment and estimated acquisition, overhead, operation, and maintenance costs.

The agency must complete each section of the PEAR in accordance with the provisions of the PEAR Instructions document. The PEAR must be signed by the agency’s Deputy

Administrative Director and/or Procurement and Contracting Officer (no designee signature will be accepted).

Electronic copies of the PEAR and the PEAR Instructions can be found on OSP’s website at: https:/[/www.d](http://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-)g[s.ca.gov/OSP/Resources/Page-Content/Office-of-State-](http://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-) Publishing-Resources-List-Folder/In-plant.

A PEAR will not be considered complete unless a complete and accurate RIT with supporting documentation is included.

1. Recovery of Investment Template Information

State printing operations must be budgeted for cost recovery (see SAM Section 8752 requiring departments that provide goods and services to fully recover their costs). An agency seeking to acquire printing equipment must be able to demonstrate that it can recover the cost of owning and operating that printing equipment over five years. The RIT is a detailed financial analysis tool used to evaluate whether the acquisition of printing equipment is a cost-effective investment.

To ensure that the agency can adequately recover its cost, the agency must complete a five-year fiscal analysis on the RIT in accordance with the provisions of the RIT instructions document. OSP will not accept a PEAR without a complete and accurate RIT.

State agencies must depreciate all printing equipment according to the following schedule:

|  |  |  |
| --- | --- | --- |
| **Table 1** | | |
| **Cost of Equipment (Before sales tax)** | **Depreciation Period** | **FI$Cal Asset Profile ID** |
| $50,000 to $1,999,999 | May be depreciated up to five years | PRINT\_EQUIP (STANDARD) |
| $2,000,000 to $4,999,999 | May be depreciated up  to seven years | PRINT\_EQUIP (IND) |
| Greater than $5,000,000 | May be depreciated up to ten years | PRINT\_EQUIP (LRG IND) |

State agencies may not exceed the depreciation schedule indicated in Table 1, but may choose a lesser depreciation period at their discretion.

Electronic copies of the RIT and the RIT instructions can be found on OSP’s website at https://[www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-Publishing-](http://www.dgs.ca.gov/OSP/Resources/Page-Content/Office-of-State-Publishing-) Resources-List-Folder/In-plant.

1. Submitting the Printing Equipment Acquisition Request

Electronic copies of the PEAR, the RIT, and supporting documentation (as needed) must be submitted by the agency’s Deputy Administrative Director and/or Procurement and Contracting Officer~~Chief Procurement Officer~~ to the Statewide In-Plant Operations Manager at [inplantopsmanager@dgs.ca.gov](mailto:inplantopsmanager@dgs.ca.gov) for review. OSP will not review a PEAR unless all sections of the PEAR and the RIT are filled out completely.

The PEAR and supporting documentation must be submitted to the State Printer for approval no less than ninety (90) days prior to the anticipated solicitation release date. If the agency intends to use one-time acquisition services from the DGS Procurement Division prior to the end of the fiscal year, the PEAR must be received by the Statewide In-Plant Operations Manager no later than the first business day of February. Agencies are not permitted to enter into a purchasing contract for printing equipment until a signed PEAR approval has been returned by the State Printer.

The State Printer may approve the PEAR as written, provide conditional approval through the recommendation of alternative equipment, or reject the PEAR with explanation. When PEAR approval is received, the submitting agency will be required to provide the PEAR to: 1) the DGS Procurement Division (if one-time acquisition services are required); 2) the DGS Office of Legal Services (OLS) (if OLS contract review is required); and, 3) the SCO (included with the invoice for processing of payment). Non- compliance with the PEAR approval process may result in non-approval of the contract and non-payment of invoices.

The amount on the solicitation ~~or delegation of procurement authority~~ to acquire the printing equipment may not exceed 10% of the purchase price indicated on Section 4, Item 1 of the PEAR without secondary approval from OSP.

Approval on a PEAR is valid for the duration of the fiscal year of issuance and the following fiscal year.

Electronic copies of the Scope of Work issued with the solicitation and the final purchase agreement must be provided to the Statewide In-Plant Operations Manager within sixty (60) days of a signed purchase agreement.

The provisions of SAM Section 2876 do not apply to printing operations enabled under Penal Code Section 2807.

# POLICY 4983.1

(Revised ~~08/201707~~xx/2020)

As part of the Cloud Computing policy, each Agency/state entity shall:

* 1. Evaluate, in consultation with their IT organization, secure cloud computing alternatives for all IT projects and infrastructure initiatives (e.g., storage, servers, and Wide Area Network equipment).
  2. Use a cloud service model, i.e., Software as a Service (SaaS), Platform as a Service (PaaS), or Infrastructure as a Service (IaaS), whenever a feasible and cost effective solution is available. The use of cloud services must be consistent with the factors described in SAM [4981.1](http://sam.dgs.ca.gov/TOC/4900.aspx).
  3. Use IaaS or PaaS solutions for new, expansion or refresh initiatives.
  4. Use IaaS and PaaS solutions provided through the California Department of Technology (CDT). Requests shall be submitted to CDT’s IT Services Portal. ~~through a ServiceNowRemedy Service Request.~~
  5. If required IaaS or PaaS solutions are not available through CDT, CDT will partner with the Department of General Services (DGS) to determine the best procurement method.
  6. Use SaaS solutions provided through CDT, e.g., all office productivity software (including email\*), or through DGS’ Software Licensing Program (SLP), when implementing commercial and/or government SaaS cloud computing solutions.

\*Per Government Code Section 11546.1, ~~Chapter 147, 47, Statutes of~~ ~~2012 (SenateAssembly Bill 10392408)~~, all Agencies/state entities within the executive branch that are under the direct authority of the Governor must consolidate to the state’s shared e-mail solution.

* 1. If required SaaS solutions are not provided through CDT, Agencies/state entities may acquire other commercial and/or government SaaS solutions.
  2. If an Agency/state entity determines that the use of a cloud service solution is not feasible, or the required solution is not provided through CDT, they shall submit an exemption request to CDT for approval. The Cloud Computing Exemption Process is defined in Statewide Information Management Manual ([SIMM](https://cdt.ca.gov/policy/simm/)) 18.
  3. Classify the data managed by the applications that utilize cloud service models in accordance with SAM [5305.5](http://sam.dgs.ca.gov/TOC/5300.aspx).
  4. Ensure compliance with the security provisions of the SAM (Chapters [5100](http://sam.dgs.ca.gov/TOC/5100.aspx) and [5300](http://sam.dgs.ca.gov/TOC/5300.aspx)) and the [SIMM](https://cdt.ca.gov/policy/simm/) (Sections 58-C, 58-D, 66-B, 5305-A, 5310-A and B, 5315- B, 5325-A and B, 5330-A, B and C, 5340-A, B and C, 5360-B).

(Continued)

(Continued)

**POLICY 4983.1** (Cont. 1)

(Revised ~~08/201707~~xx/2020)

* 1. Based on data classification pursuant to SAM [5305.5](http://sam.dgs.ca.gov/TOC/5300.aspx), ensure compliance with relevant security provisions including those in the California Information Practices Act ([Civil Code Section 1798 et seq.](https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=CIV&division=3.&title=1.8.&part=4.&chapter=1.&article)), Internal Revenue Service (IRS) Publication [1075](https://www.irs.gov/pub/irs-pdf/p1075.pdf), Social Security Administration (SSA) [Electronic Information Exchange Security Requirements](https://www.ssa.gov/dataexchange/security.html), Payment Card Industry Data Security Standard ([PCI DSS](https://www.pcisecuritystandards.org/pci_security/maintaining_payment_security)) including the PCI DSS Cloud Computing Guidelines, Health Insurance Portability and Accountability Act ([HIPAA](https://www.ama-assn.org/practice-management/hipaa-compliance)) Security Rule, Health Information Technology for Economic and Clinical Health ([HITECH](https://www.hhs.gov/hipaa/for-professionals/special-topics/hitech-act-enforcement-interim-final-rule/index.html)) Act, and Criminal Justice Information Services ([CJIS](https://www.fbi.gov/services/cjis/cjis-security-policy-resource-center)) Security Policy.
  2. Ensure that the commercial and/or government cloud service provider’s Standards for Attestation Engagements No.16 Service Organization Control [(SOC](http://ssae16.com/SSAE16_reports.html)) 2 Type II report along with the cloud service provider’s plan to correct any negative findings is available to the Agency/state entity.
  3. Ensure that all confidential, sensitive or personal information is encrypted in accordance with SAM [5350.1](http://sam.dgs.ca.gov/TOC/5300.aspx) and ~~SIMM~~ SIMM [5305-A](https://cdt.ca.gov/policy/simm/), and at the necessary level of encryption for the data classification pursuant to SAM [5305.5](http://sam.dgs.ca.gov/TOC/5300.aspx).
  4. Ensure cloud service agreements include the DGS’ Cloud Computing Services Special Provisions specific to the type of service being procured, and all written agreements with cloud service providers address SAM [5305.8](http://sam.dgs.ca.gov/TOC/5300.aspx) provisions.
  5. Ensure that the physical location of the data center, where the data is stored, is within the continental United States, and remote access to data from outside the continental United States is prohibited unless approved in advance by the State Chief Information Security Officer.
  6. Maintain an exit strategy for IT solutions that utilizes a commercial and/or government cloud service. The exit strategy must include the Agency’s/state entity’s ability to export data in pre-defined formats and maintain, when needed, a current backup of the data in the Agency/state entity’s designated Tier III- equivalent data center facility. Designated data center facilities must be unrelated to the cloud provider; data center assignments are described in SAM [4982.1](http://sam.dgs.ca.gov/TOC/4900.aspx).
  7. Maintain an effective incident response and mitigation capability for security and privacy incidents in accordance with SAM [5340](http://sam.dgs.ca.gov/TOC/5300.aspx). Report suspected and actual security incidents in accordance with the criteria and procedures set forth in SIMM [5340-A](https://cdt.ca.gov/policy/simm/) and other applicable laws and regulations.

# SAM – INFORMATION SECURITY

**(Office of Information Security)**

# SYSTEM AND SERVICES ACQUISITION 5315.1

(Revised ~~11/2019~~0X/2020)

**Policy:** Each state entity shall determine the information security requirements (confidentiality, integrity, and availability) for its information assets in mission/business process planning; determine, document and allocate the resources required to protect the information assets as part of its capital planning and investment control process; and, establish organizational programming and budgeting documentation.

For all information system acquisitions, the state entity shall identify security functional, strength and assurance requirements; privacy protection requirements; security-related documentation requirements; a description of the information system development and intended operational environments; and acceptance criteria.

Use of alternative technological solutions, such as cloud computing services shall comply with the Technological Alternatives – Cloud Computing Policy (SAM Sections 4983-4983.1), SAM Section 5315.2, and the Cloud Security Standard (SIMM Section 5315-B).

**Implementation Controls:** NIST SP 800-53: [System and Services Acquisition (SA) and](http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf#page%3D312) [Accountability, Audit, and Risk](http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf#page%3D312) Management (AR); [Appendix J – Privacy Control Catalog](http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf#page%3D312), [FIPS 199](https://nvlpubs.nist.gov/nistpubs/FIPS/NIST.FIPS.199.pdf), [SIMM 5310-C](https://cdt.ca.gov/policy/simm/), and [SIMM 5315-B](https://cdt.ca.gov/policy/simm/)

[~~http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf#page%3D312~~](http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf#page%3D312)

# Rev. ~~444~~445

**~~CHARACTER AND~~ PURPOSE OF A UNIFORM SYSTEM OF ACCOUNTING 7110**

~~(Renumbered 2/65)~~ (Revised 08/2020)

~~System is defined as the orderly~~

A uniform system of accounting is an organized arrangement of ~~parts and elements into a~~ ~~complete whole. An adequate~~the accounting ~~system is concerned with~~methods, procedures, and controls for all phases of financial record keeping. This system is designed to ~~the end that there be a complete coordination~~track, accumulate, organize, and ~~that certain objectives be attained. A system of accounting for governmental finance~~ ~~must furnish the means of:~~

1. ~~Rendering an accountability of the stewardship of each of the administrative officers of the governmental agencies.~~
2. ~~Presenting currently~~present accurate and ~~accurately the~~timely financial ~~condition of each~~information and ~~all of the agencies~~to be used in decision making. Uniformity of accounts and ~~funds of government.~~
3. ~~Producing comprehensive~~accounting procedures is needed to compare and consolidate data ~~relating to governmental finances as a history of past performance and as a guide for future action.~~
4. ~~Providing effective executive~~into statewide reports such as the annual budgets and financial ~~control of all agencies.~~reports.

# NECESSITY FOR UNIFORMITY 7120

(**KEY ACCOUNTING ELEMENTS OF A FINANCIAL AND ADMINISTRATIVE IT SYSTEM 7120**

(Revised and Renumbered ~~2/65~~from 7262 08/2020)

~~Uniformity of accounts and accounting procedure among the agencies of a government~~ ~~obviously is necessary. Hopeless confusion would result if each agency maintained its~~ ~~individual methods and accounts. Comparison among agencies would be impossible.~~

~~Consolidation of detailed statements of agencies, each with dissimilar methods and~~ ~~classifications, into any such documents as an executive budget or Annual Report of the~~ ~~State Controller would be an overwhelming task.~~

Any state agency/department that plans to implement, design or acquire, modify or update a financial and administrative information technology (IT) system after obtaining the necessary approvals outlined in [SAM section 7260](https://www.dgs.ca.gov/Resources/SAM/TOC/7200/7260), must ensure the system incorporates any mandatory requirements. The system must have the capability to:

# Reconcile appropriation balances

* + Provide monthly appropriation reports which identify appropriations, expenditures, reimbursements, abatements, and unappropriated balances.
  + Produce monthly cash, and appropriated and unappropriated revenue reports to effect complete reconciliations.
  + Provide detailed transaction listings to support the above reports.

# Allocate administrative and other indirect costs

* + Collect and distribute indirect costs to direct programs and organizational units at the required levels of detail.
  + Retain the original transaction coding and identity of the allocated cost or change it upon distribution.

# Distribute costs to funds

* + Accumulate multi-funded costs and distribute them to the proper funds/appropriations.
  + Maintain the original organization/ business unit and program and object/account identity.
  + Provide supporting documentation that allows agencies/departments to allocate costs paid from one fund or appropriation to other funds or appropriations to prepare plans of financial adjustment as required (SAM section 8452).

# DISTINCTIVE FEATURES OF GOVERNMENTAL ACCOUNTING 7130

~~(Revised 5/85)~~Deleted 08/2020

~~Although the basic principles of accounting apply in government as in commerce,~~ ~~certain features of governmental accounting make its pattern quite different from that of~~ ~~the typical set of commercial accounts. The underlying differences should be~~ ~~understood to avoid confusion that sometimes results in attempting to apply, with little or~~ ~~no modification, conventional commercial accounts to a governmental unit.~~

~~The distinctive features of governmental accounting are the reflection of the essential~~ ~~difference in the method of financing governmental operations as contrasted with~~ ~~business undertakings.~~

~~Private business must obtain its capital from voluntary investments made with the hope~~ of deriving an increment. Private business, then, to survive must realize a profit over ~~and above the cost of the commodities or services it sells in order to preserve its capital~~ ~~and to return a profit to its proprietors or shareholders. Accordingly, commercial~~ ~~accounts are focused upon "net profit"—the amount gained over costs, the difference~~ ~~between income and expenses—and "net worth"—the current value of the invested~~ ~~capital, the difference between assets and liabilities.~~

~~Government furnishes services to all directly or indirectly and levies taxes or provides~~ ~~other revenue measures to meet the cost of those services. Governmental accounting~~ usually has no "net profit" to report. Particular sources of revenue generally have no ~~direct relation to particular items of expenditures. An excess of revenues over~~ ~~expenditures is not "net profit" and is not necessarily an indication of good financial~~ ~~policy in the government unit. Capital invested in government by its citizen-proprietors~~ (represented by such capital assets as land, buildings, highways, and equipment) is ~~investment in future public services. "Net worth," if that term can be employed, of a~~ ~~governmental unit has an entirely different significance from "net worth" of a commercial~~ ~~enterprise.~~

~~Another difference is the necessity that the governmental unit account its authorizations~~ to incur expenditures. It is a long established principle of free government that public ~~moneys be expended only as authorized by the legislative body. Hence, the~~ ~~governmental unit must maintain budgetary accounts in which are reflected the~~ ~~authorization for expenditures. While large commercial organizations are coming more~~ ~~and more to establish budget procedures somewhat similar to those employed by~~ government, the budget and the accounts essential to its operation are still largely a ~~distinctive feature of governmental accounting.~~

~~(Continued)~~

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~~(Continued)~~

# ~~DISTINCTIVE FEATURES OF GOVERNMENTAL ACCOUNTING 7130 (Cont. 1)~~

~~(Revised 5/85)~~

Still another peculiar characteristic of governmental accounting is the employment of ~~separate funds. A business enterprise, even the largest and most extensive, usually is~~ ~~engaged in activities closely interrelated with the ultimate objective of profit in one~~ ~~particular field. The governmental unit, on the other hand, is engaged in an ever-~~ growing number of operations and activities which are quite unrelated to each other.

~~Particular sources of revenue or income often are dedicated to use for a particular~~ phase of the government's operations. The accounts must segregate these specially ~~dedicated resources and isolate them from all other transactions in a separate "fund."~~ ~~While a business concern can maintain a single set of accounts for all of its~~ transactions, a governmental agency must maintain a number of independent sets of ~~accounts, one for each "fund."~~

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# HISTORY OF STATE OF CALIFORNIA ACCOUNTING 7140

(Revised ~~5/85~~08/2020)

The need for a uniform system of accounting for California State agencies was first ~~recognized in 1911, when the Legislature established the Department of Public~~ Accounting. This department, under the State Board of Control, was charged with the duty of devising and installing a uniform system of accounting and reporting "to the end ~~that there shall be a general systematic and uniform check upon the receipt and~~ disbursement of public revenues." In 1921, this duty was transferred to the then newly- formed Department of Finance. In 1965, the duty of prescribing uniform accounting ~~procedures (see Section 14626, Government Code) was transferred to the newly-~~ formed Department of General Services. In 1973, Section 13300 was added to the Government Code transferring duties related to the State accounting systems back to ~~the Department of Finance.~~

The first accounting manual for California State agencies was published in 1920. This manual described the system then in use. Later, in 1929 and again in 1934 and 1939, revised manuals were published which incorporated various modifications and changes but left the fundamentals of the system virtually unchanged. It was not until 1951 that substantial changes were made to the system. They were made largely to meet an increasing need for more-comprehensive and more-timely reporting of State financial affairs which was caused by the rapid post-way growth of California's population and its ~~State government. At that time the accounting manual was revised and designated as~~ ~~the fiscal affairs section of the State Administrative Manual (SAM).~~

~~In 1959, the chart of General Ledger accounts was devised, and released by~~ Management Memo, which provided greater standardization and integration between ~~the accounts maintained by agencies and those maintained by the State Controller's~~ ~~Office. It also provided greater standardization among agency accounts for Non-~~ ~~Governmental Cost Funds.~~

~~In 1965, the fiscal affairs section of SAM was revised to incorporate the revised chart of~~ ~~accounts and other procedures that had been adopted since the last general revision of~~ ~~the accounting manual.~~

Under provisions of AB 3322, Chapter 1284/78, all State agencies are required to have ~~a fully automated accounting and program cost accounting system. A study of the~~ State's basis of accounting and general ledger was undertaken by the Department of ~~Finance, with advice from the General Ledger and Accounting Basis Advisory~~ Committee and a national certified public accounting firm. This study included a review ~~of the State's general ledger accounts and account titles. This study resulted in~~ ~~standardizing the accounts to facilitate reporting in automated systems and the~~ restructuring and renaming of the accounts for conformance with Generally Accepted ~~Accounting Principles. SAM Chapters 7400 and 7600 provide further detail on the~~ ~~State's basis of accounting and general ledger accounts.~~

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**SAM – UNIFORM SYSTEM OF ACCOUNTING**

The history of the state’s system of accounting, chart of accounts and fiscal policies spans many years as described below:

|  |  |
| --- | --- |
| 1911 | The Legislature established the Department of Public Accounting under the State Board of Control charged with the duty of devising and installing a uniform system of accounting and reporting "to the end that there shall be a general systematic and uniform check upon the receipt and disbursement of public  revenues." |
| 1921 | This duty was transferred to the then newly formed Department of Finance. |
| 1920 | The first accounting manual was published |
| 1951 | Substantial changes were made to meet an increasing need for more- comprehensive and more-timely reporting of the state’s financial affairs and the  state’s accounting manual was revised and designated as the fiscal affairs section of the State Administrative Manual (SAM). |
| 1959 | The chart of General Ledger accounts was devised, and released by Management Memo, which provided greater standardization and integration between the accounts maintained by agencies and those maintained by the State Controller's Office. It also provided greater standardization among agency  accounts for Non-Governmental Cost Funds. |
| 1965 | The duty of prescribing uniform accounting procedures was transferred to the newly formed Department of General Services. The fiscal affairs section of SAM  was revised to incorporate the revised chart of accounts. |
| 1973 | Section 13300 was added to the Government Code transferring duties related to the state system of accounting and policies back to Finance. |
| 1978 | All state agencies/departments were required to have a fully automated accounting and program cost accounting system. A study of the state's basis of accounting and general ledger was undertaken by Finance. This study resulted in standardizing the accounts to facilitate reporting in automated systems and  the restructuring and renaming of the accounts for conformance with Generally Accepted Accounting Principles. |
| 2007 | Section 13310 was added to the Government Code requiring Finance to set statewide fiscal and accounting policies and procedures, and provide adequate fiscal and accounting training, advice, and consulting services. |
| 2012 | Section 13344 was added to the Government Code requiring Finance to implement procedures that facilitate annual reconciliations of General Fund and special fund balances between those provided by a state agency/department to  Finance and to the State Controller’s Office. |
| 2014 | A new chart of accounts was deployed as a result of the implementation of the  Financial Information System for California (FI$Cal) the new statewide accounting system. |

# SYSTEM OF ACCOUNTS 7150

~~(Revised 3/00)~~ Deleted and content added to sections 7120, 7130 and chapter 7200 08/2020

~~The uniform accounting system for California state departments was devised~~ ~~pursuant to Government Code Section 13300 and is contained in SAM Sections~~ ~~7000–19000.~~

~~Proprietary and fiduciary funds often require complete special manuals of~~ ~~accounting instructions. Accounting manuals for such funds will be prepared by~~ ~~the departments concerned–based upon principles prepared by or approved by~~ ~~the Fiscal Systems and Consulting Unit (FSCU), Department of Finance, and will~~ ~~be sent to FSCU for general review before being placed in effect. Departments~~ ~~are responsible for keeping current their accounting manuals. Amendments to~~ ~~such manuals will be sent to FSCU for approval before such changes are~~ ~~incorporated in the system. Departments will send copies of approved manuals~~ ~~and approved amendments to such manuals to the State Controller's Office,~~ ~~Division of Accounting and Reporting and FSCU.~~

~~The major objectives of the system of accounts are:~~

* 1. ~~Coordination of the system of accounts kept by the individual state departments with the central accounts kept by the State Controller's Office.~~
  2. ~~Uniform and consistent accounting and reporting among all state departments insofar as requirements for accounting data and practical considerations permit.~~
  3. ~~Consistency between accounting and budgeting procedures.~~
  4. ~~Uniform reporting by all state departments for inclusion in financial statements prepared by the State Controller's Office.~~

~~The State's uniform codes that must be used on budgeting and accounting documents and~~ ~~records are contained in the Uniform Codes Manual. This manual is maintained by FSCU and~~ ~~can be accessed on the Internet at~~ [~~http://www.dof.ca.gov/Accounting/Policies\_and\_Procedures/Uniform\_Codes\_Manual/~~](http://www.dof.ca.gov/Accounting/Policies_and_Procedures/Uniform_Codes_Manual/)

# GENERAL 7200

~~(Revised & Renumbered 2/1965)~~Deleted 08/2020

~~The governmental accounting cycle consists of the following:~~ ~~1. The budget,~~

~~2. The accounting records, 3. The reports,~~

~~4. The audit.~~

~~The budget is a plan of financial operation embodying an estimate of proposed~~ ~~expenditures for a given period or purpose and the proposed means of financing~~ ~~them.~~

~~The accounting records consist of:~~

1. ~~Documents,~~
2. ~~Books of original entry,~~
3. ~~Ledgers, both general and subsidiary.~~

~~These records show the financial operations of governmental agencies and, as~~ ~~necessary, relate such transactions to the plan of operations; namely, the budget.~~

~~Reports are prepared by governmental agencies from accounting records and provide~~ ~~the executive branch of government, the legislature, and the public with information~~ ~~concerning the agencies' financial operations and the relation of such operations to~~ ~~the budget.~~

~~The audit is an examination of the accounting records and reports to determine~~ ~~among other things whether:~~

1. ~~All transactions have been properly recorded and reflected in the accounting records and reports in accordance with accepted accounting principles,~~
2. ~~Money and property have been handled properly, and~~
3. ~~Administrative policies and procedures have been adhered to.~~

# ~~DISTINCTIVE FEATURES OF~~ GOVERNMENTAL ACCOUNTING 7130 –

**KEY DIFFERENCES 7210**

(Revised ~~5/85~~and Renumbered from Chapter 7000, section 7130 08/2020)

~~Although the basic principles of accounting apply in government as in commerce,~~ ~~certain features of governmental accounting make its pattern quite different from that of~~ ~~the typical set of commercial accounts. The underlying differences should be~~ ~~understood to avoid confusion that sometimes results in attempting to apply, with little or~~ ~~no modification, conventional commercial accounts to a governmental unit.~~

~~The distinctive features of governmental accounting are the reflection of the essential~~ ~~difference in the method of financing governmental operations as contrasted with~~ ~~business undertakings.~~

~~Private business must obtain its capital from voluntary investments made with the hope~~ of deriving an increment. Private business, then, to survive must realize a profit over ~~and above the cost of the commodities or services it sells in order to preserve its capital~~ ~~and to return a profit to its proprietors or shareholders. Accordingly, commercial~~ ~~accounts are focused upon "net profit"—the amount gained over costs, the difference~~ ~~between income and expenses—and "net worth"—the current value of the invested~~ ~~capital, the difference between assets and liabilities.~~

~~Government furnishes services to all directly or indirectly and levies taxes or provides~~ ~~other revenue measures to meet the cost of those services. Governmental accounting~~ usually has no "net profit" to report. Particular sources of revenue generally have no ~~direct relation to particular items of expenditures. An excess of revenues over~~ ~~expenditures is not "net profit" and is not necessarily an indication of good financial~~ ~~policy in the government unit. Capital invested in government by its citizen-proprietors~~ (represented by such capital assets as land, buildings, highways, and equipment) is ~~investment in future public services. "Net worth," if that term can be employed, of a~~ ~~governmental unit has an entirely different significance from "net worth" of a commercial~~ ~~enterprise.~~

~~Another difference is the necessity that the governmental unit account its authorizations~~ to incur expenditures. It is a long established principle of free government that public ~~moneys be expended only as authorized by the legislative body. Hence, the~~ ~~governmental unit must maintain budgetary accounts in which are reflected the~~ ~~authorization for expenditures. While large commercial organizations are coming more~~ ~~and more to establish budget procedures somewhat similar to those employed by~~ government, the budget and the accounts essential to its operation are still largely a ~~distinctive feature of governmental accounting.~~

~~(Continued)~~

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~~(Continued)~~

# ~~DISTINCTIVE FEATURES OF GOVERNMENTAL ACCOUNTING 7130 (Cont. 1)~~

~~(Revised 5/85)~~

~~Still another peculiar characteristic of governmental accounting is the employment of~~ ~~separate funds. A business enterprise, even the largest and most extensive, usually is~~ ~~engaged in activities closely interrelated with the ultimate objective of profit in one~~ ~~particular field. The governmental unit, on the other hand, is engaged in an ever-~~ ~~growing number of operations and activities which are quite unrelated to each other.~~

~~Particular sources of revenue or income often are dedicated to use for a particular~~ ~~phase of the government's operations. The accounts must segregate these specially~~ ~~dedicated resources and isolate them from all other transactions in a separate "fund."~~ ~~While a business concern can maintain a single set of accounts for all of its~~ ~~transactions, a governmental agency must maintain a number of independent sets of~~ ~~accounts, one for each "fund."~~

There are some key differences in the accounting and financial reporting for governments versus commercial business enterprises. Some of the key differences include:

* The purpose of government, which is to provide services to the citizenry, not to make a profit.
* The users of a government's financial reports which are citizens, their elected representatives, oversight bodies, and creditors.

Governments are accountable for the management and use of public resources. The majority of government agencies are funded at some level by funds received from various taxes or grants. Because government agencies serve as stewards of taxpayer money, using the money to provide valuable services and goods to the public, there is a need for both uniformity and transparency in the way that financial data is reported.

Other differences between government and business include organizational purpose, sources of revenue, the potential for longevity, relationship with stakeholders, and role of the budget. The purpose of governments is to enhance or maintain the well-being of citizens by providing public services following public policy goals. Taxes and fees are the principal sources of revenue and taxpayers are involuntary resource providers.

Governments have the potential for longevity because of their ongoing power to tax and the ongoing need for public services, whereas businesses will go out of existence if they are unable to sustain their operations.

The Governmental Accounting Standards Board (GASB) sets financial accounting and reporting standards, known as Generally Accepted Accounting Principles (GAAP), for state and local government. The Financial Accounting Standards Board (FASB) sets standards for public and private companies and non-profit organizations. Both standard- setting bodies receive oversight and administration from the Financial Accounting Foundation.

Budgets are used in governmental accounting as an expression of public policy priorities and a control mechanism by which the citizens and elected officials hold the

government’s management financially accountable. A key objective of financial reporting is demonstrating accountability with budget authority. [SAM chapter 8300](https://www.dgs.ca.gov/Resources/SAM/TOC/8300)

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Budgetary Accounting provides detailed information on the role and importance of budgets, encumbrances, and tracking expenditures.

Fund accounting is used for control purposes that are unique to the government environment. The state is legally required to set up funds for certain transactions, as described in SAM chapter 7400 Funds. The state may also set up funds, sub-funds, or subaccounts for internal control and financial reporting purposes. SAM chapter 7400

Funds provides detailed information on the state’s funds, measurement focus, and the basis of accounting.

# ~~ACCOUNTING RECORDS~~THE STATE’S GOVERNMENTAL FISCAL CYCLE 7220

(Revised ~~5/1985)~~ Renumbered from 7200 08/2020)

~~Accounts are used to record transactions evidenced by~~ ~~documents and to express such~~ ~~transactions.~~

Accounts shown in the Chart of General Ledger Accounts will be used. (See SAM Section 7610) The individual accounts are described in SAM Section 7620 et seq. ~~Agencies will maintain a set of accounts for each fund.~~

~~The accounts of Governmental Funds deal with assets, deferred credits, receipts, and~~ expenditures in somewhat the same manner as is usual in commercial accounts, ~~except that the balances of the accounts of various assets not available for~~ appropriation are ignored in computations of surplus. These assets are offset by ~~contra-accounts.~~

~~The accounts of Proprietary and Fiduciary Funds are generally similar to the~~ ~~accounts of commercial enterprises of a similar nature.~~

~~Each General Ledger account has been given a uniform account number. Agencies~~ ~~requiring accounts not included in the chart will request permission of the Fiscal~~ ~~Systems and Consulting Unit, Department of Finance, to use additional accounts and~~ ~~will maintain a file of such approvals.~~

The state’s fiscal cycle consists of Budgeting, Accounting, Reporting, and Auditing.

# Budgeting

Budgeting involves the planning, development, adoption, and execution phase of the

state’s budget, a plan of operation for a specified period expressed in financial terms.

The budget process for the State of California consists of the Governor’s Budget, the

Legislatures enactment of a budget (the Budget Act), and the executive branch’s administration of the budget. See [SAM section 6000](https://www.dgs.ca.gov/Resources/SAM/TOC/6000) for budgeting policy.

# Accounting

Accounting is the process of assembling, analyzing, classifying, and recording data for

the state’s finances. The accounting records consist of source documents, journals, ledgers, transaction records, and budget-related transactions.

# Reporting

Agencies/departments prepare reports from accounting records and provide the executive branch of government, the legislature, and the public with information

concerning the agencies/department’s financial operations and the relation of such operations to the budget.

# Auditing

Auditing is an examination and verification of the accounting records and reports to determine whether:

* + All transactions are properly recorded and reflected in the accounting records and reports are in compliance with Generally Accepted Accounting Principles.
  + There is proper oversight and handling of money and property.
  + There is adherence and compliance with fiscal policies and procedures.

Accounting and reporting are the responsibility of management. Those who oversee public resources must give an accounting of their stewardship.

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# DOCUMENTS 7221

~~(Renumbered 2/1965)~~Deleted 08/2020

~~Documents provide the basis for recording transactions. Every transaction is recorded~~ ~~at the time of its occurrence based on a form or document which contains the~~ ~~essential facts of the transaction. Examples of documents are: checks, receipts,~~ ~~warrants, agency invoices, stock received reports, stores requisitions, etc.~~

# BOOKS OF ORIGINAL ENTRY 7222

~~(Revised 5/1985)~~Deleted 08/2020

~~Books of original entry consist of registers and the General Journal. Registers are~~ ~~special journals designed to provide separate chronological records of the different~~ ~~types of transactions. A register may include transactions of more than one fund~~ ~~provided such arrangement facilitates bookkeeping. The appropriate journal entry or~~ ~~entries required to summarize transactions recorded each month in each register will~~ ~~usually be written in the register in the space beneath the footings for that month or, if~~ ~~this is not possible, on the following page. These end-of-month entries will be posted to~~ ~~the ledgers. Therefore, the General Journal will be used solely for recording adjusting~~ ~~entries, closing entries, other transactions occurring too infrequently to justify~~ ~~establishing a register, and wherever the agency believes it is more practical to~~ ~~journalize from a tape attached to a batch of documents than from a register. Agencies~~ ~~may use tapes attached to batches of documents, instead of a register, as the source of~~ ~~a journal entry whenever they consider it will save time to do so. The batches of~~ ~~documents and tapes will be filed in a manner satisfactory for audit.~~

~~In order that posting sources can be readily identified in the General Ledger (or in~~ ~~subsidiary ledgers if postings are made to them from registers) a code of symbols will~~ ~~be used as posting references. The code is as follows:~~

Symbol Book of Original Entry Symbol Book of Original Entry

E Estimates Register SR Donated Farm Stores Received ~~Register~~

CF Claims Filed Register P Production Advices Register PR Payroll Expenditure Register PS Analysis of Produced Stores

~~Issued~~

IR Invoice Register LI Livestock Inventories Report CR General Cash Receipts Register TR Trust Fund Cash Receipts

~~Register~~

C Clearance Register TD Trust Fund Cash ~~Disbursements Register~~

~~CD General Cash Disbursements~~ ~~Register~~

~~TC Trust Claims Filed Register~~

R Controller's Receipts Register J General Journal ~~T Controller's Transfers Register~~

~~(Continued)~~

**BOOKS OF ORIGINAL ENTRY 7222** (Cont. 1)

~~(Revised 5/1985)~~

~~Sample registers are shown in this manual for instructional purpose only. In practice,~~ ~~columnar arrangement and degree of summarization of daily transactions will vary with~~ ~~agency requirements.~~

~~Sundry purposes forms without printed columnar headings are available at Central~~ ~~Stores, Office of Procurement in Sacramento. These forms are flexible in use, contain~~ ~~wide monetary columns and have a large columnar heading space for account titles.~~ ~~The double-page version of each size is designed so that additional "fly" or insert sheets~~ ~~can be added by simply cutting the form at the double line to the right of the total~~ ~~column. These forms are:~~

1. ~~Form~~

~~341~~

1. ~~Form~~

~~342~~

1. ~~Form~~

~~343~~

1. ~~Form~~

~~344~~

1. ~~Form~~

~~345~~

1. ~~Form~~

~~346~~

* ~~Sundry Purpose Sheet, 4 Columns 13–3/4" x 10–3/8"~~

~~Contains date, description, reference column and four monetary~~ ~~columns on each side.~~

* ~~Sundry Purpose Sheet, 12 Columns 13–3/4" x 10–3/8"~~

~~Side with binding holes on right contains date, description, reference~~ ~~column and four blank columns, reverse side with eight blank columns,~~ ~~providing a total of twelve monetary columns.~~

* ~~Sundry Purpose Sheet, 7 Columns 11" x 14"~~

~~Contains date, description, reference column and seven monetary~~ ~~columns on each side.~~

* ~~Sundry Purpose Sheet, 18 Columns 11" x 14"~~

~~Side with binding holes on right contains date, description, reference~~ ~~column and seven blank columns, reverse side with eleven blank~~ ~~columns, providing a total of eighteen monetary columns.~~

* ~~Sundry Purpose Sheet, 9 Columns 13–1/4" x 17"~~

~~Contains date, description, reference columns and nine monetary~~ ~~columns on each side.~~

* ~~Sundry Purpose Sheet, 23 Columns 13–1/4" x 17"~~

~~Side with binding holes on right contains date, description, reference~~ ~~column and nine blank columns, reverse side with fourteen blank~~ ~~columns, providing a total of twenty-three monetary columns.~~

~~(Continued)~~

**BOOKS OF ORIGINAL ENTRY 7222** (Cont. 2)

~~(Revised 5/1985)~~

~~An agency ordinarily will have need to stock and use the 10–3/8" width and one of the~~ ~~two larger widths. The 14" width is limited to 35 separate line entries per page, which is~~ ~~10 less than provided by the other two forms. These forms are intended for all purpose~~ ~~use. This includes, but is not restricted to, the following books of original entry:~~

~~BOOKS OF ORIGINAL ENTRY BOOKS OF ORIGINAL ENTRY~~

Claims Filed Register Controller's Transfers Register

Payroll Expenditure Register Donated Farm Stores Received Register Invoice Register Analysis of Produced Stores Issued ~~General Cash Receipts Register Livestock Inventories Report~~

Clearance Register Trust Fund Cash Receipts Register ~~General Cash Disbursements Register Trust Fund Cash Disbursements Register~~ Controller's Receipts Register Trust Claims Filed Register

~~Revolving Fund Cash Book~~

~~Specialized forms are desirable for certain books of original entry. The table below~~ ~~shows the form that normally will be used.~~

* 1. ~~Form 505~~
  2. ~~Form 564~~

~~- Estimates Register~~

# LEDGER POSTINGS 7223.3

~~(Revised 5/1985)~~Deleted 08/2020

~~Sources of posting to subsidiary ledgers will vary because of such factors as:~~ ~~1. Number of transactions,~~

~~2. Number of subsidiary accounts, and 3. Division of work among~~

~~employees. Common posting~~ ~~sources are:~~

1. ~~Individual documents,~~
2. ~~Summaries of batches of documents, 3. Register column totals, and~~
3. ~~Analysis of entries in register columns.~~

~~Wherever two accounts are contra to each other, one account may partially or wholly~~ ~~offset the other account. The purpose of contra accounts is to preserve the identity of~~ ~~such accounts, as well as to accumulate periodic transfers to other accounts and/or~~ ~~funds. Departments must review carefully the general ledger account~~ ~~description/use/prohibitions contained in SAM Sections 7620–7680 to determine how~~ ~~each contra account should be shown on financial reports. EXAMPLES: 6150~~ ~~Encumbrances and 5350 Reserve for Encumbrances; 1730.602 Prepayments to~~ ~~Architecture Revolving Fund, and 5330 Reserve for Prepaid Items.~~

# LEDGER FORMS 7223.4

~~(Renumbered 2/1965)~~Deleted 08/2020

~~Sundry Purpose Sheets, STD. Form 341 through STD. Form 346, or General Ledger,~~ ~~STD. Form 515, are appropriate for most hand kept subsidiary ledgers for which no~~ ~~specific form is provided.~~

# LEDGERS 7223

~~(Revised 8/1969)~~Deleted 08/2020

~~Accounts are grouped in ledgers. A General Ledger and various subsidiary ledgers are~~ ~~prescribed.~~

~~The General Ledger, which consists of such accounts as are needed from the~~ ~~accounts shown in the Chart of General Ledger Accounts and any additional accounts~~ ~~the agency is authorized to use, normally will be kept on Form 515~~**~~.~~**

~~Agencies may, where they deem appropriate, combine on the same Sundry Purpose~~ ~~Sheet a general ledger account and its related subsidiary ledger. Such procedures can~~ ~~be advantageous where a column suffices for a subsidiary account, the number of~~ ~~subsidiary accounts related to a given general ledger account is relatively small, and~~ ~~the same source is used in posting to the general ledger account and its related~~ ~~subsidiary accounts.~~

~~Most General Ledger accounts control either subsidiary ledgers or files of documents.~~ ~~Subsidiary ledgers prescribed are described in SAM Section 7800.~~

# REPORTS 7230

~~(Revised 6/2014)~~ Deleted 08/2020

~~Reports are prepared from accounting records and provide information on a~~

~~department’s financial operations. See SAM sections 7900–7999 for quarterly and~~ ~~special year-end financial reporting requirements.~~

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# AUDIT 7240

~~(Revised 06/2013)~~ Deleted 08/2020

~~Government Code section 8546.4 requires the California State Auditor’s Office (State~~ ~~Auditor) to examine and report annually upon the general purpose financial statements~~ ~~included in the State Controller’s Office (SCO) annual report to the Governor. The~~ ~~State Auditor may examine accounts and records, accounting procedures, and~~ ~~internal auditing performance as determined necessary in conducting the audit in~~ ~~accordance with the Government Auditing Standards published by the Comptroller~~ ~~General of the United States and the standards published by the American Institute of~~ ~~Certified Public Accountants. In performing this annual audit and any other audit or~~ ~~investigation undertaken by the office, the State Auditor may examine all the financial~~ ~~records, accounts, and documents of any state department.~~

~~The Department of Finance (Finance) is responsible for coordinating and providing~~ ~~technical assistance to the internal auditors of state departments. In addition, Finance~~ ~~conducts audits of department accounts as often as the Director deems necessary and~~ ~~provides audit advisory services.~~

~~All audit activities of the State Auditor, the SCO, Finance, the internal auditors of the~~ ~~state departments, and independent public accountants are coordinated so that~~ ~~duplication of auditing effort may be minimized.~~

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# RETENTION OF FISCAL RECORDS 7250

~~(New 10/1978)~~ (Revised 08/2020)

~~Recommended retention periods are provided by the Department of General Services~~ ~~for those fiscal records common to most offices. (See SAM Chapter 1600) These~~ ~~retention periods are listed on your agency's Records Disposition Schedule, STD.~~ ~~Form 73~~

~~Contact your agency Records Management Coordinator for copies of your Records~~ ~~Disposition Schedule or for records retention information.~~

The Records Management and Appraisal (RMA) Program within the California State Archives (a division in the California Secretary of State) is responsible for the

development and implementation of the state’s record management program. The RMA oversees the life cycle of public records from creation to destruction or transfers to the State Archives.

As described in SAM sections [1602](https://www.dgs.ca.gov/Resources/SAM/TOC/1600/1602) and [1604](https://www.dgs.ca.gov/Resources/SAM/TOC/1600/1604), the head of each agency/department is required to establish and maintain an economical and efficient record management and appraisal program. [SAM chapter 1600](https://www.dgs.ca.gov/Resources/SAM/TOC/1600), Records Management, defines the responsibility of each agency/department to implement the program and prescribes the procedure for scheduling and disposing of records. For additional information on the record retention guidelines for fiscal records, refer to the Records Retention Guidelines, forms, and manuals on the Secretary of State, [Records Management and Appraisal Program](https://www.sos.ca.gov/archives/records-management-and-appraisal/) webpage.

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# UNIFORM CODING STRUCTURE 7261

~~(Revised 03/2011)~~Deleted 08/2020

~~The state's uniform coding structure is for the purpose of standardizing its fiscal~~ ~~reporting. Any department which implements CALSTARS, acquires a new accounting~~ ~~system, or redesigns an existing accounting system after approval by the Department of~~ ~~Finance (Finance), must incorporate into that system the standard codes and structures~~ ~~contained in the state Uniform Codes Manual (UCM) and the departmental program~~ ~~codes and structures contained in the Governor's Budget or otherwise amended in~~ ~~accordance with Finance instructions.~~

~~Following are the data types, which must be coded, and the specific requirements for~~ ~~each.~~

~~Organization~~

~~The four-digit level 1 organization codes contained in the UCM need not be identified in~~ ~~departmental systems if a department is required to report data only at that level.~~

~~However, the system must be capable of appending the four-digit code to any system-~~ ~~generated documents or reports forwarded to any other state department.~~

~~The UCM levels 2 and 3 codes must be identified in the system if departments are~~ ~~required to report data at those levels and the system must be capable of summing all~~ ~~costs to each of the required four-digit organization codes.~~

~~Departments may use any internal sub organization codes and structures desired,~~ ~~provided that the system has the capability to properly sum to each of the required four-~~ ~~digit UCM organization codes.~~

~~General Ledger Account~~

~~The four-digit general ledger account codes contained in the UCM must be identified in~~ ~~the system. Specific subsidiary requirements are contained on page GL–2 of the UCM.~~

~~General ledger account codes must be used for all reports to the State Controller's~~ ~~Office (SCO), State Treasurer’s Office, and Finance which require general ledger~~ ~~information.~~

~~Departments may use any internal subsidiary codes and structures desired, provided~~ ~~that the system can properly sum to each of the required four-digit general ledger~~ ~~account codes.~~

~~(Continued)~~

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**UNIFORM CODING STRUCTURE 7261** (Cont. 1)

~~(Revised 03/2011)~~

~~Program~~

~~The program coding scheme contained in the UCM must be included in the system.~~ ~~Accountability must be maintained for the program levels displayed in the Governor's~~ ~~Budget. Departments are encouraged to display program information in the Governor's~~ ~~Budget no lower than the element level unless there are specific requirements to do so.~~ ~~Programs 95 through 99 must not be used in a department's regular program structure.~~ ~~The purpose for each of these codes is contained on pages Dept. Prog. 2 and 3 in the~~ ~~UCM.~~

~~Departments may use any internal lower-level program codes and structures desired,~~ ~~provided that the system is capable of properly summing all costs to each of the~~ ~~required program levels.~~

~~Object (line-item)/Receipt~~

~~Department systems must identify a six-digit object (line-item) code and a six-digit~~ ~~receipt code and at a minimum use the UCM codes required for reporting data to~~ ~~various state systems. The system must be capable of summing object detail costs to~~ ~~object and category levels.~~

~~Departments may use lower levels of detail for objects and receipts than shown in the~~ ~~UCM. However, the system must be capable of summing each of the lower-level costs~~ ~~to the required UCM codes.~~

~~Appropriation/Fund Source~~

~~The UCM codes, which uniquely describe each of a department's appropriations (Budget~~ ~~Act and others), must be identified in the system for reporting to the SCO (claim~~ ~~schedules, remittance advice, statements, etc.) and Finance.~~

~~Abbreviated coding may be used on input which looks up the UCM appropriation and~~ ~~funding source codes or the 13-digit code may be entered on input. Costs which cannot~~ ~~be identified to a single appropriation or funding source on input must be distributed by~~ ~~the system and appended with the proper appropriation/funding source codes. The~~ ~~system must be capable of summing, on a monthly basis, all costs to their applicable~~ ~~appropriations, funding sources, and program or category schedules contained in the~~ ~~appropriations.~~

~~(Continued)~~

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**~~UNIFORM CODING STRUCTURE~~ ~~7261~~** ~~(Cont. 2)~~

~~(Revised 03/2011)~~

~~Fund~~

~~The four-digit fund codes contained in the UCM must be identified, as applicable, in~~ ~~department systems.~~

~~Certain fund accounts which may or may not have been given fund status in the UCM~~ ~~may need to be reported using a two-digit fund detail field. Therefore, department~~ ~~systems must contain a fund detail field and be capable of summing to the UCM fund~~ ~~level.~~

~~Departments may use any lower-level fund structures and codes desired, provided~~ ~~that the system is capable of properly summing all costs to each of the required four-~~ ~~digit UCM fund codes or two-digit fund detail codes.~~

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# OTHER REQUIREMENTS FOR NEW OR MODIFIED ACCOUNTING SYSTEMS 7262

~~(New 11/1985)~~Deleted 08/2020

~~Any department which implements CALSTARS, acquires a new accounting system, or~~ ~~redesigns an existing accounting system after approval by the Department of Finance,~~ ~~must incorporate into that system the following capabilities:~~

~~Reconciliations of Appropriation Balances with the State Controller's Office~~

~~The system must be capable of producing monthly appropriation reports which identify~~ ~~appropriations, expenditures, reimbursements, abatements, and unappropriated~~ ~~balances.~~

~~The system must also be capable of producing monthly cash and appropriated and~~ ~~unappropriated revenue reports in order to effect complete reconciliations with the SCO.~~

~~The system must also be capable of providing full transaction listings to support the~~ ~~above reports.~~

~~Allocation of Administrative and Other Indirect Costs~~

~~The system must be capable of collecting indirect costs and distributing them to direct~~ ~~programs and/or organizational units at the required levels of detail.~~

~~All allocated costs must be capable of maintaining their original object identity or~~ ~~changing it upon distribution.~~

~~Distribution of Costs to Funds~~

~~The system must be capable of accumulating multi-funded costs and distributing them~~ ~~to the proper funds/appropriations.~~

~~All distributed costs must be capable of maintaining their original organization and/or~~ ~~program and object identity.~~

~~Plans of Financial Adjustment~~

# ~~The system must be capable of providing supporting reports to enable~~ ~~preparation of plans of financial adjustment as required.~~

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# SEPARATION OF DUTIES ~~8080~~7280

(Revised ~~9/1991~~and Renumbered from 8080 08/2020)

Separation of duties, also known as segregation of duties, is a fundamental building block of sustainable risk management and an essential component of internal control for agencies/departments. The principle of separation of duties involves assigning different tasks of a process to more than one individual such that no one employee can solely initiate, record, authorize, and reconcile a transaction without the intervention of another. Well designed and implemented separation of duties reduces the risk of fraud and errors, and is essential for safeguarding state assets.

The ~~Financial Integrity and~~ State ~~Manager's~~Leadership Accountability Act ~~of 1983~~ (Government Code ~~Sections 13400–13407)~~sections 13400–13407 and SAM sections 20060-20080) requires that the head of each ~~State~~ agency ~~establish~~/department establishes and ~~maintain~~maintains an ~~adequate~~effective system of internal control within their agencies~~. A key element in a system of internal control is separation of~~ ~~duties. This~~ /departments. SAM section 20060 provides ~~the appropriate level of~~ ~~separation of duties for agencies with manual accounting processes. Employees of~~ ~~units other than the accounting unit~~ additional guidance on internal controls.

Separation of duties, an integral part of internal control, should be ~~used, when~~ ~~necessary, to provide~~clearly defined, assigned, and documented. When designing separation of duties.

~~Members~~, agency/department heads must ensure that generally no one person will be involved in more than one of the functions listed below for a given transaction. For the purpose of section, members of the same family (domestic partners, children, husband, wife, brother, ~~or~~ sister, or individuals living in the same household) are considered one person.

* + Authorization – the process of reviewing and approving transactions or operations
  + Custody of assets – the physical control or access to state assets such as cash, checks, supplies and equipment
  + Recording transactions – the process of creating and maintaining records of transactions
  + Reconciliations – the process of verifying the accuracy of transactions posted in the accounting records to ensure that transactions are valid, accurate and complete

The size and structure of an agency/department unit may impact the extent to which separation of duties is designed and implemented. Agency/department heads should determine the most effective way to implement separation of duties taking the level of risk associated with transactions into consideration. The cost of controls should not exceed their benefits. When separation of duties cannot be effectively implemented due to small size and/or limited staffing, management should find alternatives such as:

* + Increase the extent of supervisory review and oversight functions
  + Rotate duties within the agency/department
  + Use employees from a different unit other than accounting to assist in appropriate tasks while ensuring there is sufficient separation in the functions performed by these areas
  + Use an outside service such as Department of General Services, Office of Fiscal Services
  + Use a larger department within the same agency to perform functions to avoid functional conflicts

Below are examples of incompatible duties. No one person will perform more than one of the following ~~seven~~ types of duties:

* 1.  Receiving and depositing remittances. ~~2.~~ Authorizing ~~disbursements~~disbursement.

o This person will not distribute or route checks for mailing.

1.  Preparing checks.
   * This person is to maintain a daily check log. For checks that are signed by a check signing machine, follow SAM section 8081.
   * This person will not distribute or route checks for mailing.
2.  Operating a check signing machine~~\*~~.
3. ~~Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents).\* (See below for instructions as to which position is to be assigned this duty.)~~
   * + Reconciling check signing count with the checks\*.

o This person should have appropriate authority and responsibility.

1.  Reconciling bank accounts ~~and posting the General Ledger or any subsidiary ledger affected by cash transactions~~\*
   * This person can keep original documents, such as general and trust cash receipts, general and trust cash disbursement, revolving fund cash, and invoices.
2.  Initiating, or preparing invoices for billing
   * + ~~(\*Will~~Reconciling transactions

\* The employee will not have access to or control the blank check stock)

The person who prepares checks will mark authorizations and supporting ~~documents with the check number in ink in such a manner as to prevent~~ ~~their reuse.~~

~~Preferably, no books of original entry concerning cash receipts, cash~~ ~~disbursements, or invoices should be kept by employees assigned duties 1, 2,~~ ~~3, 4, 5, or 7 above.~~

~~However, persons receiving or depositing remittances may keep the cash~~ ~~receipts register, persons preparing checks may keep the cash~~

~~disbursements register, and persons preparing invoices may keep the~~ ~~invoice register. Persons assigned duties 1, 2, 3, 4, 5, or 7 above will not~~ ~~keep more than one of the books of original entry concerning receipts,~~ ~~disbursements or invoices, but persons assigned duty 6 above may do so.~~ These books of original entry are: General Cash Receipts Register, General ~~Cash Disbursements Register, Trust Cash Receipts Register, Trust Cash~~ ~~Disbursements Register, Revolving Fund Cash Book, and Invoice Register.~~

The paid checks will be delivered unopened to the person charged with ~~the bank reconciliation function and will be safeguarded by him/her until~~ ~~the reconciliation is completed.~~

Agencies having an office management, office services, or cashiering section independent from the accounting office will assign to such duties, 1, 3, 4, and ~~5 listed above. Such section also will be custodian of check stock, but~~ ~~accountability records for such stock will be kept by the accounting office.~~

~~Duty 5 is a very responsible disbursing operation. Preferably, it will be~~ performed by a Business Service Officer I or higher classification in an office ~~management, office services, or cashiering section independent from the~~ ~~accounting office if the agency has such a section and it is so staffed.~~

~~Otherwise duty 5 will be performed by the accounting section unless the~~ ~~volume is very small and it is practical to have it done by an administrative~~ services officer, business manager, or other officer who supervises the chief of the accounting section. If it is performed in the accounting section, it will be ~~done by the chief of the accounting section or by the person designated by the~~ ~~one who supervises the chief of the accounting section.~~

~~Checks will not be routed for mailing or distribution through the person who~~ ~~authorized the disbursement or prepared the check.~~

~~The person who prepares checks will maintain a daily log of checks written.~~ ~~If the checks are to be signed by check signing machine, it will be in the form~~ shown in SAM Section 8081. If the checks are signed by hand, the following ~~form will suffice:~~

|  |  |  |  |
| --- | --- | --- | --- |
| ~~Date~~ | ~~Beginning~~  ~~Check~~ ~~Number~~ | ~~Ending~~ ~~Check~~ ~~Number~~ | ~~Numbers of~~ ~~Voided Checks~~ |
| ~~10/1~~ | ~~101~~ | ~~203~~ | ~~157,192~~ |
| ~~10/2~~ | ~~204~~ | ~~255~~ | ~~231~~ |

~~The person who records checks written in the books of original entry~~ (General Cash Disbursements Register, Trust Cash Disbursements Register, and Revolving Fund Cash Book) will assure that only those checks shown on

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~~the daily log of checks written are recorded therein.~~

~~Organizational units cited above will perform the duties outlined only when the nature of~~ ~~services provided by such units permit. It is not the intention of this instruction to include~~ ~~office service units in separation of duties if, for example, the unit is providing~~ ~~duplicating services only or similar activities not related to accounting functions~~.

# GENERAL 7300

(Revised ~~4/01~~08/2020)

The ~~State's~~state's organization for fiscal management provides control over the ~~State's~~state's expenditures, protection of the ~~State's~~state's assets, and management of the ~~State's~~state's funds. The following sections briefly describe the functions of the various ~~organizational units specifically charged with~~agencies/departments that manage the ~~management of~~state’s fiscal affairs.

# DEPARTMENT OF FINANCE 7310

(Revised ~~12/01~~08/2020)

The Department of Finance ~~(DOF)~~(Finance) has general powers of supervision over all matters concerning the financial policies of the ~~State~~state. (See Government Code ~~Section~~section ~~13070~~ [13070](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=13070.&lawCode=GOV) et seq.) The Director of ~~DOF~~Finance is appointed by the Governor and sits on several fiscally oriented boards and commissions.

By statute, the Director of Finance serves as the Governor’s chief fiscal policy advisor with an emphasis on the financial integrity of the ~~State~~state and the ~~maintenance~~promotion of ~~a fiscally sound and~~long-term economic sustainability along with responsible ~~Administration. The DOF responsibilities include~~resource allocation

through the state’s annual financial plan. Finance does the following:

* + - Establishes appropriate fiscal policies to carry out the state’s programs.

1. Prepares, ~~presents~~explains, and ~~supports~~administers the ~~State’s~~state’s annual financial plan.
2.  ~~Assures responsible and responsive~~ (budget), which the Governor is required under the State ~~resource allocation within resources available~~Constitution to present by January 10 of each year.
3. ~~Fosters efficient and effective State structure, processes, programs, and performance.~~
4. ~~Establishes integrity in State fiscal databases and systems through the CALSTARS accounting system.~~
5. ~~Maintains the State Administrative Manual (SAM) Sections 6000 to 6965, 7110 to 8535, 8538 to 8778, and 8785 to 20090. Input from State agencies fiscal staff helps make SAM a meaningful guide. Please send suggestions or proposed changes for any of the listed sections to the Department of Finance (DOF), Fiscal Systems and Consulting Unit, at 915 L Street, Sacramento, CA 95814 or~~ [~~by e-mail to fscuhotline@dof.ca.gov. Your input will be forwarded to the~~](mailto:bye-mailtofscuhotline@dof.ca.gov.Yourinputwillbeforwardedtothe) ~~applicable DOF unit and be considered for incorporation into subsequent revisions to SAM.~~
   * ~~Website:~~ [~~http://www.dof.ca.gov~~Analyzes legislation that has a fiscal impact.](http://www.dof.ca.govAnalyzeslegislationthathasafiscalimpact/)
   * Exercises a statewide leadership role throughout the FI$Cal system

development and implementation to promote its successful use as the state’s budgeting, accounting, cash management, and procurement system.

* + Monitors and audits expenditures by state agencies/departments to ensure compliance with the law, approved standards, and policies.
  + Develops economic forecasts and revenue estimates.
  + Develops population and public school enrollment estimates and projections.
  + Conducts fiscal analyses of proposed statewide information technology (IT)

policies and enterprise initiatives and performs oversight of critical IT projects.

* + Maintains the State Administrative Manual sections:
    - 0130 to 0170
    - 0912
    - 6000 to 8535
    - 8538 to 8778
    - 8785 to 20090.
  + Administers statewide programs including statewide cost allocation plans and the federal Cash Management Improvement Act.
  + Provides fiscal and accounting training, support, and consulting services.

Visit the [Department of Finance website](http://www.dof.ca.gov/) at [http://www.dof.ca.gov for additional](http://www.dof.ca.govforadditional/) information.

# STATE ~~CONTROLLER'S~~ CONTROLLER’S OFFICE 7320

(Revised ~~4/01~~08/2020)

The ~~State Controller~~ State Controller is the ~~State’s~~state’s chief financial officer who is elected by a vote of the people every four years and serves as a member of fiscally oriented ~~State~~state boards and commissions. The State Controller’s Office ~~responsibilities include~~(SCO) does the following:

1.  Maintains central control accounts for all funds in the State Treasury, including appropriation accounts that show the undisbursed balance of each appropriation.
2.  Audits all funds disbursed by the state and all claims ~~against the State~~presented for payment for legality, authorized purpose, and ~~sufficient~~ availability of appropriation.
3.  Issues warrants ~~for State~~and electronic funds transfers for the fulfillment of state obligations.
4.  Administers the Uniform State Payroll System. and the California Automated Travel Expense Reimbursement System.
5.  Prepares reports on the financial condition of the ~~State~~state, including the Budgetary/Legal Basis Annual Report and the Comprehensive Annual Financial Report (~~generally accepted accounting principles basis).~~prepared in accordance with Generally Accepted Accounting Principles.
6.  ~~Provides fiscal assistance and guidance to~~ Audits state agencies/departments that spend money and the financial activities of local governments.
7. ~~Administers the State’s unclaimed property laws.~~

~~Website:~~ [~~http://www.sco.ca.gov~~](http://www.sco.ca.gov/)

* + Safeguards lost and forgotten property turned over to the state until claimed by the rightful owners.

Visit the [State Controller’s Office website](http://www.sco.ca.gov/) at https:/[/www.sco.ca](http://www.sco.ca.govforadditional/).[gov for additional](http://www.sco.ca.govforadditional/) information.

# STATE TREASURER'S OFFICE 7330

(Revised ~~4/01~~08/2020)

The State Treasurer is an elected ~~State~~state fiscal officer and sits on approximately forty boards and commissions. The State ~~Treasurer's~~ Treasurer’s Office ([STO](http://www.treasurer.ca.gov/)) provides banking services for ~~State~~state government with a minimum interest and service cost and a maximum yield on investments. The STO ~~responsibilities~~ ~~include~~does the following:

* 1.  ~~Custody of all~~ Safeguards money ~~and~~, securities, and personal property belonging to or held in trust by the ~~State~~state.
  + ~~Investment~~ Oversees all banking aspects of the state Centralized Treasury System (CTS).
  1.  Ensures the investment of temporarily idle ~~State~~state money.
  2.  ~~Sale~~Handles the sale of bonds and notes for the ~~State~~state and its various agencies/departments.
  3.  ~~Trustee~~Acts as trustee, registrar, and paying agent for all general obligation bonds and certain revenue bonds.
  4.  ~~Payment of~~Redeems warrants ~~drawn by the~~ ~~State Controller’s Office and State~~(including state agency checks) issued by the State Controller’s Office and agencies/departments.
  + ~~Website:~~ [~~http://www.treasurer.ca.gov~~](http://www.treasurer.ca.gov/) Manages the state’s Pooled Money Investment Account, Time Deposit Program, and Local Agency Investment Fund.

Visit the [State Treasurer’s Office website](http://www.treasurer.ca.gov/) at https:/[/www.tre](http://www.treasurer.ca.govforadditional/)a[surer.ca.gov for additional](http://www.treasurer.ca.govforadditional/) information.

# DEPARTMENT OF GENERAL SERVICES 7340

(~~Renamed and~~ Revised ~~06/2016~~08/2020)

~~Pursuant to Government Code section 14659 et al.,~~The Department of General Services (DGS) serves as ~~of July 1, 2016,~~ the ~~responsibilities listed below will be~~ ~~transferred from~~ business manager for the State of California ~~Victim Compensation~~. The DGS does the following:

* + Sets state procurement and acquisition policies.
  + Provides real estate management and design.
  + Provides asset management and planning and property sales and acquisition.
  + Provides general oversight of the state’s vehicle and mobile equipment fleet, and ensures compliance with state and federal environmental, energy, and fiscal policies.
  + Provides professional printing, communication and document management solutions.
  + Provides accounting and budgeting services to contracted state entities.
  + Develops accessibility, structural safety, and historical building codes and standards utilized in various public and private buildings.
  + Oversight of structural safety, fire/life safety and accessibility for the design and construction of K-12 public schools and community colleges
  + Implements and administers voter-approved school facilities construction program.
  + Promotes disability access.
  + Manages the Government Claims ~~Board to the Department of General Services (DGS).~~Program, which reviews and processes claims for money or damages against the State of California due to the action or inaction of its employees.

~~Presentation and audit of claims against the state for which (1) an appropriation~~ ~~has been made or a state fund is available and which the claims have been~~ ~~rejected by the Controller; (2) the appropriation made or fund designated is~~ ~~exhausted; (3) no appropriation has been made or no fund is available but the~~ ~~settlement of which has been provided for by statute or constitutional provision;~~ ~~and (4) settlement is not otherwise provided in statute or constitutional provision.~~ ~~Also, claims against the state will be presented to DGS for any other injury for~~ ~~which the state is liable.~~

~~Website:~~ [~~http://www.dgs.ca.gov/orim~~Visit the](http://www.dgs.ca.gov/orimVisitthe) [Department of General Services website](http://www.dgs.ca.gov/) at https://[www.dgs.ca.gov for additional information.](http://www.dgs.ca.govforadditionalinformation/)

# POOLED MONEY INVESTMENT BOARD 7350

(Revised ~~4/01~~08/2020)

The Pooled Money Investment Board ([PMIB](http://www.treasurer.ca.gov/pmia-laif/))), created by the Legislature in 1955, is comprised of the State Treasurer as chairperson, the State Controller, and the Director of Finance. ~~The PMIB responsibilities include~~The purpose of the PMIB is to design and administer an effective cash management and investment program, called the Pooled Money Investment Account (PMIA). The PMIB does the following:

* + Governs the PMIA.

1.  Designs an effective ~~cash management and investment~~ program to ~~realize~~ maximum return through safe and prudent investments of the State's idleinvest

taxpayers’ money to manage the state’s cash flow and strengthen the financial security of local governmental entities.

1.  Designates the amount of money temporarily available for investment.

Visit the [Pooled Money Investment Board website](https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp) at https:/[/www.treasurer.ca.g](http://www.treasurer.ca.gov/pmia-)o[v/pmia-](http://www.treasurer.ca.gov/pmia-) laif/pmia/index.asp for additional information.

TR 08/12/2020 RS 08/17/2020

# LEGISLATIVE ~~ANALYST~~ANALYST’S OFFICE 7360

(Revised ~~4/01~~08/2020)

The Legislative Analyst is appointed by the Joint Legislative Budget Committee. The Legislative Analyst's Office ([LAO](http://www.lao.ca.gov/))), created in 1941, acts as the Legislature's nonpartisan fiscal and policy advisor. The LAO ~~responsibilities include~~serves as the

“eyes and ears” for the Legislature to ensure the executive branch is implementing policy in a cost-efficient and effective manner. The LAO does the following:

1.  Advises the Legislature on fiscal matters, which includes providing an extensive analysis of the Governor's annual budget proposals and updates on the ~~State's~~state's fiscal situation throughout the fiscal year.
2.  Publishes several reports and documents regarding ~~State~~state and local fiscal and policy issues.
3.  Prepares analyses of statewide initiatives and ballot propositions. ~~Website:~~ [~~http://www.lao.ca.gov~~](http://www.lao.ca.gov/)
   * Reviews requests by the administration to make changes to the budget after it is enacted. These reviews are used primarily by members of the JLBC and the fiscal committees.
   * Forecasts the state’s revenues and expenditures.
   * Prepares special reports on the state budget and topics of interest to the Legislature.
   * Estimates the fiscal effect on state and local government of all proposed initiatives (prior to circulation) and prepares analyses of all measures that qualify for the statewide ballot.

Visit the [Legislative Analyst’s Office website](http://www.lao.ca.gov/) at https:/[/www.la](http://www.lao.ca.govforadditional/)o[.ca.gov for additional](http://www.lao.ca.govforadditional/) information.

TR 08/12/2020 RS 08/17/2020

# DEPARTMENT OF HUMAN RESOURCES 7370

(Revised ~~09/13~~08/2020)

The Department of Human Resources ([CalHR](http://www.calhr.ca.gov/Pages/home.aspx)~~), in conjunction with~~ ) is responsible for issues related to employee salaries and benefits, job classifications, civil rights, training exams, recruitment, and retention. In conjunction with other state departments, ~~develops~~CalHR does the following:

* + Develops management's negotiating positions~~, represents~~.
  + Represents management in negotiations with exclusive representatives of bargaining units~~, and administers~~.
  + Administers negotiated memorandums of understanding.
  + In conjunction with the Department of Finance, ~~CalHR~~ administers financial activities stemming from collective bargaining ~~and it oversees~~.
  + Oversees employee compensation for both represented and non-represented employees. ~~It also administers~~
  + Administers rules and policies governing employee entitlements, such as travel reimbursement and relocation expenses.
  + ~~CalHR also contracts~~Contracts and administers benefit and deferred compensation programs for state employees.
  + Provides leadership and guidance to departments to protect the civil rights of all state employees.
  + Represents the Governor as the "employer" in issues involving employer- employee relations, including collective bargaining pursuant to the Ralph C. Dills Act.
  + Administers the state's classification plan, salaries and manager/supervisor programs, and other personnel-related programs.
  + Provides statewide training and ensures the recruitment and retention of a diverse workforce.
  + Administers the state employees' 401(k) and 457 programs, the Part-time, Seasonal and Temporary Program, and the Alternate Retirement Program.

Visit the [Department of Human Resources website](http://www.calhr.ca.gov/) at https:/[/www.calhr.ca.g](http://www.calhr.ca.govfor/)o[v for](http://www.calhr.ca.govfor/) additional information.

TR 08/12/2020 RS 08/17/2020

# CALIFORNIA STATE AUDITOR’S OFFICE 7380

(Revised ~~06/13~~08/2020)

The California State Auditor’s Office ([State Auditor](https://www.auditor.ca.gov/))) was created in 1993 and serves as the state’s independent external auditor. To assure its independence, the law frees the State Auditor from the control of the executive and legislative branches. The State Auditor promotes the effective and efficient administration and management of public funds and programs by providing independent, nonpartisan, accurate, transparent, and objective assessments of ~~California government’s~~ the state’s financial and operational activities. The State Auditor does the following:

~~The State Auditor responsibilities are to provide the following:~~

1.  ~~Independent~~Performs independent audits of the programs and fiscal operations of state government ~~(see SAM section 7240 for further information).~~.
2.  ~~Objective~~Provides objective information to the Legislature, Governor, and other interested parties about the state's financial condition.
3.  Identifies statewide issues or specific government entities as a high risk for waste, fraud, abuse, and mismanagement.
   * Administers the [California Whistleblower Protection Act,](https://www.auditor.ca.gov/hotline) which has broad authority to perform investigations into allegations of improper governmental activities ~~by governmental employees.~~.
   * Annually conducts California’s Single Audit, which includes an audit of the

state’s financial statements, a review of internal controls over financial reporting and compliance with federal program requirements, and additional tests of compliance with federal and state laws and regulations.

Visit the [California State Auditor’s Office website](https://www.auditor.ca.gov/) at https:/[/www.a](http://www.auditor.ca.govfor/)u[ditor.ca.gov for](http://www.auditor.ca.govfor/) additional information.

TR 08/12/2020 RS 08/17/2020

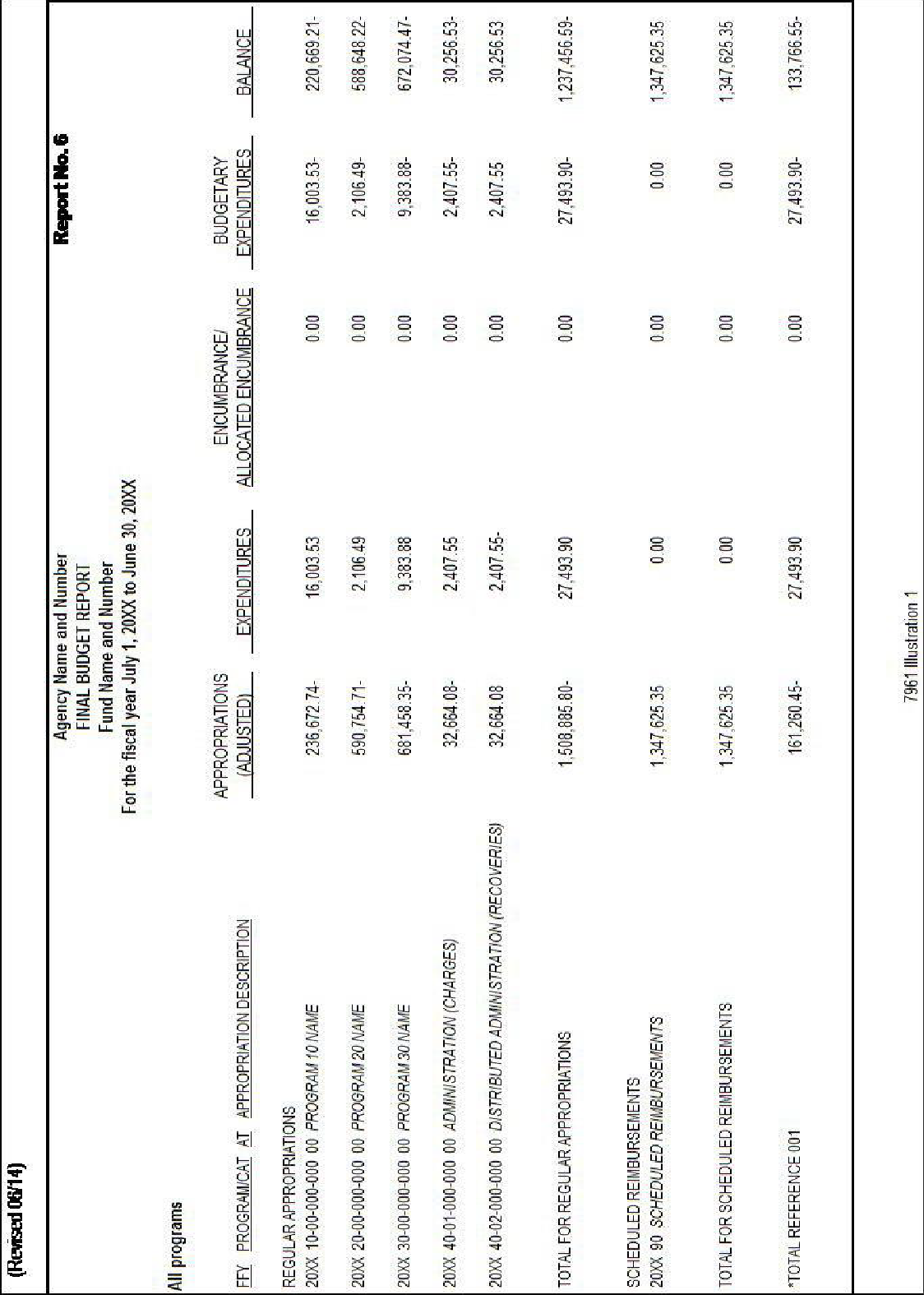
**YEAR-END REPORT NO. 6, FINAL BUDGET REPORT 7961**

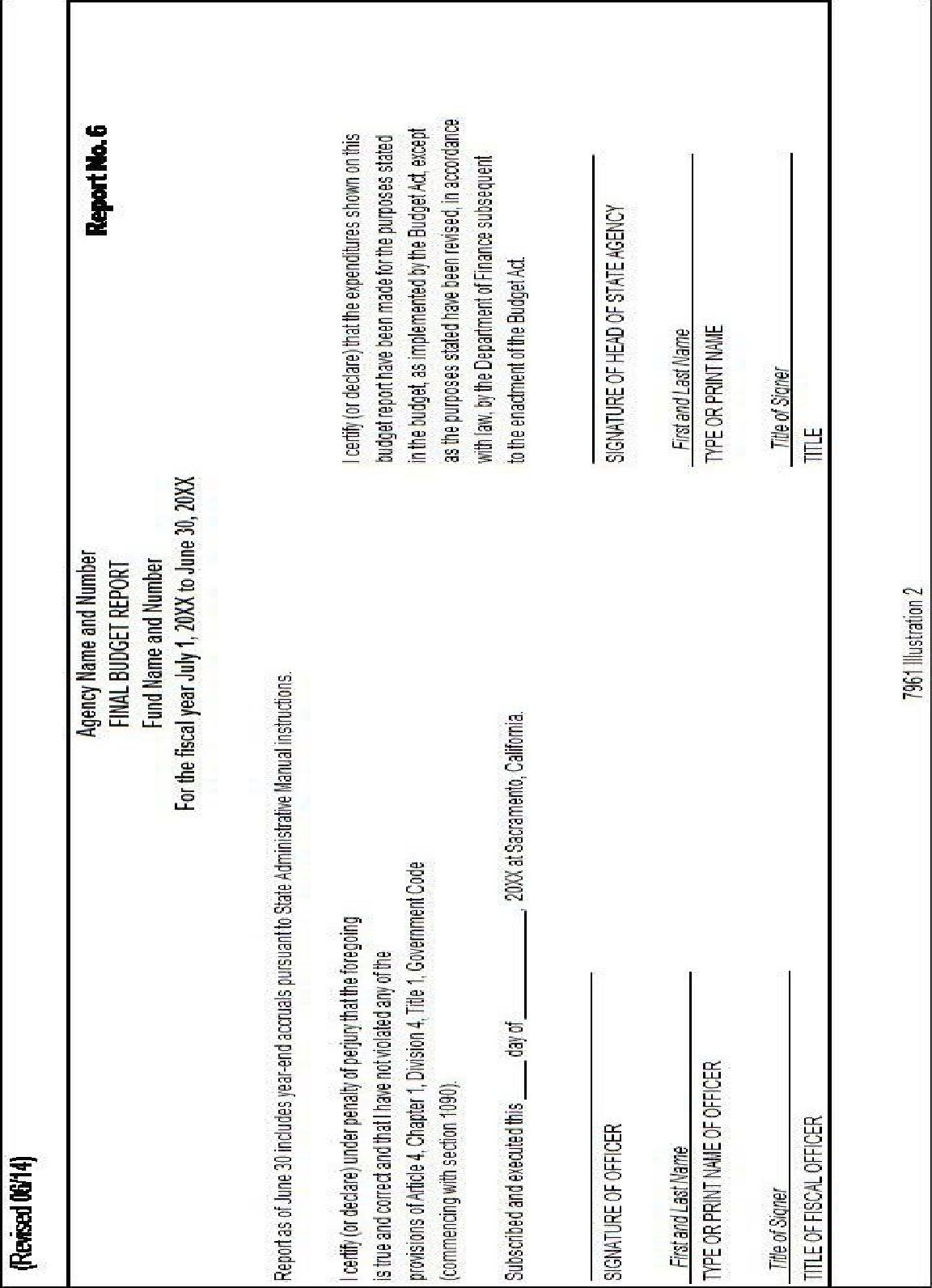
(Revised ~~6/14~~07/2020)

At year-end, agencies/departments will prepare a Final Budget Report, Report No. 6. This report presents a summary status of appropriations including expenditures, encumbrances, and balances as of June 30 for each appropriation.

This report is not submitted to the SCO, but is kept on file for year-end financial reporting and audit purposes~~, except for CALSTARS departments that submit automated statements~~. This report will be used to support past/prior year expenditures during the budget development process.

A sample of Report No. 6, Final Budget Report, is shown in the 7961 Illustration~~1 and~~ ~~Illustration 2~~. Refer to SAM section 7940 for quarterly reporting.





(Revised ~~06/14~~ 07/2020)

|  |
| --- |
| APPROPRIATIONS |
| (ADJUSTED) |

|  |
| --- |
| BUDGETARY |
| EXPENDITURES |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Agency Name and Number** Report No. 6  **FINAL BUDGET REPORT**  **Fund Name and Number**  **For the fiscal year July 1, 20XX to June 30, 20XX**  **All programs**  ENCUMBRANCE/  FFY PROGRAM/CAT AT APPROPRIATION DESCRIPTION EXPENDITURES ALLOCATED ENCUMBRANCE BALANCE | | | | | |
| REGULAR APPROPRIATIONS  20XX 10-00-000-000 00 *PROGRAM 10 NAME* | 236,672.74- | 16,003.53 | 0.00 | 16,003.53- | 220,669.21- |
| 20XX 20-00-000-000 00 *PROGRAM 20 NAME* | 590,754.71- | 2,106.49 | 0.00 | 2,106.49- | 588,648.22- |
| 20XX 30-00-000-000 00 *PROGRAM 30 NAME* | 681,458.35- | 9,383.88 | 0.00 | 9,383.88- | 672,074.47- |
| 20XX 40-01-000-000 00 *ADMINISTRATION (CHARGES)* | 32,664.08- | 2,407.55 | 0.00 | 2,407.55- | 30,256.53- |
| 20XX 40-02-000-000 00 *DISTRIBUTED ADMINISTRATION (RECOVERIES)* | 32,664.08 | 2,407.55- | 0.00 | 2,407.55 | 30,256.53 |
| TOTAL FOR REGULAR APPROPRIATIONS | 1,508,885.80- | 27,493.90 | 0.00 | 27,493.90- | 1,237,456.59- |
| SCHEDULED REIMBURSEMENTS  20XX 90 *SCHEDULED REIMBURSEMENTS* | 1,347,625.35 | 0.00 | 0.00 | 0.00 | 1,347,625.35 |
| TOTAL FOR SCHEDULED REIMBURSEMENTS | 1,347,625.35 | 0.00 | 0.00 | 0.00 | 1,347,625.35 |
| \*TOTAL REFERENCE 001 | 161,260.45- | 27,493.90 | 0.00 | 27,493.90- | 133,766.55- |

7961 Illustration ~~1~~

(Deleted ~~06/14~~ 07/2020)

|  |  |
| --- | --- |
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| --- | --- | --- | --- |
|  | | | **~~Agency Name and Number~~** Report No. 6  **~~FINAL BUDGET REPORT~~**  **~~Fund Name and Number~~**  **~~For the fiscal year July 1, 20XX to June 30, 20XX~~** |
| ~~Report as of June 30 includes year-end accruals pursuant to State Administrative Manual instructions.~~  ~~I certify (or declare) under penalty of perjury that the foregoing~~ ~~I certify (or declare) that the expenditures shown on this~~  ~~is true and correct and that I have not violated any of the~~ ~~budget report have been made for the purposes stated~~  ~~provisions of Article 4, Chapter 1, Division 4, Title 1, Government Code~~ ~~in the budget, as implemented by the Budget Act, excep~~t  ~~(commencing with section 1090)~~. ~~as the purposes stated have been revised, in accordance~~  ~~with law, by the Department of Finance subsequen~~t  ~~Subscribed and executed this~~ ~~day of~~ ~~, 20XX at Sacramento, California.~~ ~~to the enactment of the Budget Act~~. | | | |
|  |  |  | |
| ~~SIGNATURE OF OFFICER~~ | | ~~SIGNATURE OF HEAD OF STATE AGENCY~~ | |
| *~~First and Last Name~~*  ~~TYPE OR PRINT NAME OF OFFICER~~ | | *~~First and Last Name~~*  ~~TYPE OR PRINT NAME~~ | |
| *~~Title of Signer~~*  ~~TITLE OF FISCAL OFFICER~~ | | *~~Title of Signer~~*  ~~TITLE~~ | |

~~7961 Illustration 2~~

# CASH MANAGEMENT IMPROVEMENT ACT 8010

(Revised ~~06/2010~~08/2020)

The Cash Management Improvement Act of 1990 ([CMIA](http://www.fms.treas.gov/cmia/statute.html)) is to ensure efficiency, effectiveness, and equity in the exchange of funds between the states and the federal government for federal assistance programs.

The CMIA was enacted by Public Law [101-453](http://www.dof.ca.gov/Accounting/Consulting_and_Training/FISCal_Training/documents/AR21%20-%20Record%20and%20Approve%20Collection%20of%20Reverted%20Appropriations%20for%20Abatements%20and%20Reimbursements%20after%20June%2030.pdf), codified at Title 31 U.S.Codes. [3335](https://www.law.cornell.edu/uscode/text/31/3335), [6501](https://www.law.cornell.edu/uscode/text/31/6501), and [6503](https://www.law.cornell.edu/uscode/text/31/6503). The federal regulations for implementing CMIA ~~regulations~~ are outlined in Title 31 CFR [Part 205](https://www.ecfr.gov/cgi-bin/text-idx?SID=5fa473c0e95879932b7fd2ea2b5cb596&mc=true&node=pt31.2.205&rgn=div5). ~~The purpose of CMIA is to ensure efficiency, effectiveness,~~ ~~and equity in the exchange of funds between the states and the federal government for~~ ~~federal assistance programs.~~

The general provisions of CMIA are as follows:

1. Federal agencies must make timely fund transfers and grant awards to ~~the~~ state agencies/departments.



1. State agencies/departments must minimize the time between the deposit of federal funds in the state's account and the disbursement of funds for federal assistance program purposes.



1. ~~With some exceptions,~~T ~~t~~he state is entitled to interest from the federal government from the time state warrants are redeemed until federal funds are deposited in the state's account.



1.  The federal government is entitled to interest from the state from the time federal funds are deposited in the state's account until the state warrants are redeemed.

# FEDERAL ASSISTANCE PROGRAMS AND

**STATE AGENCIES/DEPARTMENTS IMPACTED BY CMIA 8011**

(Revised ~~06/2010~~08/2020)

The federal assistance programs listed in the [Catalog of Federal Domestic Assistance](https://beta.sam.gov/) are subject to the Cash Management Improvement Act of 1990 ([CMIA](https://www.fiscal.treasury.gov/cmia/)) regulations. In California, federal assistance programs that meet or exceed the established threshold of federal funding are considered CMIA ~~CMIA~~ major programs. ~~and are subject to CMIA~~ ~~interest provisions under Subpart A of federal regulations.~~ The federal programs that fall below the threshold are considered non-major programs. The threshold of federal funding is determined annually using the Schedule of Expenditure of Federal Awards in ~~The programs that meet this criteria are determined by~~ the state's most recent [Single](https://www.auditor.ca.gov/stimulus/single_audit_findings) [Audit Report](https://www.auditor.ca.gov/stimulus/single_audit_findings). Refer to [31 CFR 205.5](https://www.ecfr.gov/cgi-bin/text-idx?SID=ce7990b6003036034ffd65a7e5adea2f&mc=true&node=se31.2.205_15&rgn=div8) for additional information on federal funding threshold for CMIA major programs.

# CMIA Major Program:

* Major programs are subject to CMIA interest provisions under [Subpart A](https://www.ecfr.gov/cgi-bin/text-idx?SID=4aaf1d2efbb56c6f78957f354883a808&mc=true&node=pt31.2.205&rgn=div5&sp31.2.205.a) of the Title 31 CFR Part 205 federal regulations.
* Major programs must be included in the CMIA Treasury-State Agreement ([TSA](https://www.fiscal.treasury.gov/cmia/resources-treasury-state-agreements.html)). For information on TSA, refer to SAM section [8012](https://www.dgs.ca.gov/Resources/SAM/TOC/8000/8012).
* State agencies/departments administering the CMIA major program must submit CMIA quarterly reports to the Department of Finance, Fiscal Systems and Consulting Unit (FSCU).

# CMIA Non-major Programs:

* Non-major p~~P~~rograms ~~not considered major programs~~ are subject to [Subpart B](https://www.ecfr.gov/cgi-bin/text-idx?SID=0e07df97ea66e882a6c8bf412a71a4b9&mc=true&node=pt31.2.205&rgn=div5&sp31.2.205.b) of the Title 31 CFR Part 205 federal regulations~~, and~~ .
* Non-major programs, which are not included in the TSA, must minimize the time between the deposit of federal funds in the state’s account and the disbursement of funds for federal assistance program purposes.
* Non-major programs are not subject to the CMIA interest provision unless specified in the TSA due to non-compliance.
* State agencies/departments administering the CMIA non-major program do not need to submit CMIA quarterly reports to FSCU.

# TREASURY-STATE AGREEMENT 8012

(Revised ~~06/2010~~08/2020)

The Treasury-State Agreement ([TSA](https://www.fiscal.treasury.gov/cmia/resources-treasury-state-agreements.html)) is a Cash Management Improvement Act ([CMIA](https://www.fiscal.treasury.gov/cmia)) agreement between the U.S. Department of Treasury and the state that documents the accepted funding techniques and methods for calculating interest. The TSA is prepared annually by the Department of Finance ~~(FINANCE)~~, Fiscal Systems ~~&~~ and Consulting Unit ~~(FSCU), prepares the Treasury State Agreement (TSA)~~.

The TSA lists:

* T ~~t~~he state agencies/departments and the federal assistance programs impacted by CMIA.,
* Tthe funding techniques for each federal assistance program~~,~~ .
* Tthe clearance and redemption patterns for requesting federal funds and calculating interest liability~~,~~ .
* Tthe interest calculation methodologies~~, and~~ .
* Tthe description of reimbursable interest calculation costs.

RS 08/27/2020

# PRINCIPAL RESPONSIBILITIES 8013

(Revised ~~06~~/~~2010~~08/2020)

To ensure the state complies with the provisions of the Cash Management Improvement Act of 1990 (CMIA) and to minimize the interest liability for the state, the Department of Finance (Finance), the state agencies/departments that administer CMIA programs, and

the State Controller’s Office (SCO) must perform their respective principal responsibilities as follows:

# ~~The principal responsibilities of FINANCE~~Finance:

* 1.  Establish the annual ~~Cash Management Improvement Act (CMIA)~~ CMIA threshold amount. Identify the state agencies/ departments and federal assistance programs that will be impacted by CMIA.
  2.  Notify CMIA participating agencies/departments of their roles and responsibilities.
  3.  Negotiate with the U.S. Department of the Treasury (USDT), Bureau of the Fiscal~~Financial Management~~ Service (~~FMS~~[BFS](https://www.fiscal.treasury.gov/cmia/)) on the new Treasury-State Agreement (TSA)~~s~~ and amendments to the existing TSA.
  4.  With the assistance of the ~~State Controller’s Office (~~SCO), develop patterns by programs for the average number of days from warrant issuance to redemption.
  5.  ~~Calculate~~ Compute the state and federal interest liabilities by programs ~~and~~ and Finance’s ~~FINANCE’s~~ interest calculation costs ~~costs~~.
  6.  Prepare the CMIA Annual Report and Interest Calculation Cost Report for submittal to BFS.
  7.  Budget funds from the General Fund and special funds for the payment of the state interest liability to the federal government.
  + Process the interest payment to the USDT.

# ~~The principal responsibilities of the~~ S~~s~~tate agencies/departments that administer CMIA programs:

* 1.  Request federal funds in accordance with the approved funding technique described in the TSA and only in amounts needed for immediate payments.
  2.  For specific CMIA programs identified in the TSA, document the amount of federal funds requested, when federal funds are deposited in the state's account, and when warrants are issued. This information is provided to Finance~~INANCE~~, Fiscal Systems and Consulting Unit (FSCU) quarterly.
  + Notify ~~the Finance~~ FSCU, of any changes to the funding ~~process~~ technique for CMIA programs. A state agency/department shall not make a change until it is reviewed and approved by ~~FINANCE~~ FSCU and ~~FMS~~BFS.
  + Minimize the time between the deposit of federal funds in the state’s account and the disbursement of funds for federal assistance program purposes.

RS 08/27/2020

# SCO:

Develop and provide the clearance/redemption pattern reports to Finance to assist in calculating the state and federal interest liability for programs listed in the TSA.~~Develop the clearance/redemption patterns for warrants issued for programs~~ ~~listed on the TSA.~~

~~Provide Warrant Redemption Patterns Reports to Finance to assist in calculating the~~ ~~state and federal interest liability.~~



RS 08/27/2020

# NON-COMPLIANCE BY ~~A~~ STATE AGENCIES/DEPARTMENTS ~~THAT~~ 8014

**~~ADMINISTERS CMIA PROGRAMS~~**

(Revised ~~06/2010~~08/2020)

If a state agency/department that administers Cash Management Improvement Act ([CMIA](https://www.fiscal.treasury.gov/cmia/)) ~~CMIA~~ programs fails to fulfill its CMIA responsibilities, any additional costs for interest penalties and audit exceptions resulting from non-compliance will be paid from the agency’s/department’s support appropriation.

RS 08/27/2020 WY 08/27/2020

# SEPARATION OF DUTIES 8080

~~(Revised 9/1991)~~Deleted and renumbered to 7280 08/2020

~~The Financial Integrity and State Manager's Accountability Act of 1983~~ ~~(Government Code Sections 13400–13407) requires that the head of each~~ ~~State agency establish and maintain an adequate system of internal control~~ ~~within their agencies. A key element in a system of internal control is~~ ~~separation of duties. This section provides the appropriate level of separation~~ ~~of duties for agencies with manual accounting processes. Employees of units~~ ~~other than the accounting unit should be used, when necessary, to provide~~ ~~separation of duties.~~

Members of the same family (husband, wife, brother, or sister) are considered one person. No one person will perform more than one of the ~~following seven types of duties:~~

* + 1. ~~Receiving and depositing remittances 2. Authorizing disbursements~~

1. ~~Preparing checks~~
2. ~~Operating a check signing machine\*~~
3. ~~Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents).\* (See below for instructions as to which position is to be assigned this duty.)~~
4. ~~Reconciling bank accounts and posting the General Ledger or any subsidiary ledger affected by cash transactions\*~~
5. ~~Initiating, or preparing invoices~~

~~(\*Will not have access to or control blank check stock)~~

The person who prepares checks will mark authorizations and supporting ~~documents with the check number in ink in such a manner as to prevent~~ ~~their reuse.~~

~~Preferably, no books of original entry concerning cash receipts, cash~~ ~~disbursements, or invoices should be kept by employees assigned duties 1, 2,~~ ~~3, 4, 5, or 7 above.~~

However, persons receiving or depositing remittances may keep the cash ~~receipts register, persons preparing checks may keep the cash~~ ~~disbursements register, and persons preparing invoices may keep the~~ ~~invoice register. Persons assigned duties 1, 2, 3, 4, 5, or 7 above will not~~ ~~keep more than one of the books of original entry concerning receipts,~~ ~~disbursements or invoices, but persons assigned duty 6 above may do so.~~ ~~These books of original entry are: General Cash Receipts Register, General~~ Cash Disbursements Register, Trust Cash Receipts Register, Trust Cash ~~Disbursements Register, Revolving Fund Cash Book, and Invoice Register.~~

TR 08/12/2020 RS 08/18/2020

~~The paid checks will be delivered unopened to the person charged with~~ ~~the bank reconciliation function and will be safeguarded by him/her until~~ ~~the reconciliation is completed.~~

Agencies having an office management, office services, or cashiering section independent from the accounting office will assign to such duties, 1, 3, 4, and ~~5 listed above. Such section also will be custodian of check stock, but~~ ~~accountability records for such stock will be kept by the accounting office.~~

~~Duty 5 is a very responsible disbursing operation. Preferably, it will be~~ performed by a Business Service Officer I or higher classification in an office ~~management, office services, or cashiering section independent from the~~ ~~accounting office if the agency has such a section and it is so staffed.~~

~~Otherwise duty 5 will be performed by the accounting section unless the~~ ~~volume is very small and it is practical to have it done by an administrative~~ services officer, business manager, or other officer who supervises the chief of the accounting section. If it is performed in the accounting section, it will be ~~done by the chief of the accounting section or by the person designated by the~~ ~~one who supervises the chief of the accounting section.~~

~~Checks will not be routed for mailing or distribution through the person who~~ ~~authorized the disbursement or prepared the check.~~

~~The person who prepares checks will maintain a daily log of checks written.~~ If the checks are to be signed by check signing machine, it will be in the form shown in SAM Section 8081. If the checks are signed by hand, the following ~~form will suffice:~~

|  |  |  |  |
| --- | --- | --- | --- |
| ~~Date~~ | ~~Beginning~~  ~~Check~~ ~~Number~~ | ~~Ending~~ ~~Check~~ ~~Number~~ | ~~Numbers of~~ ~~Voided Checks~~ |
| ~~10/1~~ | ~~101~~ | ~~203~~ | ~~157,192~~ |
| ~~10/2~~ | ~~204~~ | ~~255~~ | ~~231~~ |

~~The person who records checks written in the books of original entry~~ (General Cash Disbursements Register, Trust Cash Disbursements Register, and Revolving Fund Cash Book) will assure that only those checks shown on ~~the daily log of checks written are recorded therein.~~

~~Organizational units cited above will perform the duties outlined only when the~~ nature of services provided by such units permit. It is not the intention of this ~~instruction to include office service units in separation of duties if, for example,~~ the unit is providing duplicating services only or similar activities not related to ~~accounting functions.~~

TR 08/12/2020 RS 08/18/2020

# SAM – ~~FISCAL AFFAIRS ALLOTMENT~~

**~~– EXPENDITURE~~BUDGETARY ACCOUNTING**

# GENERAL 8300

(Deleted 09/2020~~Revised 3/1987~~)

~~Allotment-expenditure accounting procedures provide fiscal control by presenting~~ ~~information regarding the status of the plan of operation. This information is available~~ ~~from the Allotment-Expenditure Ledger, which shows for each allotment: (1) the amount~~ ~~allotted, (2) unliquidated encumbrances, (3) expenditures, and (4) the unencumbered~~ ~~balance.~~

~~The Allotment-Expenditure Ledger is subsidiary to the following General Ledger~~ ~~Accounts: (1) Account No. 6150, Encumbrances; (2) Account No. 9000, Appropriation~~ ~~Expenditures (or other appropriate expenditure account); and (3) Account No. 8100,~~ ~~Reimbursements. The Allotment-Expenditure Ledger is reconcilable to the State~~ ~~Controller's appropriation and executive order accounts.~~

*RS 9/2/2020 JT 9/4/2020*

# ~~Rev. 367~~

**BUDGET ACT APPROPRIATION 8301.1**

(Deleted 09/2020~~Revised 3/1987~~)

~~An Allotment-Expenditure Ledger card normally will be kept for each allotment shown~~ ~~below:~~

|  |  |
| --- | --- |
| ~~Field Operations\*~~ | |
| ~~Personal Services\*\*~~ | ~~For each function (and sub-~~ ~~function if such sub-function is~~  ~~shown in the Governor’s Budget or~~ ~~if the further analysis by sub-~~ ~~function though not shown therein~~ ~~is necessary for proper budgetary~~ ~~control).~~ |
| ~~Salaries and Wages, 1st Quarter \*\*\* (A)~~ |
| ~~Salaries and Wages, 2nd Quarter \*\*\* (A)~~ |
| ~~Salaries and Wages, 3rd Quarter \*\*\* (A)~~ |
| ~~Salaries and Wages, 4th Quarter \*\*\* (A)~~ |
| ~~Temporary Help \*\*\* (A)~~ |
| ~~Overtime \*\*\* (A)~~ |
| ~~Retirement \*\*\* (A)~~ |
| ~~OASDI \*\*\* (A)~~ |
| ~~Health Benefits \*\*\* (A)~~ |
| ~~Workmen’s Compensation \*\*\* (A)~~ |
| ~~Operations Expenses and Equipment \*\*~~ | |
| ~~For each type of Operating Expense shown~~ ~~in Governor’s Budget (such as General~~ ~~Expense, Printing, Communications, (etc.)~~ ~~and for Equipment \*\*\* (A)~~ | ~~For each function (and sub-~~ ~~function if such sub-function is~~ ~~shown in Governor’s Budget or if~~ ~~the further analysis by sub-function~~ ~~though not shown therein is~~ ~~necessary for proper budgetary~~ ~~control).~~ |

~~\* This is a function. If function is further classified, such as by districts, each district would represent a sub-function.~~

~~\*\* These objects of expenditures are classified “categories” in the Budget Act.~~

~~\*\*\* These are allotments.~~

~~(A) Balance of allotment column is a “plus”.~~

~~Estimated Salary Savings \*\*\* (B)~~ ~~Unallotted Appropriation \*\*\* (A)~~ *~~(Identified as to category)~~*

~~Budget Revisions Pending \*\*\* (B)~~ ~~Allotments Promised \*\*\* (B)~~

~~For each appropriation~~ ~~Estimated Reimbursements\*\*\*\*~~

~~For each type shown in the Governor's Budget,~~ ~~such as Services to Employees–Meals, Services~~

~~to Employees–Rental of Living Quarters, etc. \*\*\* (B)~~ ~~Unscheduled Reimbursements\*\*\* (C)~~

*RS 9/2/2020 JT 9/4/2020*

# OTHER APPROPRIATIONS AND EXECUTIVE ORDERS 8301.2

(Deleted 09/2020~~Revised and Renumbered 2/1965~~)

~~Allotment-expenditure accounts will be established also for appropriations not contained~~ ~~in the Budget Act and for Executive Orders not augmenting an appropriation. These~~ ~~allotments will be established in sufficient detail to meet the requirements of the agency.~~ ~~If the appropriation is by category, the allotments will be in at least that detail.~~

*RS 9/2/2020 JT 9/4/2020*

# BUDGETS NOT SPECIFICALLY APPROPRIATED 8301.3

(Deleted 09/2020~~Revised 3/1987~~)

~~There are a number of other than Governmental Funds that are required to submit~~ annual budgets for approval, and subsequent quarterly budget reports, but that operate out of their own operating funds and do not receive specific appropriations or executive orders. The budgets of these funds are shown in the appendix to the Governor's Budget ~~but are not included in the Budget Act.~~

~~Allotment-expenditure accounting for these funds is the same as for Governmental~~ ~~Funds. Allotments will be established in the same detail as shown in the Governor's~~ ~~Budget. The only difference is in the documentation. There will be no Controller's~~ Journal Entry officially establishing the budget, and some agencies may not be required to submit Budget Revisions or Transfers of Budget Allotment. In those cases, allotments ~~will be recorded and adjusted by internal documents only.~~

*RS 9/2/2020 JT 9/4/2020*

# ALLOTMENT-EXPENDITURE ACCOUNTS 8301

(Deleted 09/2020~~Revised 3/1987~~)

~~Allotment-expenditure accounts ordinarily will be maintained in the same degree as~~ shown in the Governor's Budget, except that salaries and wages will not be segregated ~~by position classification. If it is necessary for the agency to exercise a greater degree of~~ ~~budgetary control, additional ledger cards may be maintained. For example, each~~ district may be accounted as a sub-function in order to meet the agency's management ~~needs even though the Governor's Budget does not show by district the amounts~~ ~~requested. If only expenditure data is needed in greater detail than the Governor's~~ Budget, transactions will be coded in a single account. The additional analysis then can be obtained by reviewing the Allotment-Expenditure account at any time. Agencies may ~~code allotments to facilitate posting. (See also SAM Chapter 6000)~~

*RS 9/2/2020 JT 9/4/2020*

# ALLOTMENT-EXPENDITURE LEDGER 8302

(Deleted 09/2020~~Revised 3/1987~~)

~~All agencies that maintain the Allotment-Expenditure Ledger by hand will use Form 535.~~ ~~Columns are arranged and lettered on Form 535 as follows:~~

|  |  |  |
| --- | --- | --- |
| 1. ~~Date~~ 2. ~~Reference C. Allotment D. Estimate~~   ~~E. Expenditure F. Allotment~~   1. ~~Expenditures~~ 2. ~~Unliquidated Encumbrances~~ 3. ~~Unencumbered Balance~~ | )  ~~) To Record~~ ~~Transactions~~  ) | )  ~~) To Record~~ ~~Balances~~  )  ) |

~~\*\*\* These are allotments.~~

~~\*\*\* Estimated Reimbursements may be scheduled in the Budget Act into one or more~~ ~~types, not necessarily to the same degree of detail as in the Governor's Budget.~~

~~(A) Balance of allotment column is a "plus". (B) Balance of allotment column is a "minus".~~

~~(C) Balance of allotment column is "zero" until it is revised by Budget Revision to a "minus".~~

~~Typical entries, while explained in subsequent sections, are shown in summary form~~ ~~below:~~

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | | ~~Recorded Entry~~ ~~and Effect on~~  ~~Balances~~ |
| ~~Type of Transaction~~ | ~~Transaction Columns~~ | | | ~~Balance~~  ~~Columns~~ |
| ~~Budget~~ | ~~+C~~ | ~~+F~~ | | ~~+I~~ |
| ~~Transfer of Budget Allotment or~~  ~~Budget Revision~~ |  |  | |  |
| ~~If Increase~~ | ~~+C~~ | ~~+F~~ | | ~~+I~~ |
| ~~If Decrease~~ | ~~-C~~ | ~~-F~~ | | ~~-I~~ |
| ~~Encumbrance (Estimate)~~ | ~~+D~~ | ~~+H~~ | | ~~-I~~ |
| ~~If Increase~~ | ~~+D~~ | ~~+H~~ | | ~~-I~~ |
| ~~If Decrease~~ | ~~-D~~ | ~~-H~~ | | ~~+I~~ |
| ~~Expenditure~~ |  |  | |  |
| ~~Previously Encumbered~~ | ~~-D~~ | ~~+E~~ | ~~+G~~ | ~~-H~~ |
| ~~Direct deduction from~~  ~~unencumbered balance~~ |  | ~~+E~~ | ~~+G~~ | ~~-I~~ |
| ~~Expenditure Abatement~~ |  | ~~-E~~ | ~~-G~~ | ~~+I~~ |
| ~~Reimbursement~~ | ~~-E~~ | ~~-G~~ | | ~~+I~~ |

~~The following points are summarized as a partial check-list to be considered in~~ ~~balancing Allotment-Expenditure Ledger accounts:~~

1. ~~The balance columns for Expenditures and Unliquidated Encumbrances must balance in total to control accounts in the General Ledger. The balance column for Unencumbered Balance must, together with Unliquidated Encumbrances, reconcile in total to appropriation and executive order account balances per the State Controller's Office records.~~
2. ~~A summary card (not General Ledger card) will be maintained over the subsidiary Allotment-Expenditure Ledger. Entries should be made to the summary card by batch totals summarizing detail entries to individual cards. The detail cards will balance with the summary card. The expenditure balances shown on the summary card for all appropriations to an agency from a fund will balance with the related expenditure accounts for that fund in the General Ledger. The unliquidated encumbrances balances shown on the summary cards for all appropriations to an agency from a fund will agree with Account No. 6150, Encumbrances, for that fund. The unencumbered balance plus the unliquidated encumbrances balance shown on the summary card for each appropriation will be reconciled to the balance of the related appropriation account in the Controller's records.~~
3. ~~Agencies that hand-post their Allotment-Expenditure Ledger will prove their postings by using an adding machine after each group of postings to a ledger card. The allotment balance always must equal the sum of the other three balances.~~

~~Agencies will prove at the end of each month that the open estimates, including~~ ~~amounts encumbered for the lag, equal the amount shown by the Allotment-~~ ~~Expenditure Ledger as unliquidated encumbrances and the Encumbrances account in~~ ~~the General Ledger.~~

*RS 9/2/2020 JT 9/4/2020*

# PURPOSE OF BUGETARY ACCOUNTING 8310

(New 09/2020)

Budgeting is an essential element of the financial planning, control, and evaluation processes of governments. The purpose of budgetary accounting is to monitor and control the state’s financial activities to the level and purpose specified in the annual Budget Act and other pertinent legislation. The primary objective is to ensure that expenditures stay within the legal limits provided in the Budget Act and other authorizing legislation. To ensure budgetary control, an agency/department must be able to determine, on an ongoing basis, the balance of resources available for spending for a given purpose and ensure that actual spending does not exceed authorized spending.

State Administrative Manual (SAM) Chapter 6000, Budgeting, describes the state's budget process, which consists of the development of the Governor's Budget, the Legislature's enactment of a budget, and the executive branch's administration of the budget.

Agencies/departments must understand the relationship between budgeting and accounting and the statutory links between these two fiscal disciplines. For additional information about the relationship and statutory links, refer to the Department of Finance, [Budget Analyst Guide](http://dof.ca.gov/budget/Resources_for_Departments/Budget_Analyst_Guide/).

The Government Code (GC) sections below require specific linkage between budgeting and accounting:

* GC [13320](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=13320) requires every state agency/department and court for which an appropriation has been made, to submit for approval to the Department of Finance, a completed and detailed budget with proposed expenditures and estimated revenues for the ensuing fiscal year. The

state’s budget format primarily follows the program budget concept.

* GC [13344](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=13344.&lawCode=GOV) requires state agencies/departments to maintain accounting data for inclusion in

the Governor’s Budget, Budget Act and related documents and the Budgetary Legal Basis Annual Report according to the methods and bases in regulations, budget letters and other directives of the Department of Finance.

* GC [12460](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=12460.&lawCode=GOV) requires the Controller to submit an annual report to the Governor containing a statement of the funds of the state, its revenues, and the public expenditures during the preceding fiscal year. The annual report shall be known as the Budgetary-Legal Basis Annual Report and prepared in a manner that will account for prior year adjustments, fund balances, encumbrances, deferred payroll, revenues, expenditures and other components on the same basis as that of the applicable Governor’s Budget and the Budget Act, as determined by the Director of Finance in consultation with the Controller.

SAM section [7650](https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam_master/sam_master_file/chap7600/7650.pdf), describes the Budgetary Accounts. The budgetary ledger in FI$Cal, also known as Commitment Control, is used to track appropriation, encumbrance, expenditure and reimbursement balances.

*RS 9/2/2020 JT 9/4/2020*

# BUDGETARY CONTROL 8311

(New 09/2020)

Agencies/departments will maintain budgetary control at the level at which resources are appropriated and keep expenditures within spending limitations. After the appropriations are established, agencies/departments will control the unexpended or unencumbered balance of an appropriation by tracking and reporting expenditures and unliquidated encumbrances. As stated in SAM section [7110](https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam_master/sam_master_file/chap7000/7110.pdf), a key requirement of an agency’s/department’s system of accounting is to provide the capability to reconcile appropriation balances.

The table below illustrates the budgetary control elements that should be tracked by agencies/departments and the type of transactions that increase or decrease the appropriation, expenditure, encumbrance and the remaining appropriation balance. The table provides a high level view of how transactions will impact the Final Budget Report.

|  |  |
| --- | --- |
| Transaction Type | Appropriation Balance |
| **Budget/Budget Adjustment** |  |
| If Increase | Increase |
| If Decrease | Decrease |
| **Encumbrance** |  |
| If Increase | Decrease |
| If Decrease | Increase |
| **Expenditure** |  |
| Previously Encumbered | No impact |
| Direct deduction from Unencumbered Balance | Decrease |
| Expenditure Abatement | Increase |
| **Reimbursement** |  |
| If Increase | Increase |
| If Decrease | Decrease |

*RS 9/2/2020 JT 9/4/2020*

# APPROPRIATIONS – PURPOSE AND REQUIREMENTS ~~ALLOTMENTS~~ 8320

(Retitled and Revised 09/2020~~Revised 3/1974~~)

~~Amounts allotted will be recorded in the Allotment-Expenditure Ledger at the time appropriations~~ ~~or executive orders are recorded in the Controller's accounts. The Final Budget and special~~ ~~appropriations will be recorded on the ledger cards for the appropriate allotments. Agencies may~~ ~~find it advantageous to set up allotments in advance of July under date of July 1, using the~~ ~~amounts shown in the Governor's Budget, and then later under the some date adjust the~~ ~~amounts as necessary, using the List of Legislative Changes in the Budget Act. This method will~~ ~~lessen the amount of accounting work to be done at the beginning of the fiscal year. The amount~~ ~~applicable to each allotment will be recorded in the allotment column of the transaction section.~~ ~~This recording will increase both the allotment and unencumbered balance columns of the~~ ~~balance section.~~

~~Agencies will request changes in amounts allotted by submitting a Budget Revision, Form 26, or~~ ~~a Transfer of Budget Allotment, Form 25. Appropriate documents will be submitted immediately~~ ~~upon determination that additional financing will be required. (See SAM Chapter 6000)~~

# Purpose

An appropriation is a legal authority granted to a state agency/department to make disbursements or incur liabilities from a specific fund for a specified purpose, period and amount. Unless stated otherwise, an appropriation is available for expenditure only during a limited period of time. Appropriations are not interchangeable and must be used only for the particular purpose defined in the act making the appropriation. Appropriations are made by law in the Budget Act, the State Constitution, legislation (for ongoing continuous appropriations) and ballot measures such as bond authorizations. The Budget Act is the predominant method by which appropriations are made. See [California Code of Regulations, Title 2, Division 2, Chapter](https://govt.westlaw.com/calregs/Document/IB14201D4D82049A5A0B8C56AC3241302?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default)) [1, Article 2, Section 613](https://govt.westlaw.com/calregs/Document/IB14201D4D82049A5A0B8C56AC3241302?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default)).

# Agency/Department Requirements

Every agency/department should have in place a system of accounting that provides adequate and effective processes to ensure that:

1. Appropriations are maintained to the same degree as shown in the Budget Act and constitutional, statutory and other provisions. Agencies/departments, however, may maintain appropriations at the degree necessary to meet their budgetary control requirements.
2. Appropriations are established in their accounting system in the fiscal year in which the funds are appropriated by law.
3. Disbursements and claims for payment are prepared and posted using the proper appropriation codes to identify the authorization for disbursements.
4. Appropriation adjustments (Budget Revisions) and Executive Orders are recorded at the

same time as they are recorded in the Controller’s accounts.

1. The appropriation availability period is monitored to determine when the appropriation spending authority expires.
2. The status of each appropriation is monitored and reconciled to the Controller’s records. The State Controller is required to establish separate accounts for each appropriation. At the end of the availability period for liquidation of encumbrances, the unliquidated balance remaining in an appropriation reverts to the unappropriated balance of the fund from which it was made.
3. Unobligated balances of budget authority are carried over and used in the next year when permitted.
4. A uniform appropriation coding structure is used which includes a series of codes:
   * Business Unit (Organization Code in Legacy)
   * Reference code to indicate if the item is a Budget or non-Budget Act item and the category of expenditure (e.g., State Operations, Local Assistance, or Capital Outlay).
   * Fund code

*RS 9/2/2020 JT 9/4/2020*

# BUDGET REVISIONS 8322

(Deleted 09/2020~~Revised 3/87~~)

Budget Revision, Form 26, is used to obtain approval to augment budget allotments if more than a transfer between allotments in the same appropriation category is involved ~~(See SAM Chapter 6000).~~

At the time that the Form 26 is submitted to the Department of Finance, the agency posts the revisions to the appropriate accounts in the Allotment-Expenditure Ledger. If ~~the revision is also a request for augmentation of an appropriation, the increase in~~ ~~expenditure allotments is offset by a minus allotment account "Budget Revisions~~ Pending". Agencies are permitted to encumber or expend against pending requests to increase allotments only if the encumbrance or expenditure is made pursuant to an ~~encumbrance document or other written document approved by the Department of~~ ~~Finance.~~

If the amount of the augmentation necessary cannot be accurately estimated or the ~~executive order cannot for some reason be issued immediately, the Department of~~ ~~Finance may issue an "Allotment Promise" as a temporary authorization until the~~ executive order can be issued. Upon receipt of the allotment promise, the agency will ~~make a plus entry in the Budget Revisions Pending allotment in the amount of the~~ ~~original request, thus reducing that allotment to zero and establish a new minus~~ allotment account, "Allotment Promise No. ". This allotment will be in the amount of ~~the allotment promise. If the amount of the allotment promise is different from the~~ amount requested, or is issued in the same total amount but with financing different than that shown on the Form 26 when submitted, the various allotments concerned ~~must be increased or decreased as required for the amount of the difference.~~

~~When the Controller's Journal Entry supported by an Executive Order is received~~ ~~augmenting an appropriation where an interim allotment promise was issued, the entry~~ ~~in the Allotment Expenditure Ledger will be a plus entry in the "Allotment Promise No.~~

" account reducing it to zero. If the Executive Order is issued in an amount different than the Allotment Promise or is issued in the same amount but with financing from different sources than that shown in the Allotment Promise, the various other allotments concerned will be increased or decreased as required for the amount of the difference.

If a Controller's Journal Entry supported by an Executive Order is received augmenting ~~an appropriation but no Allotment Promise was issued, the entry to the Allotment-~~ Expenditure Ledger is a plus amount to the "Budget Revisions Pending" account giving that account a zero balance. If the amount of the Executive Order is different from the amount requested or is issued in the same amount but with financing from sources ~~different than shown on the original budget revision, the various other allotments~~ concerned will be increased or decreased as required for the amount of the difference.

~~Budget Revision, Form 26, is also used to request (and record) certain transactions~~ ~~requiring Department of Finance approval but which do not augment an appropriation or~~ ~~another executive order. The principal types of these requests are the following:~~

1. ~~Requests to transfer allotments between appropriation categories.~~
2. ~~Requests to allot amounts reserved in the Unallotted Appropriation accounts.~~
3. ~~Requests to augment Estimated Reimbursements allotments and simultaneously augment expenditure allotments.~~

~~Entries to record these transactions will be made at the time the Std. Form 26 is~~ ~~submitted to the Department of Finance for approval. If they are approved in an amount~~ ~~different than requested or are approved in the same amount requested but with~~ ~~different financing of the expenditure allotment augmentations, agencies will make~~ ~~adjustments as required in the Allotment-Expenditure Ledger.~~

*RS 9/2/2020 JT 9/4/2020*

# TRANSFERS OF BUDGET ALLOTMENT 8324

(Deleted 09/2020~~Revised 3/1974~~)

~~(See SAM Chapter 6000 for use of Transfer of Budget allotment, Std. Form 25.)~~ ~~Transfers will be posted as prepared. Adjustments will be made if they are subsequently~~ ~~cancelled or amended.~~

~~Transfers will be recorded in the Allotment-Expenditure Ledger as:~~

* + ~~Plus amounts in the allotment transaction column and will increase the balances of the allotment and unencumbered balance columns of the allotment being increased.~~
  + ~~Minus amounts in the allotment transaction column and will decrease the balance of the allotment and unencumbered balance columns of the allotment being decreased.~~

~~Transfers of allotments usually require changing amounts of lag encumbrances in~~ ~~allotments concerned. Where the same lag percentage is used for both allotments~~ ~~concerned, the encumbrance document for lag will be transferred in the same~~ ~~transaction as the transfer of budget allotments. No entry will be made in the Estimates~~ ~~Register when unliquidated encumbrances are transferred in this manner. Agencies will~~ ~~use Request for Purchase Order or Estimate Change, Std. Form 96, modify the forms~~ ~~as necessary to reflect adjustments of lag where the percentage of lag differs between~~ ~~the allotments concerned.~~

*RS 9/2/2020 JT 9/4/2020*

# APPROPRIATION AVAILABILITY 8325

(New 09/2020)

The availability period in which an appropriation may be encumbered or expended is usually specified in the law creating the appropriation. For example, the appropriation availability provisions in the Budget Act, and Government Code are as follows:

Control Section 1.80 of the Budget Act provides:

* Budget Act appropriations are generally available for encumbrance or expenditure during the first fiscal year, beginning July 1 and ending June 30 and shall be available for liquidation of encumbrances in accordance with section 16304.1 of the Government Code.
* Capital outlay appropriations are available for encumbrance and expenditure for three years, unless otherwise specified.

Appropriation availability may be extended for encumbrance and expenditures beyond the limits described in Control Section 1.80 if additional provisions are mentioned in the budget act or comply with GC 16304 allowing sums of money to transfer across fiscal years and /or characters of appropriations.

Section [16304](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16304) of Government Code provides:

* An appropriation shall be immediately available for encumbrance or expenditure during the period specified therein, or, if not otherwise limited by law, for three years after the date upon which it first became available for encumbrance or expenditure.
* An appropriation containing the term “without regard to fiscal years” shall be available for encumbrance from year to year until expended.
* An appropriation shall be deemed to be encumbered at the time and to the extent that a valid obligation against the appropriation is created. However, a state agency/department may estimate encumbrances consistent with the authority of the appropriation, and may make corrections or adjustments to any encumbrance or estimated encumbrance during the liquidation period described in Section [16304.1](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16304.1).
* As used in this code and in every other statute heretofore or hereafter enacted, the term

“unexpended balance” shall be construed to mean “unencumbered balance.”

Section [16304.1](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16304.1) of Government Code provides:

* Disbursements in liquidation of encumbrances may be made before or during the two years following the last day an appropriation is available for encumbrance, except in the case of a fund made up of federal funds.
* Disbursements in liquidation of encumbrances may be made before or during the four years following the last day an appropriation of federal funds is available for encumbrance.
* Whenever, during either liquidation period, the Department of Finance determines the purpose for which the appropriation was made is completed and a portion of the appropriation is deemed not necessary, that portion shall, upon order of the Finance, revert to and become a part of the fund from which the appropriation was made.
* Upon the expiration of two years, or four years in the case of a fund made up of federal funds, following the last day of the period of its availability for encumbrance, the balance in any appropriation shall revert to and become a part of the fund from which the appropriation was made.
* After reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes.

*RS 9/2/2020 JT 9/4/2020*

# ~~Rev. 367~~

**TYPES OF APPROPRIATION 8326**

(New 09/2020)

Agency/department accounting staff should be familiar with the types of appropriations and appropriation terminology to ensure that budget information is properly reflected in the accounting records.

# Standard Appropriation

A regular Budget Act appropriation is an authorization for a specific agency/department to make expenditures or create obligations from a specific fund for a specific purpose. It is usually limited in amount and period of time during which the expenditure is to be recognized.

*(Content in black is from Section 8382, deleted 09/2020)*

# Continuing Appropriation

A multi-year appropriation for a set amount that is available for more than one year.

Continuing appropriations are available for encumbrance during more than one fiscal year (typically capital outlay appropriations or certain items within Control Section 2.00 of the Budget Act containing provisional language allowing for extended availability). For the first year of availability, departments will record the entire appropriation. At the beginning of each subsequent year that the appropriation is available for encumbrance, departments may:

1. Record the previous year's ending unencumbered balance as the new appropriation.
2. Reverse the previous year's accrued expenditures and accrued accounts payable entry, and
3. Record amounts for encumbrance and reserve for encumbrance equal to the accrued expenditures. The reversal of prior year accruals will create a negative balance (credit) in the expenditures. This negative expenditure balance will equal the unliquidated encumbrance total. This procedure will also make the beginning unencumbered balance equal to the previous year's ending unencumbered balance.

# Continuous Appropriation

A multi-year appropriation that is renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues that have been dedicated permanently to a certain purpose; or, whatever amount is designated for the purpose as determined by formula, e.g., school apportionments. Control Section 30.00 of the annual Budget Act traditionally extends the continuous appropriations for one additional fiscal year.

# Reappropriation

An appropriation that reverts to its fund source when the period of availability for expenditures and encumbrances has expired, and it is no longer available for use.

Government Code section [16304.1](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16304.1) provides that after reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes. For example, a claim against a reverted support appropriation may be paid from a current support appropriation.

# Reverted Appropriation

An appropriation that reverts to its fund source when the period of availability for expenditures and encumbrances has expired, and it is no longer available for use.

Government Code section [16304.1](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=16304.1) provides that after reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes. For example, a claim against a reverted support appropriation may be paid from a current support appropriation.

# Carryover Appropriations

The balance of appropriations available for expenditure in years subsequent to the year of enactment.

# Appropriations not in Budget Act or Executive Orders

Appropriations not contained in the Budget Act and Executive Orders that do not augment an appropriation may be maintained at sufficient detail to meet the requirements of the agency/department. There are some Non-Governmental Cost Funds that are required to submit annual budgets for approval, and subsequent quarterly budget reports, but that operate out of their own operating funds and do not receive specific appropriations or executive orders. The budgets of these funds are shown in the appendix to the Governor’s Budget but are not included in the Budget Act.

Appropriations may be maintained without a Controller's Journal Entry officially establishing the budget. Some agencies/departments may not be required to submit Budget Revisions or Transfers of Budget Allotment. In those cases, appropriations will be recorded and adjusted by internal documents only.

# Other Appropriation Related Processes

**Augmentation**

An increase to a previously authorized appropriation. This increase can be authorized by Budget Act provisional language, control sections, or other legislation. Usually, a Budget Revision or an

Executive Order is processed to the State Controller’s Office to implement the increase.

**Budget Revisions**

A Budget Revision (BR) document prepared by the agency/department that cites a legal authority to authorize a change in an appropriation. A BR must be approved by the Department of Finance. Typically, BRs either increase the appropriation or make adjustments to the categories or programs within the appropriation as scheduled.

Agencies/departments are permitted to encumber or expend against pending requests to increase appropriation only if the encumbrance or expenditure is made pursuant to an encumbrance document or other written document approved by Finance.

# Executive Order

An Executive Order (EO) is a budget document issued by Finance requesting the State

Controller’s Office to make an adjustment in their accounts. The adjustments are typically authorized by Budget Act provision language, Budget Act control sections, and other statutes. An EO is used when the adjustment makes increases or decreases on a state-wide basis, involves two or more appropriations, or makes certain transfers or loans between funds.

*RS 9/2/2020 JT 9/4/2020*

# ENCUMBRANCES 8340

(Revised ~~12/2005~~09/2020)

Encumbrances are commitments for ~~expenditure and are estimated carefully to reserve~~ ~~the amount of the expected expenditures. Departments will consider the necessity for~~ ~~encumbering small transactions that comprise a small percentage of total expenditures.~~ ~~For example, individually encumbering small purchases can be time consuming;~~ ~~therefore, the average amount of small purchases outstanding may be included in "the~~ ~~lag." (See SAM Section 8342.1.)~~all or part of an appropriation. Outstanding encumbrances are the recognition of commitments related to unfiled purchase orders or unperformed contracts, that will subsequently be recognized as expenditures when goods and services are received.

The purpose of accounting for encumbrances is to prevent the overspending of an appropriation. Encumbrances reserve a portion of an appropriation representing a current year obligation that has not been paid, or commitments related to unperformed contracts for goods and services.

An available appropriation represents the amount of the current year appropriation that can still be committed or spent. As described in SAM section 8311, the available appropriation is determined by subtracting actual expenditures and outstanding commitments from the appropriated amount.

# Encumbering Method

Appropriations are encumbered by Purchase Orders, purchase estimates (provided the Department of General Services ([DGS](http://www.dgs.ca.gov/dgs/Home.aspx)) Purchase Order is dated prior to the date the appropriation encumbrance availability ceases), printing requisitions, payroll estimates, leases, standard agreements, Public Works Project Authorization and Transfer Requests, ~~lag~~ encumbrance~~s~~ estimate, ~~sub purchase orders,~~ or other documents.

Agencies/departments will consider the necessity for encumbering small transactions that comprise a small percentage of total expenditures. For example, individually encumbering small purchases can be time consuming; therefore, the average amount of small purchases outstanding may be included in the encumbrance estimate. (See SAM Section 8342.)

# Fiscal Year to Which an Encumbrance/Expenditure is Charged

Unless a specific law states otherwise, agencies/departments must apply the provisions of California Code of Regulations, title 2, division 2, chapter 1, Article 2, Section 610. The [Victim Compensation and Government Claims Board](http://www.vcgcb.ca.gov/) Rule 610 provides that the issue date of an agreement determines the fiscal year appropriation to which the encumbrance/expenditure for goods or services is charged. The issue date of an agreement is the date it is “made and entered into.”

Any required control agency approvals are retroactive to that date. However, departments must meet the deadlines for submitting procurement documents as specified by the DGS.

For support and local assistance appropriations, encumbrances/expenditures are charged to the fiscal year in which the agreement was issued when the delivery date of the goods/services is in the same fiscal year or the delivery date is construed to mean as soon as possible. As soon as possible includes a delivery date that is:

* Not identified or specific
* Specific but not a requested delay in delivery
* Specified as 10 days, 30 days, or the like

The following exceptions may apply:

* + Encumbrances/expenditures are charged to the fiscal year that the goods/services are received when the purchase agreement stipulates that goods/services be delayed until requested or delayed until on or after a specific date (e.g., agreement issued in June for which the agency/department requests equipment maintenance during the next fiscal year).
  + Goods purchased and received in the months of May or June for use during the subsequent fiscal year may be paid from the appropriation for such subsequent fiscal year. Invoices covering such purchases shall be marked as follows: “Purchased in F.Y. for use in F.Y.” Payments for such invoices may not be made until enactment of the subsequent fiscal year Budget.
  + Multi-year Agreements – Agreements which span more than one fiscal year may be charged (1) totally to the first year of appropriation covered by the agreement, or (2) to more than one fiscal year’s appropriation, depending on the:
    - Appropriation authority – Sufficient spending appropriation authority must exist.
    - Details of the agreement.

Agencies/~~D~~departments will determine the budgetary plan for charging the encumbrance and subsequent expenditure when issuing a multi-year agreement. The budgeted amount will be reflected in ~~the funding strip of~~ the agreement total. Agencies/~~D~~departments have discretion as to which fiscal year appropriation to charge; however, the budgetary plan is the predominant factor in making this determination.

The certificate of funds availability must be signed by the accounting officer or a delegate after such person has ensured that funds are available.

# Recording Encumbrances

Encumbrances will be recorded individually in the ~~Allotment Expenditure Ledger (AEL)~~ ~~or operating file (CALSTARS departments) for the appropriation~~ agencies/department’s accounting system. An encumbrance is not recognized as an expenditure when recorded as the items or services have not been received. ~~This entry~~An encumbrance will increase the unliquidated encumbrance amount and decrease the unencumbered

balance.

As expenditures are recorded ~~on claims~~, amounts will be posted to reduce the related encumbrance amount. For partially received orders, many accounting systems will liquidate the encumbrance for the same amount as the expenditure. However, if it is determined that encumbrance amounts are materially misstated, either over or underestimated, adjustments will be recorded to more accurately reflect the expected expenditure. The encumbrance is fully liquidated when the order is fully satisfied.

~~Estimated decreases will be recorded as a minus amount. This will decrease the~~ ~~unliquidated encumbrance amount and increase the unencumbered balance.~~

~~Encumbrances will be recorded in the General Ledger accounts as prescribed in SAM~~ ~~Section 10502.~~

# Liquidating Encumbrances

Agencies/departments will closely monitor encumbrances to effect prompt delivery of requested goods or services and to ensure timely disencumbrances in instances where it is determined the goods or services will not be received or will cost less than originally estimated.

At year-end, agencies/departments should review encumbrances and liquidate reverting year encumbrances.

# Accounting for Encumbrances at Year-End

Agencies/departments will reconcile encumbrance balances to subsidiary reports and supporting documents at least monthly during the year. At year-end, encumbrance balances must be reconciled with supporting procurement and other documents to validate the amount of valid encumbrances and obligations at year-end. Liquidation of encumbrances resulting from year-end accruals of expenditures, and reimbursements will be posted to the applicable appropriations. See SAM sections [10602](https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam_master/sam_master_file/chap10600/10602.pdf) and [10608](https://www.dgsapps.dgs.ca.gov/documents/sam/SamPrint/new/sam_master/sam_master_file/chap10600/10608.pdf) for accrual procedures.

Encumbrances are treated as expenditures under the state’s budgetary basis of accounting and

reported as such in the agency/department’s year-end financial reports and in the Governor’s Budget for most governmental cost funds. Encumbrances and expenditures in the agencies/departments year-end financial reports must be accounted the way they were budgeted.

Encumbrances are not included in liabilities or expenditures in the Controller’s Budgetary/Legal Basis Annual Financial Report; encumbrances are reported as a reserve for encumbrance against the fund balance. Note: encumbrances are not classified as expenditures under the GAAP basis of accounting.

*RS 9/2/2020 JT 9/4/2020*

# ENCUMBRANCES - PERSONAL SERVICES 8341

(Revised ~~3/1974~~09/2020)

Quarterly salaries and wages ~~allotments~~ estimates will be encumbered at the beginning of each fiscal year for amounts expected to be expended each quarter with respect to positions carried forward from the preceding fiscal year. These amounts are determined by analyzing Budget Schedule 8, Supplementary Schedule of Salaries and Wages (see SAM Chapter ~~6000~~6448). Change in Established Positions, [STD. Form 607](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std607.pdf) (see SAM Section [8531](http://www.sam.dgs.ca.gov/TOC/8500.aspx)), will be used to encumber blanket positions and new positions authorized in the current fiscal year to disencumber positions abolished

*RS 9/2/2020 JT 9/4/2020*

# OPERATING EXPENSES AND EQUIPMENT ENCUMBRANCE OF THE LAG 8342.1

(Deleted and content moved to 8342, 09/2020~~Revised 12/2015~~)

While many types of expenditures can be encumbered from purchase estimates, printing estimates, leases, contracts, etc., many cannot. Unencumbered balances of certain allotments ~~would be over-stated if charges to allotments were made at the time invoices were filed for~~ ~~payment. For the unencumbered balances shown in accounts and on reports to accurately~~ reflect the true financial condition of the allotments, departments may encumber certain types of expenditures at the beginning of each fiscal year. These amounts should represent their best estimates of obligations outstanding as of the end of an average month but not otherwise ~~encumbered by estimates, leases, etc. This estimated amount is called "the lag". The lag may~~ be encumbered using the Purchase Order/ Estimate Change Request, (Std. 96), modified where necessary, with the appropriate explanation stated thereon. Departments will prepare this form in original only, using it merely as an internal document. This form also may be used to adjust ~~the lag, if necessary.~~

The amount of lag necessary will vary among allotments within a department and among departments depending on promptness in receiving and scheduling invoices for payment. Past experience has indicated that a lag of up to 15% of the annual allotment may be desirable for allotments where no encumbering estimates, leases, or contracts are issued. Allotments with about one-half their expenditures representing items originally encumbered by estimates, ~~leases, and contracts may require a lag of up to 10% of the annual allotment.~~

Departments will be responsible for estimating the proper lag to meet their own circumstances and will make revisions, as required, based on experience. Departments that account for allotments on a quarterly basis, for management purposes, may encumber the lag at the beginning of each quarter and reverse it on the first day of the subsequent quarter. Reversal of the lag has the effect of disencumbering estimated amounts, thereby increasing unencumbered balances to permit charging invoices to allotments after the end of the quarter. The Std. 96 may ~~be used to reverse the lag.~~

*RS 9/2/2020 JT 9/4/2020*

# BLANKET ESTIMATES 8342.2

(Deleted and content moved to 8342, 09/2020~~Revised and Renumbered 2/1965~~)

~~Agencies will be governed by requirements of the Office of Procurement, Department of General~~ ~~Services, concerning the submission of estimates to obtain blanket purchase orders. (See SAM~~ ~~Section 3568.) Blanket estimates, and the resulting blanket purchase orders, will merely be~~ ~~considered authorizations to purchase. Blanket estimates and blanket purchase orders will not~~ ~~be accounted as encumbrances. This procedure permits the unencumbered balances shown in~~ ~~accounts and on reports to reflect more accurately the true financial condition of the allotments.~~ ~~Expenditures made under blanket purchase estimates and orders ordinarily will be treated as a~~ ~~deduction from unencumbered balance with no encumbrance being recorded except for the~~ ~~estimated lag. Where such purchases are of a substantial amount in relation to total operating~~ ~~expenses, agencies may establish a separate Allotment-Expenditure Ledger card for the items~~ ~~covered by a blanket estimate. Agencies should either (a) establish a lag for this allotment~~ ~~causing the unencumbered balance to represent the approximate amount available for~~ ~~additional encumbrances or (b) encumber individual sub-purchase orders if a finer control is~~ ~~required to meet their needs. Supply Order, Std. Form 116, may be used as an encumbrance~~ ~~document for supplies purchased from Central Stores.~~

*RS 9/2/2020 JT 9/4/2020*

# DETAILED INSTRUCTIONS 8342.3

(Deleted and content moved to 8342, 09/2020~~Revised 5/2016~~)

~~The manner of recording encumbrances for the operating expense and equipment category~~ ~~varies, depending upon the type of expenditure involved. Explanations below are intended to~~ ~~clarify the manner of accounting for various types of expenditures.~~

Traveling-in-state: Departments may encumber at the beginning of each fiscal year an amount ~~equal to their best estimate of the amount of expenses actually incurred as of the end of a~~ ~~month but not reflected on the records because the traveling expense claims either have not~~ ~~been submitted or having been submitted have not been scheduled for payment.~~

~~Utilities: Departments may encumber at the beginning of each fiscal year an amount equal to~~ ~~their best estimate of the amount of expenses actually incurred as of the end of a month but not~~ ~~reflected on its records because the bills either have not been received or, having been~~ ~~received, have not been scheduled for payment. (See SAM section 8342.1)~~

~~General Expense and all other types of expenditures where commitments are made:~~ ~~Departments may encumber at the beginning of each fiscal year an estimate of the amount of~~ expenses actually incurred at the end of the month for which specific encumbrance documents ~~have been issued and which are not reflected, due to the delay in receiving invoices and~~ ~~scheduling claims for payment. (See SAM section 8342.1)~~

~~Departments shall encumber estimated expenses for each item or service of $500,000 or~~ greater. However, if the full amount is payable within 90 days the expense does not need to be ~~encumbered.~~

~~Rent-building space: Departments shall encumber, either at the beginning of each fiscal year or~~ on a monthly basis, an amount equal to commitments made for that fiscal period, as shown on ~~the rental or lease agreement. Encumbrance may be made to reserve funds for renewal of~~ ~~leases containing such an option if the department intends to exercise this right of renewal.~~

*RS 9/2/2020 JT 9/4/2020*

**ENCUMBRANCES - OPERATING EXPENSES AND EQUIPMENT 8342**

(New 09/2020)

*(Content in black was moved from Section 8342.3, which was deleted 09/2020)*

The manner of recording encumbrances for the operating expense and equipment category varies, depending upon the type of expenditure involved. Explanations below are intended to clarify the manner of accounting for various types of expenditures.

# Traveling-in-S~~s~~tate or (In-State Travel):

Agencies/~~D~~departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on the records because the traveling expense claims either have not been submitted or having been ~~submitted have not been scheduled~~invoiced, but not processed for payment.

# Utilities:

Agencies/~~D~~departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on its records because the bills either have not been received or, having been received, have not been ~~scheduled~~ processed for payment. ~~(See SAM~~ ~~section 8342.1)~~

# Rent-B~~b~~uilding S~~s~~pace:

Agencies/~~D~~departments shall encumber, either at the beginning of each fiscal year or on a monthly basis, an amount equal to commitments made for that fiscal period, as shown on the rental or lease agreement. Encumbrance may be made to reserve funds for renewal of leases containing such an option if the agency/department intends to exercise this right of renewal.

# General Expense and all other types of expenditures where commitments are made:

Agencies/~~D~~departments may encumber at the beginning of each fiscal year an estimate of the amount of expenses actually incurred at the end of the month for which specific encumbrance documents have been issued and which are not reflected, due to the delay in receiving invoices and scheduling claims for payment. ~~(See SAM~~ ~~section 8342.1)~~

Agencies/~~D~~departments shall encumber estimated expenses for each item or service of

$500,000 or greater. However, if the full amount is payable within 90 days the expense does not need to be encumbered.

# Estimating Encumbrances

*(Content in black was moved from Section 8342.1, which was deleted 09/2020)*

While many ~~items~~ types of expenditures can be encumbered from purchase estimates, printing estimates, leases, contracts, etc., many cannot. Unencumbered balances of certain ~~allotments~~ appropriations would be over-stated if charges to ~~allotments~~ appropriations were made at the time invoices were filed for payment. Therefore, ~~that~~For the unencumbered balances shown in accounts and on report

in order moreto

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accurately reflect the true financial condition of the ~~allotments~~appropri agencies/departments ~~will~~ may encumber certain ~~allotments~~ types of expenditures at the beginning of each fiscal year. ~~in amounts~~ These amounts should represent~~ing~~ their best estimates of obligations outstanding as at the end of an average month but not otherwise encumbered by estimates, leases, etc.

This estimated amount may be encumbered using the requisition, purchase order or other purchasing documentation ~~is called "the lag" The lag will be recorded on the Allotment-~~ ~~Expenditure Ledger by one of two methods:~~

~~Request for Purchase Order or Estimate Change, Std. Form 96, may be used, modified~~ ~~where necessary,~~ with the appropriate explanation stated thereon. Agencies/departments will prepare ~~this form in original only,~~ the estimates using ~~it merely as an~~ internal documentation.

1. ~~This form also may be used to adjust the lag, if necessary.~~
2. The lag at the beginning of the year may be reflected in the initial journal entry ~~recording the annual budgetary allotments. The amounts allotted, amounts encumbered for the lag, and the unencumbered balances will be shown for each allotment concerned.~~

The amount of ~~lag necessary~~the estimate will vary among ~~allotments~~ appropriations within an agency/department and among agencies/departments depending on promptness in receiving and ~~scheduling~~ processing invoices for payment.

~~Past experience has indicated that a lag of up to 15% of the annual allotment may be desirable~~ ~~for allotments where no encumbering estimates, leases, or contracts are issued. Allotments with~~ ~~about one-half their expenditures representing items originally encumbered by estimates,~~ ~~leases, and contracts may require a lag of up to 10% of the annual allotment.~~

Agencies/departments will be responsible for ~~estimating~~ determining the proper ~~lag~~ encumbrance estimate to meet their own circumstances. Agencies/departments will make revisions, as required, based on experience.

Agencies/department that account ~~allotments~~ appropriations on a quarterly basis, for a~~gency~~ management purposes, ~~should record the lag~~may encumber the estimate at the beginning of each quarter and reverse it on the first day of the subsequent quarter.

Reversal of the ~~lag~~ estimate has the effect of disencumbering estimated amounts, thereby increasing unencumbered balances to permit charging invoices to ~~allotments~~ appropriations after the end of the quarter. ~~Std. Form 96 may be used to reverse the lag.~~

*(Content in black was moved from Section 8342.2, which was deleted 09/2020)*

# Purchase Estimate/Requisition

Agencies/departments will be governed by requirements of the ~~Office of Procurement,~~ Department of General Services, Procurement Division (DGS), concerning the submission of estimates to obtain blanket purchase orders. (See DGS Procurement Division-Services) ~~SAM Section 3568.~~)

Blanket estimates~~, and the resulting blanket purchase orders,~~ will merely be considered authorizations to purchase. Blanket estimates and blanket purchase orders will not be accounted as encumbrances.

This procedure permits the unencumbered balances shown in accounts and on reports to reflect ~~more~~ the accurate~~ly~~ ~~the true~~ financial condition of the ~~allotments~~appropriations.

Expenditures made under blanket P~~p~~urchase E~~e~~stimates (STD. 66) and Purchase O~~o~~rders (STD. 65) ordinarily will be treated as a deduction from unencumbered balance with no encumbrance being recorded except for the estimate~~d lag~~.

Where such purchases are of a substantial amount in relation to total operating expenses, agencies/departments may establish an ~~separate Allotment-Expenditure Ledger card for~~ ~~the items covered by a blanket estimate. Agencies should either (a) establish a lag for this~~ ~~allotment~~estimate for this appropriation causing the unencumbered balance to represent the approximate amount available for additional encumbrances. ~~or (b) encumber~~ ~~individual sub-purchase orders if a finer control is required to meet their needs. Supply~~ ~~Order, Std. Form 116, may be used as an encumbrance document for supplies~~ ~~purchased from Central Stores.~~

Agencies/departments using FI$Cal will record blanket estimates using requisitions and Encumbrance Only Purchase Orders.

*RS 9/2/2020 JT 9/4/2020*

# ENCUMBRANCES - CAPITAL OUTLAY 8343

(Revised ~~10/1971~~09/2020)

These allotments usually will be encumbered by individual encumbrance documents.

Usually purchases of real property are subject to the provisions of the Property Acquisition Act. (See SAM Section [8705](http://www.sam.dgs.ca.gov/TOC/8700.aspx).) Agencies/departments ~~will~~ may encumber the estimated amounts of such expenditures by using ~~Request for~~a Purchase Order ~~or~~/ Estimate Change, ([S](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std096.pdf)~~[td](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std096.pdf)~~[TD.](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std096.pdf) ~~[Form](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std096.pdf)~~ [96](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std096.pdf)), as an internal accounting document. For FI$Cal agencies/departments, a Purchase Order is used.

For projects conducted by the Division of the State Architect, Controller’s Transfers supported by Public Works Project Authorization and Transfer Requests will be posted to the applicable appropriations.

*RS 9/2/2020 JT 9/4/2020*

# EXPENDITURES 8360

(Revised ~~3/1987~~09/2020)

# General

Expenditures are normally ~~are~~ classified in the same detail as budget ~~allotments. (See~~ ~~SAM Section 8301.) If a finer analysis is necessary, transactions will be coded in a single~~ ~~account. The additional analysis then can be obtained by reviewing the Allotment-~~ ~~Expenditure Ledger account at any time~~appropriations and must be recorded in

accordance with the state’s accounting policies.

~~Agencies, particularly the smaller ones, ordinarily will find it advantageous to show in the~~ ~~Claims Filed Register whether or not the amount scheduled liquidates encumbrances.~~

~~Agencies may, when circumstances warrant, debit Account No. 5350, Reserve for~~ ~~Encumbrances, and credit Account No. 6150, Encumbrances, from a monthly journal~~ ~~entry summarizing transmittals of posting media, instead of recording the detail in the~~ ~~Claims Filed Register.~~

The amount of expenditures previously encumbered ~~by specific encumbrance~~ ~~documents applicable to each allotment will be recorded as a minus amount in the~~ ~~estimate column and as a plus amount in the expenditure column of the transaction~~ ~~section. This~~ will increase the expenditures ~~column~~ and decrease the unliquidated encumbrances. ~~column of the balance section.~~

The amount of expenditures not previously encumbered applicable to each ~~allotment~~ appropriation will be recorded ~~in the~~ as expenditures. ~~column of the transaction section.~~ This will increase the expenditures ~~column~~ and decrease the unencumbered balance of the appropriation.~~column of the balance section.~~

# Personnel Services

Salaries and wages, and contributions for OASDI, health, dental, and vision care benefits paid under the uniform payroll system may be recorded in the appropriation from the Payroll Expenditure Register or from the documents that support the register, such as the Notices of State Payroll Revolving Fund Transfers and the Payroll Warrant Registers.

# Operating Expenses and Equipment

All items scheduled for payment will be posted to appropriate allotments from the amounts shown on the invoices included in claims presented to the State Controller’s Office (SCO)~~Claim~~ ~~Schedule, STD. 218 (Continuous) or duplicate copies of invoices~~

Expenditures resulting from ~~Controller's~~ SCO’s transfer will be recorded from individual journal entries.

# Abatements

A reduction to an expenditure that has already been made. Only specific types of receipts are accounted for as abatements, these include refund of overpayment of salaries, rebates from vendors or third parties for defective or returned merchandise, jury duty and witness fees, and property damage or loss recoveries. Abatements are normally posted to the appropriation from the: (1) General Cash Receipts Register, (2) Invoice Register, or (3) Clearance Register. The amount applicable to each appropriation is recorded as a credit amount in the expenditures.

This entry will decrease the expenditure total and increase the unencumbered balance. The unliquidated encumbrance will be affected only if an encumbrance must be re-established.

*RS 9/2/2020 JT 9/4/2020*

# PERSONAL SERVICES 8361

(~~Revised 2/1999~~Deleted and content added to 8360 09/2020)

~~Salaries and wages and contributions for retirement, OASDI, health, dental, and vision~~ ~~care benefits paid under the uniform payroll system will be recorded in the appropriate~~ ~~allotment from the expenditure analysis columns of the Payroll Expenditure Register. If~~ ~~distribution is not practical in this register, it will be made from the documents that~~ ~~support this register, that is, Notices of State Payroll Revolving Fund Transfers and/or~~ ~~Payroll Warrant Registers.~~

~~Workers' Compensation expenditures will be posted to the appropriate personal~~ ~~services allotments utilizing the same type of documentation as described in the~~ ~~following section for operating expenses and equipment~~

*RS 9/2/2020 JT 9/4/2020*

# OPERATING EXPENSES AND EQUIPMENT 8362

(~~Revised 9/2014~~Deleted 09/2020)

~~All items scheduled for payment will be posted to appropriate allotments from the~~ ~~amounts shown on the Claim Schedule, STD. 218 (Continuous) or duplicate copies of~~ ~~invoices.~~

~~Expenditures resulting from Controller's transfer will be recorded from individual journal~~ ~~entries.~~

# CAPITAL OUTLAY 8363

(~~Revised 3/1987~~Deleted 09/2020 and content added to 8343)

~~For projects conducted by the Office of Architecture and Construction, Controller's~~ ~~Transfers supported by Public Works Project Authorization and Transfer Requests will~~ ~~be posted to appropriate allotments.~~

# ABATEMENTS 8364

(~~Revised 3/1987~~Deleted 09/2020 and content added to 8360)

~~Posting usually will be made from the: (1) General Cash Receipts Register, (2) Invoice~~ ~~Register, or (3) Clearance Register. The amount applicable to each allotment usually~~ ~~will be recorded only in the expenditure column of the transaction section. This entry will~~ ~~decrease the expenditure column and increase the unencumbered balance column of~~ ~~the balance section. (The unliquidated encumbrance column will be affected only if an~~ ~~encumbrance must be re-established.) See SAM Sections 8720 and 8730 for~~ ~~instructions regarding accounting of Sales and Use taxes.~~

*RS 9/2/2020 JT 9/4/2020*

# REIMBURSEMENTS 8365

(Revised 09/2020~~Renumbered 2/1965~~)

~~Postings usually will be made from the: (1) General Cash Receipts Register, (2) Invoice~~ ~~Register, or (3) Clearance Register.~~Amounts received as a payment for the cost of services performed/to be performed, or of other expenditures made for, or on behalf of, another entity (e.g., an agency/department reimbursing another for administrative work performed on its behalf).

Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure up to the budgeted amount (scheduled in an appropriation), and a budget revision must be prepared and approved by the Department of Finance before any reimbursements in excess of the budgeted amount can be expended.

The amount applicable to each ~~allotment~~ appropriation will be recorded as a minus amount in the expenditures ~~column of the balance section be increasing the minus~~ ~~balance in that column~~. This~~e~~ entry will increase the unencumbered balance, and ~~usually~~ ~~by~~ decrease~~ing~~ the ~~minus balance in that column~~expenditures.

*RS 9/2/2020 JT 9/4/2020*

# YEAR-END ACCRUALS 8380

(Deleted 09/2020~~Revised 2/1999~~)

~~Expenditures, abatements, and reimbursements accrued as of June 30 and liquidations~~ ~~of encumbrances resulting from such accruals will be posted to the applicable~~ ~~allotments. See SAM Sections 10602 and 10608 for accrual procedures applicable to all~~ ~~funds for which Allotment Expenditure accounts are maintained.~~

~~Allotment-Expenditure accounting for any appropriation is discontinued at the end of the~~ ~~period of availability for encumbrance of the appropriation. Thereafter, monthly~~ ~~summary postings of expenditure, abatement, and reimbursement transactions affecting~~ ~~such appropriations will be posted by appropriation only to the applicable appropriation~~ ~~accounts in the subsidiary Prior-Year Appropriation Adjustments Ledger.~~

~~Discontinued Allotment-Expenditure Ledger accounts will be retained in a closed file for~~ ~~audi~~

# ONE-YEAR APPROPRIATIONS 8381

(Deleted 09/2020~~New 2/1965~~)

~~The year-end accruals posted to Allotment-Expenditure accounts for support~~ ~~appropriations or other one-year appropriations will be the last postings made to those~~ ~~accounts~~

# CONTINUING APPROPRIATIONS 8382

(Deleted 09/2020 and content moved to Section 8326~~Revised 2/1999~~)

~~Continuing appropriations are available for encumbrance during more than one fiscal~~ ~~year (typically capital outlay appropriations). For the first year of availability,~~ ~~departments will record the entire appropriation in the allotment columns of the~~ ~~allotment expenditure ledger. At the beginning of each subsequent year that the~~ ~~appropriation is available for encumbrance, departments will:~~

* 1. ~~Record the previous year's ending unencumbered balance as the new allotment,~~
  2. ~~Reverse the previous year's accrued expenditures and accrued accounts payable entry, and~~
  3. ~~Record amounts for encumbrance and reserve for encumbrance equal to the accrued expenditures as illustrated in SAM Section 10609.~~

~~The reversal of prior year accruals will create a negative balance (credit) in the~~ ~~expenditure columns in the allotment expenditure ledger. This negative expenditure~~ ~~balance will equal the unliquidated encumbrance total. This procedure will also make~~ ~~the beginning unencumbered balance equal to the previous year's ending~~ ~~unencumbered balance.~~

~~The preceding allotment expenditure procedures will:~~

1. ~~Make the expenditures in the allotment expenditure agree with expenditures in the general ledger, and~~
2. ~~Provide a record of transactions by fiscal year.~~

~~During the last year that a continuing appropriation is available for encumbrance, the~~ ~~accounts and transactions will be treated the same as a one-year appropriation.~~

*RS 9/2/2020 JT 9/4/2020*

# ~~GENERAL~~CENTRAL SERVICE ROLES FOR PAYROLL PROCESS 8500

(Revised ~~06/13XX~~09/2020)

This chapter provides statewide policies, regulations, and procedures on payrolls for state civil service employees. Agency/department human resources offices can provide additional guidance in these areas. Below is the description of the roles of the central service agencies/departments within the payroll procecesses:

~~Established by the State Constitution,~~ Tthe State Personnel Board ([SPB](http://www.spb.ca.gov/)) was established by the California State Constitution to administer~~s~~ the state’s civil service system, which includes ~~ing~~ a merit-based selection process for ~~selection~~ ~~and employee discipline.~~

* ~~The SPB oversees the merit-based recruitment and selection process for the~~ hiring ~~of~~ state employees and ~~as well as~~ provides direction to agencies/departments through the board’s decisions, rules, and policies. ~~In addition, t~~The SPB reviews agency/departments’ personnel practices for compliance with the merit system. The SPB also investigates and resolves~~adjudicates~~ alleged violations of the law that ~~which~~ are filed by employees, applicants, and members of the public and reviews disciplinary actions brought against state employees.

The SPB administrative actions are governed by Article VII of the California Constitution and the State Civil Service Act (Government Code sections [18500-](http://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml) [19799](http://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml)). These provisions are made more specific by the SPB rules (California Code of Regulations, Title 2, Division 1, Chapter 1).

* The California Department of Human Resources ([CalHR](http://www.calhr.ca.gov/Pages/home.aspx)) is responsible for managing the state's personnel functions and represents the Governor as the "employer" in all matters concerning state employer-employee relations. These include all ~~CalHR is responsible for all~~ issues related to salaries and benefits, job classifications, civil rights, training, exams, recruitment~~ing~~, and retention.~~aining.~~ For most employees, many of these matters are determined through the collective bargaining process managed by CalHR.

CalHR administers its programs under Government Code sections [19815-](http://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml) [19999.7](http://leginfo.legislature.ca.gov/faces/codesTOCSelected.xhtml). These provisions are made more specific by CalHR rules (California Code of Regulations, Title 2, Division 1, Chapter 3). For the rank and file employees, these laws and rules may be superseded by a Memorandum of Understanding (MOU) negotiated under the State Employer–Employee Relations Act. In certain areas, the ~~Personnel Transactions~~ [Human Resources Manual](http://hrmanual.calhr.ca.gov/Home/ManualItem) provides detailed guidelines and procedures.

* The State Controller's Office ([SCO](http://www.sco.ca.gov/)) is responsible for administering ~~operating~~ the Uniform State Payroll System ~~state's payroll system~~ and processing all personnel and payroll transactions ~~documents~~. Procedural information is available in the SCO's Payroll Procedures Manual and the Personnel Action Manual. See SAM section 8520 for a summary of SCO’s payroll functions.

The Department of Finance (Finance) approves positions through the budgetary control of salaries and wages coordinated with personnel procedures.

* ~~Departmental human resources office can provide additional guidance in these areas.~~

*RS 9/16/2020 WY 9/17/2020*

# SAM—PAYROLLS

**STATE PAY PLAN (PAY FREQUENCY) 8510**

(Revised ~~9/00~~09/2020)

In accordance with the California Code of Regulations, ~~Board of Control Rule~~Title 2, section [633.2](https://govt.westlaw.com/calregs/Document/IE5138CEEB99B47898EA4DE31E0E9A506?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default)), an~~salaries of State officers and~~ employee~~s~~ whose salary is established on a monthly basis shall receive their monthly salary based on~~will be paid on the~~ ~~basis of~~ 12, nearly equal, pay periods each year.

* The pay period, referred to as a calendar month, will contain either 21 or 22 normal workdays~~, called a calendar month~~. Normal workdays are Monday through Friday, including holidays during the week.~~The exception is when~~ If there are more than 22 or fewer than 21 normal workdays in a month, ~~then~~ the pay period may end one day before or after the end of the calendar month. On rare occasions the pay period may end two days before the end of the calendar month.
* The end of the third monthly pay period, in each quarter, will always coincide with the end of the calendar quarter.
* Annual~~Monthly~~ salary rates are divided among twelve ~~are the pay for~~ full pay periods of employment.
* Hourly rate employees will be paid for the same pay periods as prescribed for monthly rate employees.
* The California Code of Regulations, [Title 5](https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=I836118C0D47E11DEBC02831C6D6C108E&originationContext=documenttoc&transitionType=Default&contextData=(sc.Default)), and the State Controller’s

Office’s [Payroll Procedure Manual](https://sco.ca.gov/ppsd_ppm.html) prescribe s~~S~~pecial procedures for~~apply to~~ academic-year employees and ten-month academic employees in s~~S~~tate universities~~, prescribed by Title 5 of the California Code of Regulations and~~ ~~the SCO's Payroll Procedures Manual~~.

*RS 9/16/2020 WY 9/17/2020*

# SUMMARY OF CONTROLLER'S PAYROLL FUNCTIONS 8520

(Revised ~~4/01XX~~09/2020)

Per ~~In accordance with~~ Government Code s~~S~~ections [12470- ~~to~~ 12481~~77~~](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&amp%3Bdivision=3.&amp%3Btitle=2.&amp%3Bpart=2.&amp%3Bchapter=5.&amp%3Barticle=5) and 16390- [16395](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=16395) and ~~Board of Control Rule 660~~California Code of Regulations, Title 2, sections 633.7 and 633.8, the [State Controller’s Office (SCO) is responsible in the](http://www.sco.ca.gov/) [administering of](http://www.sco.ca.gov/)~~performs the following functions in connection with operating~~ the U~~u~~niform State P~~p~~ayroll S~~s~~ystem:.

The SCO’s Personnel and Payroll Services Division (PPSD) performs the following major functions:

* Audits, adjusts, and processes all personnel and payroll transactions for state civil service, exempt, state court, and California State University employees.
* Distributes payroll warrants to all state employees.
* Provides information and training required to manage the human resources of the state.
* Accounts for salary and wage exp~~o~~enditures.
* Provides data to the retirement systems for the calculation of employee retirement benefits.

Refer to the PPSD webpage for additional resources related to payroll and personnel processes/procedures.

1. ~~Records approved position and personnel documents in payroll rosters to provide fiscal payroll control for DOF, SPB, and CalHR for both civil service and exempt positions.~~
2. ~~Computes gross pay, retirement contributions, State and federal withholding tax, Social Security/Medicare, other deductions, and net pay for monthly, daily, hourly, and miscellaneous rate employees as well as for emergency employees, seasonal help, and overtime.~~
3. ~~Prepares all payrolls, salary warrants, direct deposit payments, and employees' statements of earnings and deductions.~~
4. ~~Issues disability payments.~~
5. ~~Verifies that all monthly rate employees whose appointments have been certified to SCO are included on the payroll or notifies the State agency of any exceptions.~~
6. ~~Transfers funds for payroll disbursements and State contributions for employees' retirement, Social Security/Medicare, and other benefits from the various appropriations to the State Payroll Revolving Fund and notifies the State agencies and the State Treasurer of these fund transfers.~~
7. ~~Provides the State agencies with a payroll warrant register for each prepared payroll.~~
8. ~~Remits the amount of payroll deductions directly to the retirement systems, tax authorities, insurance carriers and others and performs all accounting operations in connection therewith.~~
9. ~~Prepares annual Withholding Statements, Form W-2, as well as quarterly and annual withholding State tax returns for salaries, wages, taxable benefits, and employee business expenses.~~
10. ~~Pre-lists regular employees' names on attendance report forms and distributes them to the State agencies at the beginning of each pay period.~~
11. ~~Processes regular merit salary adjustments for employees.~~
12. ~~Prepares the bank reconciliation and maintains the outstanding warrant file for payroll disbursements.~~
13. ~~Makes annual report of salary rates as basis for life insurance coverage under a group insurance policy.~~
14. ~~Audits time compensated against personnel months authorized for each class within each budgetary group for all agencies.~~
15. ~~Prepares annual reports of past and anticipated future salaries and wages expenditures for all State agencies for use in budget preparation.~~
16. ~~Provides special services for selected State agencies.~~
17. ~~Operates U.S. Savings Bond Payroll Deduction and Purchase Program.~~

*RS 9/16/2020 WY 9/17/2020*

# ~~GENERAL~~ PERSONNEL PROCEDURES - ESTABLISHED POSITIONS 8531

(Revised ~~10/88XX~~09/2020)

# Established Positions

Established positions are assigned and approved by the Department of Finance (Finance) through the~~Personnel procedure is coordinated with~~ budgetary control of salaries and wages process~~by means of established positions~~. No employee may be appointed ~~except~~ to a position unless the position is~~which has been~~ properly established and approved by Finance.~~the Department of Finance to fix its class title,~~ ~~duration, organizational function, and the budget allotment from which the salary is~~ ~~payable.~~

P~~Each p~~osition not previously established on a continuing~~ing~~ basis through the budgetary control of salaries and wages process must be established by ~~the~~ submitting a ~~submission of~~ Change in Established Positions form, [STD. 607](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=607), to ~~the Department of~~ Finance. Form STD. 607 is used to change or abolish positions. ~~Factors that change~~ ~~or abolish positions are reported on this form.~~

Encumbrance~~s~~ increases and disencumbrance decreases~~s~~ are recorded on STD. 607, against current budget ~~allotments~~ and indicated in the e~~E~~stimates r~~R~~egister and ~~allotment-~~expenditure accounts.

# Blanket Positions

With the approval of Finance, b~~B~~lanket positions may be established for temporary or seasonal help, overtime, and other purposes. ~~, in which~~ A~~a~~ny number of persons may be employed within budgetary limits as to the amount of money budgeted~~allotted~~ in the blanket position allotments.~~, may be established for temporary or seasonal help,~~ ~~overtime, and other purposes, with approval of the Department of Finance.~~

Form STD. 607 is used to report amounts encumbered against the blanket position allotments. ~~Amounts encumbered against blanket position allotments are reported on~~ ~~STD. 607.~~ The State Controller’s Office ( [SCO)](http://www.sco.ca.gov/) will summarize expenditures from blanket positions as of the tenth of each month. It ~~and~~ will withhold any subsequent warrants for positions shown by such summary to be over-expended. Such warrants will be released upon receipt of STD. 607 increasing the approved encumbrance for those positions.

# Interchangeable Classifications

~~In order t~~To promote the policy of recruiting employees at the entry or "trainee" level and subsequently advancing these employees to the journey- person level when qualified, without further budgetary action, certain classifications are established interchangeably with the approval of ~~the Department of~~ Finance.

The form STD. 607 applicable to these positions will show the appropriate combination of "trainee/-journey- person" titles with~~and will show~~ the class code at the "journey- person" level ~~with~~ and the other class code(s) in parentheses. The positions will be reflected in the SCO's file with the "journey- person" class code and will not be changed when the class of the incumbent is changed.

Refer to Payroll Procedure Manual section [C305](https://www.sco.ca.gov/Files-PPSD/PPM/ppm_section_c_positioncontrol.pdf) for more information on interchangeable classes.

*RS 9/16/2020 WY 9/17/2020*

# PERSONNEL PROCEDURES - POSITION NUMBERS 8533

(Revised ~~12/99XX~~09/2020)

Positions ~~are~~ numbers are a 13-digit number to identify~~ied~~ established positions.~~on~~ ~~documents, budget schedules, agency rosters, the SCO's Employment History Data~~ ~~Base, and payrolls by a 13-digit code number made-up as follow:~~ The position number consists of agency code, reporting unit code, class code, and serial number.

# Agency Code:

Three-digit code identifying the agency or major subdivision for personnel/payroll use, and the fund from which salaries are payable. The agency code~~is number~~ is assigned by the State Controller’s Office (SCO).

# Reporting Unit Code:

Three-digit code identifying the budgetary function and the location of attendance reporting units within the agency code. (When positions are authorized to be used in any of several attendance reporting units, [STD. 607](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=607) may show budget function codes instead of reporting unit codes to identify a group of reporting units.) These codes are assigned by the agency/department to conform with the organizational structure, with the approval of the [Department of Finance](http://www.dof.ca.gov/) and ~~the~~the [SCO](http://www.sco.ca.gov/).

# Class Code:

Four-digit code identifying the civil service class or exempt position title, as shown in the Civil Service Pay Scales or Exempt Pay Scales.

# Serial Number:

Three-digit code identifying the individual position within the class and function. Serial numbers in the seven and eight hundred series identify employees in interchangeable classes, and the nine hundred series identifies blanket positions.

Refer to Payroll Procedure Manual section [C300](https://www.sco.ca.gov/Files-PPSD/PPM/ppm_section_c_positioncontrol.pdf) for more information.

*RS 9/16/2020 WY 9/17/2020*

# PERSONNEL PROCEDURES - ATTENDANCE RECORD 8534.1

(New 09/2020 and renumbered from 8539)

In accordance with the California Code of Regulations, Title 2, section [599.665](https://govt.westlaw.com/calregs/Document/IBC46D1005D9711E4A9828577DD5F1BF2?viewType=FullText&listSource=Search&originationContext=Search%2BResult&transitionType=SearchItem&contextData=(sc.Search)&navigationPath=Search%2fv1%2fresults%2fnavigation%2fi0ad7140b0000017146f5e8dac85779b1%3fNav%3dREGULATION_PUBLICVIEW%26fragmentIdentifier%3dIBC46D1005D9711E4A9828577DD5F1BF2%26startIndex%3d1%26transitionType%3dSearchItem%26contextData%3d%2528sc.Default%2529%26originationContext%3dSearch%2520Result&list=REGULATION_PUBLICVIEW&rank=1&t_T1=2&t_T2=599.665&t_S1=CA%2BADC%2Bs), agencies/departments are responsible for maintaining accurate and timely leave accounting records for their employees. Agencies/departments shall create an audit process to review and correct leave input errors on a monthly basis. Refer to the Human Resource Manual section [2101](http://hrmanual.calhr.ca.gov/Home/ManualItem/1/2101).

# Certify Employee Individual Time Record

Individual time records are maintained by employees, signed by both the employees and the employees’ supervisor, and submitted to the agency/department human resources office (HR) for the record.

# Certify Attendance Records to State Controller’s Office

* Agency/department HR offices receive the original copy of the Time and Attendance Report, ~~CD-~~Form 672, from the State Controller’s Office ([SCO](https://sco.ca.gov/index.html)).
* HR offices verify information on ~~CD-~~Form 672 against individual time records of employees. The completed ~~CD-~~Form 672 maintained at the agency/department will be signed only by those authorized per the signature on file at the SCO.
* HR offices maintain lists of persons authorized to approve attendance documents supporting the ~~CD-~~Form 672.
* Agency/department must certify attendance to the SCO after the close of each pay period in the manner prescribed by the SCO.

# General Certification Rules

* Agencies/departments may designate specific individuals to certify attendance to their HR office. If specific individuals are not designated, an employee's supervisor will certify the attendance. Authorizing signatures will be compared to the authorized persons list maintained by the HR office, which will be continuously updated.
* The person certifying attendance reports cannot certify their own attendance report.

Refer to Payroll Procedure Manual section [D003](https://sco.ca.gov/Files-PPSD/PPM/PPM_Section_D_Attendance_2019_0619..pdf) for procedure and instruction on ~~CD-~~F**orm** 672.

*RS 9/16/2020 WY 9/17/2020*

# PERSONNEL PROCEDURES - OVERTIME 8534.2

(New 09/2020 and renumbered from 8540)

# Approve Overtime

Overtime is compensated either by cash payment or Compensated Time Off (CTO). All overtime should be approved by a designated supervisor. Overtime should be authorized and issued in accordance with bargaining unit agreements. Due to the nature of work carried out by an agency/department, management can retroactively approve overtime compensation.

# Record Overtime

Care should be exercised in recording the overtime hours on the monthly attendance reports and overtime records of the agency/department.

*RS 9/16/2020 WY 9/20/2020*

# PERSONNEL PROCEDURES - LEAVE ~~CARDS~~BALANCES RECORD 8534

(Revised ~~12/99~~09/2020)

~~This policy requires each agency/department to maintain sick leave and vacation~~ ~~records for each employee.~~Agencies/departments will be required to maintain all leave balance records for each employee.

* Monthly Employee Leave Record,~~Agencies will maintain sick leave and vacation records for each employee.~~ [STD. 642](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=642) or an equivalent form will be used to maintain individual sick leave and vacation credit balances.
* Absence and Additional Time Worked Report, ~~Information on sick leave and vacation usage will be obtained from monthly attendance reports, equivalent attendance summaries,~~ [STD. 634](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=634), or an equivalent form will be used to report monthly leave usage (e.g., sick leave, vacation, professional development day, etc.).
* ~~similar sources. All sick leave must be documented on STD. 634 or its equivalent.~~ An annual statement of leave will be distributed~~prepared~~ by the agency/department human resources office ~~and given~~ to each employee.
* Leave balance records ~~cards~~ and other supporting documents will be ~~adequately~~ securely protected and will not leave the premises.

*RS 9/16/2020 WY 9/17/2020*

**COMPENSATION AND DISABILITY INSURANCE - ~~WORKERS COMPENSATION INSURANCE~~ UNEMPLOYMENT INSURANCE 8535**

(Revised ~~12/99~~09/2020)

Unemployment Insurance (UI) is an employer-paid program that provides partial income replacement when an employee becomes unemployed or has their hours reduced and meet all eligibility requirements as defined by the Employment Development Department (EDD).

In accordance with the Unemployment Insurance Code (UIC) s~~S~~ections [135](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=UIC&amp%3BsectionNum=135) and [605](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=UIC&amp%3BsectionNum=605) ~~(effective January 1, 1978)~~, all service (with some exceptions) performed in the employment of a state agency/department is covered employment for ~~Unemployment~~ ~~Insurance (~~UI) compensation benefit purposes. The ~~agency/~~agencies/departments that employed the claimant during ~~the~~ the previous 12-month period ~~base period~~ (the base period) ~~is the twelve-month period on which a claim is based),~~ are directly liable to the Unemployment Insurance Fund for all benefits paid.

The EDD’s [Tax Branch](http://www.edd.ca.gov/about_edd/EDD_Services.htm#TaxBranch) ~~of the Employment Development Department will~~ processes the billing invoices to ~~the~~ ~~agency/~~agencies/departments on a quarterly basis. Payment of these invoices is due within thirty (30) days of the invoice date. ~~or Tthey~~The amount due will be subject to a late payment penalty of 10 percent plus daily interest at the adjusted annual rate ~~per~~under UIC section 803(f)~~established pursuant to Section 19269 of the~~ ~~Revenue and Taxation Code, computed on the total bill amount~~. Payment~~s~~ will be accounted for as a "Personal Services" expenditure from the appropriation ~~of the~~ ~~agency~~in which the payment is mad~~k~~e~~s payment~~.

Each agency/department head will designate staff that will administer UI in their respective agency/department.

The EDD’s Unemployment Insurance Branch should be the initial contact for all agencies/departments with questions regarding UI eligibility.~~The Personnel Officer or other~~ ~~designee so named by the agency director shall be responsible for the administration of UI~~ ~~claims within the department or agency.~~

~~The nearest Unemployment Insurance Field Office should be the initial contact for all~~ ~~agencies with questions regarding UI eligibility.~~

~~The Office of Risk and Insurance Management, Department of General Services, will be~~ ~~the contact for all agencies with questions regarding the internal administration of UI~~ ~~claims.~~

*RS 9/16/2020 WY 9/17/2020*

# COMPENSATION AND DISABILITY INSURANCE – TEMPORARY DISABILITY 8536 ~~PAYMENTS~~

(Revised ~~12/13~~09/2020)

~~The purpose of this Section is to provide some background on job-related disability~~ ~~payments and to prescribe accounting procedures relating to~~ Temporary Disability (TD) payments are~~checks~~ issued by the State Compensation Insurance Fund ([State Fund](https://www.statefundca.com/)). Specific instructions on payroll processing relating to TD and Industrial Disability Leave (IDL) are administered by the State Controller’s Office (SCO). ~~For instructions concerning the~~ ~~payroll process relating to Temporary Disability Compensation and~~

~~Industrial Leave, see~~Refer to s~~S~~ections E300 and E400 of the ~~State Controller’s~~ Payroll Procedures Manual (PPM).

Most agencies/departments are legally uninsured and participate in the Master Agreement with State Fund; relatively few~~only about 30~~ agencies/ departments ~~actually~~ purchase an insurance policy from State Fund. State Fund processes all disability claims for agencies/~~all State~~ departments.

Additionally, State Fund issues all TD payments that~~checks which~~ are sent directly to the claimant. TD benefits are paid when an employee is in~~not~~ eligible for or has exhausted their eligibility for the following:

* Industrial Disability Leave (~~IDL~~IDL)
* ~~or~~ Enhanced Industrial Disability Leave (EIDL) – see PPM section E 400 for EIDL eligibility
* Benefits provided by Labor Code section~~, or~~ 4800/ or 4800.5 ~~time~~.

If a claimant receives TD and the employing agency/department is covered under the Master Agreement, ~~organization is self-insured~~ State Fund will bill the employing agency/department~~organization~~ for the compensation payment and associated administrative costs. If the agency/department~~organization~~ is insured, it is entitled to the service and support without charge. For details regarding the Master Agreement and accounting of State Fund, see SAM sections 8780 and 8780.1.

When a claimant receives IDL, State Fund will send the employing agency/department a Notification of Approval form 3290 to verify benefits paid. ~~indicating periods of disability~~ ~~accepted as work related. This can be done via a Form 3290 or via email.~~ Once the agency/department receives approval, the human resources office ~~they~~ documents and keys a Miscellaneous Payroll/Leave Actions form, ([STD 671](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=671)), into SCO’s Payroll Input Process (PIP) Miscellaneous Detail screen. Instruction for PIP exceptions and form STD. 671 completion requirements are found in sections ~~See Sections~~ E006 and E007 of the

[~~State Controller’s~~ PPM](http://www.sco.ca.gov/ppsd_ppm.html) ~~for exceptions and form completion instructions~~.

An employee may use leave and holiday credits to supplement TD payments. For details, refer to the PPM section E301. Government Code s~~S~~ection [19863.1](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=19863) prohibits ~~payment~~ TD in addition to supplementation payments from~~in~~ exceeding~~ss of~~ an employee's full salary. If, at any time, the amount of the ~~temporary disability~~TD payment plus the amount of supplementation~~alary~~ paid to the employee exceeds the employee's regular full salary, the excess supplementation amount must be recovered from the employee by the employing agency/department~~organization from the employee~~..

*RS 9/16/2020 WY 9/17/2020*

**COMPENSATION AND DISABILITY INSURANCE - ~~ACCOUNTING FOR~~ THIRD PARTY RECOVERIES 8537**

(Revised ~~12/13~~09/2020)

Pursuant to Labor Code sections 3850-3865, t~~T~~he state may recover compensation benefits and other damages from a third party liable for the injury or death of a state employee. Amounts recovered by way of subrogation are the result of actions taken by the State Compensation Insurance Fund ([State Fund](https://www.statefundca.com/)).

The State Fund shall notify an agency/ department in writing when a subrogation case has been settled. Any amounts owing to the employing agency/~~; the~~ department will be credited to the proper appropriation as an abatement. The restoration of leave credits to an employee’s records from third party recovery will be at the direction of the State Fund.~~notified regarding the amount of recovery (cash or credit) and the manner in~~ ~~which the recovery is to be applied.~~

For ~~If there are~~ any questions, contact the Department of Gerneral Services, [Office of](http://www.dgs.ca.gov/orim/home.aspx) [Risk and Insurance Management](http://www.dgs.ca.gov/orim/home.aspx), ~~Department of General Services,~~ or the Staff Fund office which handled the claim. ~~See SAM Section 8775.~~

*RS 9/16/2020 WY 9/17/2020*

# ~~Rev 424~~ ~~DECEMBER 2013~~

**COMPENSATION AND DISABILITY INSURANCE - NONINDUSTRIAL DISABILITY INSURANCE 8538**

(Revised ~~and Renumbered from 8539 10/88~~09/2020)

Per the Human Resources Manual section 1411,~~Under the provision of Senate Bill No.~~ ~~1555, Chapter 341, Statutes of 1976,~~ the ~~Employment Development Department~~ ~~Employment Development Department~~ Employment Development Department (EDD) has administrative ~~is charged with the~~ responsibility of ~~administering~~ the Nonindustrial Disability Insurance (NDI) Program for s~~S~~tate employees. The EDD~~Employment~~ ~~Development Department~~ shall be reimbursed for its ~~Nonindustrial Disability~~ ~~Insurance~~NDI related administrative costs by the agencies/departments ~~State~~ ~~agencies or entities~~ employing individuals receiving ~~Nonindustrial Disability~~ ~~Insurance~~NDI benefits.

The EDD~~Employment Development Department~~ has developed procedures for ongoing reimbursement of its administrative costs ~~by~~from agencies/departments, based on actual costs for the number of employees paid benefits in respective periods. The Fiscal Programs Division of the ~~Employment Development Department~~EDD will process billing invoices for ~~Nonindustrial Disability Insurance Program~~NDI program administrative costs to participating agencies/departments through the State

Controller’s Office (SCO) on a quarterly basis. The SCO will make the reimbursement payments by a transfer from the appropriate agency/department operating account to the Unemployment Compensation Disability Fund.

Per control section 3.50 of the annual Budget Act, NDI benefit costs and administrative costs are to be charged to the appropriation from which salaries and wages are paid by agencies/departments.

~~Nonindustrial Disability Insurance Program payments shall be accounted for by the~~ ~~agencies in the following manner:~~

* 1. ~~Nonindustrial Disability Insurance benefit costs are charged as "Personal Service" expenditures, Section 3(a) of the Budget Act.~~
  2. ~~Nonindustrial Disability Insurance administrative costs are charged as "Operating Expenses and Equipment" expenditures, Section 3(b) of the Budget Act.~~

*RS 9/16/2020 WY 9/17/2020*

# ATTENDANCE RECORDS 8539

(~~Revised 9/00~~Deleted 09/2020 and renumbered to 8534.1)

~~Agencies will maintain complete records of attendance and absences for each employee~~ ~~during each pay period. These records will be properly certified. The original copy of the~~ ~~completed Time and Attendance Report form, 672, required by SCO and maintained at~~ ~~the agency, will be signed only by those authorized per the signature on file at SCO.~~

~~Lists of those persons authorized to approve attendance documents supporting form 672~~ ~~will be maintained in agency human resources offices. Agencies may designate specific~~ ~~individuals to certify attendance to the human resources office. If specific individuals are~~ ~~not designated, an employee's supervisor will certify the attendance. Authorizing~~ ~~signatures will be compared to the lists, which will be continuously updated.~~

~~Agencies must certify attendance to SCO after the close of each pay period in the~~ ~~manner prescribed by SCO.~~

~~When individual time records are maintained by employees, they will be signed by both~~ ~~the employee and the employee's supervisor.~~

Persons certifying attendance reports cannot certify his/her own attendance repo.

*RS 9/16/2020*

WY 9/17/2020

# OVERTIME 8540

(Deleted 09/2020 and renumbered to 8534.2~~Revised 04/01~~)

~~As a general practice, compensation for overtime, either by cash payment or time off,~~ ~~should be based upon prior written approval signed by a designated supervisor. It~~ ~~should also be authorized and issued in accordance with bargaining unit agreements.~~ ~~Due to the nature of work carried out by a state agency, management can retroactively~~ ~~approve this compensation. Care should be exercised in recording the overtime hours~~ ~~on the monthly attendance reports and overtime records of the employing State agency.~~

*RS 9/16/2020 WY 9/17/2020*

# TAX WITHHOLDING AND REPORTING - MOVING EXPENSES 8572.1

(Revised ~~12/02~~09/2020)

Federal and s~~S~~tate laws require that all payments for moving expenses be reported for income tax purposes.

Agencies/ ~~State agencies~~departments will report moving expense payments to the

S tate Controller’s~~C~~ Office. (Refer to the Payroll Procedures Manual ([PPM)](http://www.sco.ca.gov/ppsd_ppm.html) s~~S~~ection N 147, et seq~~.)~~. Where applicable, payments will be included on the employee’s W-2 form.

Federal and ~~State~~ state laws require the withholding of income, Social Security, and Medicare taxes from ~~certain~~ certain moving expense payments. **~~It is imperative that~~T ~~t~~he employee must be notified in writing, prior to moving, that certain moving expenses payments are subject to withholding.**

# Resources on Moving Expenses

* + For ~~reimbursement~~ reimbursement, refer to the California Code of Regulations, Title 2, sections ~~information on moving expenses, refer to the CalHR Regulations~~ [599.714 to 599.724.1](http://www.calhr.ca.gov/employees/Pages/relocation-reimbursement-excluded.aspx).
  + For tax advice on moving expenses, refer to the ~~Federal income, Social Security, and Medicare tax questions should be directed to the~~ Internal Revenue Service ([IRS](http://www.irs.gov/)) Publication 521 – Moving Expenses, or any local IRS office.
  + For federal income, Social Security, and Medicare tax questions, refer to the IRS.
  + For s~~. S~~tate income tax questions, refer to ~~should be directed to~~ the Franchise Tax Board .~~(FTB). Employees requesting tax advice should be referred to the IRS Publication 521--Moving Expenses, the IRS website: http://www.irs.gov, or any local IRS office.~~

# ~~INDETERMINATE FIELD ASSIGNMENT ALLOWANCES~~

**(TAX WITHHOLDING AND REPORTING-LONG TERM TRAVEL EXPENSES~~-INDEFINITE)~~**

# 8572.2

(Revised 09/2020~~12/02~~)

Per the California Code of Regulations, Title 2, section~~DPA Regulation~~ [599.619](https://govt.westlaw.com/calregs/Document/IB1CE4E105D9711E4A9828577DD5F1BF2?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default)), an ~~allows a~~ ~~State~~ agency/department may ~~to~~ reimburse employees for expenses incurred on a long-term ~~continuous indeterminate~~ field assignment at a job site away from its headquarters location. ~~for an extended period of time.~~

Based on federal and ~~State~~ state tax law (refer to the ~~Internal Revenue Service p Publication~~ ~~463~~Internal Revenue Service p ~~P~~ublication [463](http://www.irs.gov/pub/irs-pdf/p463.pdf)), long-term per diem (for continuous, indefinite field assignment anticipated to last more than one year) is subject to withholding of employment taxes (federal and s~~S~~tate income, Social Security, and Medicare).

**~~It is imperative that the employee be notified, prior to starting the assignment, that~~ ~~such reimbursements are subject to withholding~~**~~.~~ **The employee must be notified in writing by their supervisor/manager, prior to starting the assignment that such reimbursements are subject to ~~with~~wihtholding.** (Refer to the ~~Payment Procedures~~ ~~Manua~~l Payroll Procedures Manual s~~S~~ection [N 141](https://www.sco.ca.gov/Files-PPSD/PPM/ppm_section_n_nonusps_fb-ebes.pdf), et seq.)

# TAX WITHHOLDING AND REPORTING - PERSONAL USE OF STATE- PROVIDED VEHICLES 8572.4

(Revised ~~12/02~~09/2020)

The Internal Revenue Service (IRS) and the Franchise Tax Board regulations consider ~~as compensation that is subject to taxation~~ the value of all personal use of a s~~S~~tate - provided vehicle~~.~~ as taxable compensation. (Refer to the ~~IRS pPublication~~IRS p~~P~~ublication [15-B~~535~~](https://www.irs.gov/pub/irs-pdf/p15b.pdf) – Employer’s Tax Guide to~~o~~n Fringe Benefits—Business ~~Expenses~~ and the [Payroll Procedures Manual](http://www.sco.ca.gov/ppsd_ppm.html) s~~S~~ection [N 129](https://www.sco.ca.gov/Files-PPSD/PPM/ppm_section_n_nonusps_fb-ebes.pdf) et seq.) ~~Publication 535~~ ~~can be obtained from any local IRS office or via the IRS website:~~ [~~http://www.irs.gov.~~](http://www.irs.gov/)

~~The PPM is available in the State agency’s human resources and accounting offices.~~

Employees are required to provide monthly records on the use of s~~S~~tate vehicles, both personal and business, to their supervisor consistent with the law and departmental requirements.

*RS 9/16/2020 WY 9/17/2020*

# TAX WITHHOLDING AND REPORTING - UNIFORM ALLOWANCES 8572.5

(Revised ~~12/02~~09/2020)

In accordance with the California Code of Regulations, Title 2, sections 599.726-599.734, the state may make an allowance for uniforms replacement. In addition to the income reporting requirements, some uniform allowances are subject to withholding for retirement contributions. If applicable, the provisions for retirement contributions will be included in the employees’ Memorandum of Understanding (MOU). The MOUs can be located within each bargaining unit contract.

# Allowance Subject to Retirement Contributions

If the MOU stipulates that the uniform allowance ~~is~~ be subject to retirement contributions, agency/department accounting offices will not make uniform allowance payments to employees.

Agency/department human resources offices will request a payroll warrant be issued through the State Controller’s Office (SCO) payroll system. The payroll system will contribute the s~~S~~tate’s share and withhold the employee’s share of the retirement contributions. If applicable, the benefit will be reported and the employment taxes will be withheld.

# Allowance Not Subject to Retirement Contiributions

Agency/department accounting offices may pay uniform allowances not subject to retirement contributions. Payment may be made by issuing a revolving fund check or presenting a ~~claim scheduleregular voucher~~ claim to the [SCO](http://www.sco.ca.gov/). However, these payments are subject to the withholding and reporting requirements as provided in SAM Section 8572.

*RS 9/16/2020 WY 9/17/2020*

# TAX WITHHOLDING AND REPORTING ~~REQUIREMENTS FOR TAXABLE~~-

**FRINGE BENEFITS AND EMPLOYEE BUSINESS EXPENSES 8572**

(Revised ~~03/13~~09/2020)

Employment taxes (federal and state income, Social Security, and Medicare) apply to various employer payments, fringe benefits (FB), and employee business expense (EBE) reimbursements.

# Fringe Benefits

Fringe benefits are generally cash, goods, property, or services received from the employer in addition to an employee’s regular pay. Fringe benefits are reportable and taxable income unless ~~specifically~~ expressly excluded by federal and state tax laws, rules, regulations, etc.

# Employee Business Expense (EBE) Reimbursements

Employer reimbursements for EBEs (e.g., moving expenses, long term travel expenses, personal use of state-provided vehicles, uniform allowances, etc.) are taxable and reportable income ~~unless~~ when the sponsoring employer’s expense reimbursement arrangement does not satisfy all of the Internal Revenue Services ([IRS](https://www.irs.gov/)) ~~plan satisfies~~ Accountable Plan provisions and any unique requirements applicable per federal and state tax laws, rules, regulations, etc.

# Accountable Plan Provisions

* + ~~Accountable Plan criteria include: (1) e~~Expenses must be job- related–~~to the extent that~~ the expenses would be deductible on an employee’s personal income tax return.
  + The (2) employee must provide and the sponsoring employer must validate a detailed accounting of the expenses (including time, business purpose, place, and amount supported~~expenditures validated~~ by receipts). ~~(3) unsubstantiated amounts~~
  + Excess payments must be promptly returned to the employer.

Employee business expenses must satisfy other specific requirements. For example, ~~(e.g.~~ uniforms must satisfy federal and state definitions of what constitutes a uniform as well as be provided under an a~~A~~ccountable p~~P~~lan) before reimbursements qualify as non-taxable.

Employee business expenses reimbursements failing to meet either an a~~A~~ccountable p~~P~~lan or other mandated requirements are considered ~~issued under~~ a non- a~~A~~ccountable p~~P~~lan and are reportable and taxable income.

# Tax Withholding

Taxation is based upon the actual reimbursement amount. For non-cash benefits such

as personal use of a state- provided vehicle, the fair market value ~~of the benefit~~ is generally used to determine the tax liabilities~~.~~ .

The State Controller’s Office ([SCO](http://www.sco.ca.gov/)) processes applicable tax withholding as follows:

|  |  |
| --- | --- |
| Federal Income Tax: ~~225%~~ | 22% |
| State Income Tax:~~: 6.6%, except bonuses~~ | 6.6% |
| Social Security: ~~6.2%~~ | 6.2% |
| Medicar~~e~~ ~~: 1.45%, an additional~~ ~~0.9% in excess of $200,000 per calendar year~~ | 1.45%, an additional 0.9% in excess of  $200,000 per calendar year. |

See Payroll Procedures Manual (PPM) section [N171](https://www.sco.ca.gov/Files-PPSD/PPM/ppm_section_n_nonusps_fb-ebes.pdf).

Taxes are due (payable) and reportable upon constructive receipt of the EBE reimbursement or the FB by the employee. Employers must report taxable EBE reimbursement and FBs monthly to the SCO no later than the 10th of the month following the month of receipt. Applicable taxes are withheld from the affected employee’s next regular payroll warrant. For example, taxable overtime meal reimbursements/value of overtime meals received by the employee in March must be reported to the SCO by April 10. Failure to report timely violates legal requirements and subjects agency/~~state~~ department ~~employers~~ (including third parties such as an employee’s supervisor) to civil and criminal actions.

The following EBE reimbursements and FBs have taxable/reportable requirements that mandate timely employer reporting, as outlined in the ~~State Controller’s Payroll Procedures~~ ~~Manual (~~[PPM](http://www.sco.ca.gov/ppsd_ppm.html)) section N. ~~Additional instructions can be located by accessing the SCO’s~~ ~~Payroll Letters via their website at:~~ [~~http://www.sco.ca.gov/ppsd\_sco\_letters.html.~~](http://www.sco.ca.gov/ppsd_sco_letters.html)

~~Payroll Letters provide interim procedures that may not yet be reflected in the PPM.~~ ~~PPM information is available at:~~ [~~http://www.sco.ca.gov/ppsd\_ppm.html~~](http://www.sco.ca.gov/ppsd_ppm.html)

Taxable employer payments ~~Benefits~~ include, but are not limited to the following:

* + Personal use of state-provided vehicles and aircraft
  + Awards, bonuses, incentives
  + Bicycle and car mileage
  + Entertainment expenses
  + Educational assistance, scholarships
  + Electronic devices
  + Housing
  + Life insurance
  + Loan programs
  + Long term travel-~~indefinite~~
  + Meals (travel and non-travel status), per diems, lodging
  + Moving or mileage expenses
  + Outplacement
  + Dues and memberships
  + Tickets, tips, gratuities
  + Tool and uniform allowances

Refer to the SCO’s [Payroll Letters](https://sco.ca.gov/ppsd_sco_letters.html) for additional instructions. Payroll Letters provide interim procedures that may not yet be reflected in the PPM.~~Benefits include, but are~~ ~~not limited to: personal use of state provided vehicles and aircraft, awards, bonuses,~~ ~~incentives, bicycle and car mileage, entertainment expenses, educational assistance,~~ ~~electronic devices, housing, life insurance, loan programs, long term travel-indefinite,~~ ~~meals (travel and non-travel status), per diems, lodging, moving expenses/mileage, out~~ ~~placement, dues and memberships, scholarships, tickets, tips, gratuities, tool~~ ~~allowance, and uniform allowanc~~

*RS 9/16/2020 WY 9/17/2020*

# ~~DUTIES INCOMPATIBLE WITH HANDLING OF~~ SALARY WARRANTS - 8580.1

**SEPARATION OF DUTIES**

(Revised: ~~09/2000~~09/2020)

~~State~~A ~~a~~gencies/departments will observe the following separation of duties in designating persons who can certify or process personnel documents to the State

Controller’s Office (SCO), Division of Personnel and Payroll Services.

Persons designated by agencies/departments to receive salary warrants from SCO (i.e., persons identified on Signature Card, form STD 614), ~~or~~ to distribute salary warrants to employees, or to handle salary warrants for any other purpose will not be authorized to process or sign any of the following personnel documents:

1.  Proof of Lost or Destroyed Payroll Warrant and Request for Issuance of Duplicate Warrant, f~~F~~orm CD–113A and B
2.  CSU Personnel/Payroll Transaction, form, [STD. 456–A](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=456)
3.  Absences Without Pay Report, form, [STD. 603](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=603)
4.  Absence and Additional Time Worked Report, form, [STD. 634](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=634)
5.  Payroll Exceptions Report, form, [STD. 666](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=666)
6.  Time and Attendance Report, form~~, CD–~~672
7.  Miscellaneous Payroll/Leave Actions, form, [STD. 671](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=671)
8.  Payroll Adjustment Notice, form, [STD. 674](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=674)
   * Personnel Action Request, form, [STD. 680~~–~~A](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=680) ~~i.~~

Agencies/d~~D~~epartments will review duties at least semiannually or more often if necessary to comply with this section.

*RS 9/16/2020 WY 9/17/2020*

# SALARY WARRANTS - RELEASE OF SALARY WARRANTS 8580.2

(Revised ~~9/00~~09/2020)

When a pay period ends on a normal workday (Monday through Friday), agencies/departments may release salary warrants anytime on that day **after the employee has completed the final workday for the pay period**.

* + For employees who complete their shift at 5:00 p.m. on the last day of the pay period, agencies/departments may release salary warrants up to two hours prior to the end of the shift for administrative ease.
  + When the pay period ends on a Saturday, a Sunday, or a holiday, agencies/departments may release salary warrants anytime on the last preceding normal workday (Monday through Friday) **provided the employee has completed the final workday for the pay period**.

If employees are going to deposit or cash their warrants prior to the issue date, they should be cautioned to do ~~it~~ so just before bank closing time, or 4:00 p.m. on those days when the banks are open until 6:00 p.m. Following t~~T~~his procedure will ensure that the warrant will not be presented to the [State Treasurer's Office](http://www.treasurer.ca.gov/) prior to the issue date since it cannot accept warrants from a bank before the issue date of the warrant.

Salary warrants will not be distributed to employees until the following have been performed:

* + The time paid for, as shown on the Payroll Warrant Register, has been verified with the attendance reports. ~~and a check made to~~
  + A verification is made to ensure~~ensure~~ that the warrants should not be withheld because of amounts due to the agency revolving fund or judgment creditors.
  + Supplemental Payroll Warrant Registers will be checked against:
    - ~~uncleared~~ Uncleared reports of exceptions,
    - ~~,~~ A~~a~~djustment notices, ~~or~~
    - O~~o~~ther payroll records to ensure against release of duplicate or otherwise improper payments.
  + Agencies/departments having maintenance deductions, (e.g., housing charges) will check final payments for separating employees to ensure that all maintenance charges have been collected.

Salary warrants will not be mailed for employee convenience. If employees are absent due to an approved nonrecurring condition, such as travel, sickness, or training, and prior arrangements have been made, warrants may be mailed.

*RS 9/16/2020 WY 9/17/2020*

**SALARY WARRANTS - RETURN OF SALARY WARRANTS 8580.3**

**~~TO THE STATE CONTROLLER'S OFFICE,~~**

**~~DIVISION OF ADMINISTRATION AND DISBURSEMENTS~~**

(Revised ~~9/00~~09/2020)

Agencies/departments will not verify the c~~C~~omputations ~~of amounts~~ of gross and net pay made by the State Controller’s Office ([SCO)](http://www.sco.ca.gov/)~~will not be verified by agencies~~.

However, agencies/departments must ~~be careful to~~ withhold and return to SCO, ~~Division of~~ [Administration and Disbursements](http://www.sco.ca.gov/eo_about_divisions.html) Division, warrants ~~which~~ that ~~would~~ result in overpayments because of incorrect documents submitted ~~to that office~~.

Warrants for less than the amount due should be given to the employees so that they may receive partial payment pending receipt of supplemental warrants.

The handling of overpayments and underpayments should be done in accordance with bargaining unit agreements. Refer to the California Department of Human Resources for bargaining unit agreements.

*RS 9/16/2020 WY 9/17/2020*

# SALARY WARRANTS - EMPLOYEE SEPARATIONS 8580.4

(Revised ~~06/05~~09/2020)

Agencies/d~~DD~~epartments are responsible ~~to~~ for ensuring~~e~~ that payments to separating employees are in accordance with Labor Code s~~S~~ections [201](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB&amp%3BsectionNum=201) and [202](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB&amp%3BsectionNum=202).

When an employee is separating, wages earned and unpaid are due immediately at the time of discharge. When an employee resigns from employment (i.e., employee- initiated) without prior notice, wages earned and unpaid are due within 72 hours of discharge.

Salary warrants will not be distributed to separating employees until the agency/department has verified that all ~~travel and salary advances~~ amounts due to the state have been paid (cleared). The verification must be provided by staff who process~~office~~ revolving fund advances.~~staff.~~ See SAM s~~S~~ection 8595.

It is recommended that a check-out list acknowledging the return of state-owned items such as credit cards, keys, state records, and equipment be completed for separating employees prior to the release of the final warrant. The check-out list may also include the verification from the staff who process employee accounts receivable and~~office~~ revolving fund advances ~~staff~~ that there are no outstanding ~~advances~~amounts owed.

Government Code s~~S~~ection [19838](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=19838) (b) and (c) authorizes the state to withhold any amounts owed the state~~for outstanding travel and salary advances~~ from an employee’s final separation pay~~, provided the employee receives an amount~~

~~sufficient to satisfy the state’s minimum wage requirement. Departments should~~

~~direct all questions regarding the state’s minimum wage requirements to their~~ ~~departmental legal staff.~~.

~~Amounts owed by the employee, other than salary and travel advances will not be~~

~~deducted from an employee’s final separation pay.~~ If, after the check-out process, the separating employee leaves owing the agency/department money, it is the responsibility of the agency/department to pursue collections as described in SAM s~~S~~ection [8776.6](http://www.sam.dgs.ca.gov/TOC/8700.aspx).

# SALARY WARRANTS - UNDELIVERED SALARY WARRANTS 8580.5

(Revised ~~2/99~~09/2020)

All s~~S~~alary warrants not picked up/delivered to employees within five days of receipt ~~pickup shall~~must be returned to the office within the agency/department responsible for ~~office which distributes~~distributing salary warrants. A written record of all undelivered warrants will be maintained and a copy given to the human resources~~payroll~~ office.

Warrants not delivered within 90 calendar days of receipt must be deposited by the agency/department and remitted to an escheat revenue account in the original fund that provided the resources to the State Payroll Revolving Fund.

Agencies/departments will maintain a record~~subsidiary ledger~~ of all amounts credited to and disbursed from the escheat revenue accounts to keep track of amounts owed to payees. See SAM section [8281](https://www.dgs.ca.gov/Resources/SAM/TOC/8200/8281).

# Request for Payment from Escheat Revenue Account for Salary Warrants

Employees can claim their unclaimed salaries from the agency/department ~~Subsequent claims made by payees~~ within ~~2~~two years of the date the warrant was credited to the escheat revenue account, and the agency/department will initiate the~~be~~ process~~ed~~ by creating ~~filing~~ a claim~~regular voucher claim schedule~~ against an escheat revenue account. See Government Code section [17096.1](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=17096.1).

* + For those amounts credited in the current fiscal year, the ~~regular voucherclaim schedule~~claim shall be filed against the current year escheat revenue account.
  + For those amounts credited in a prior fiscal year, the ~~claim scheduleregular voucher~~claim ~~will~~ shall be filed against the prior year escheat revenue account.
  + The [State](http://www.sco.ca.gov/index.html) ~~Controller's Office~~ Controller's Office will process the claims regardless of the balances in the escheat revenue accounts.

# ~~DISTRIBUTION OF~~ SALARY WARRANTS-DISTRIBUTION 8580

(Revised ~~09/00~~09/2020)

The State Controller’s Office ([SCO)](http://www.sco.ca.gov/) will release to designated individuals salary warrants, Payroll Warrant Registers, f~~F~~orm CD–38, and in some instances, Report of Exceptions to Payroll, f~~F~~orm STD. 666~~CD–66, to a designated individual~~. The SCO will require that the individual sign~~s~~ an ~~receipt~~ acknowledging receipt.

To designate an individual, provide the following information to the SCO:

* + A letter on agency/department letterhead with an executive signature stating the permissions of the individual to collect salary-related documents.
  + A Signature Card, form STD. 614.

See Sam section 8580.1 for more information on the separation of duties ~~- Separation~~ ~~of Duties on Salary Warrants Handling.~~.

Refer to Payroll Procedures Manual section I 500-506.

*RS 9/16/2020 WY 9/17/2020*

# PAYROLL ~~EXPENDITURE~~ ACCOUNTING - OVERVIEW 8590

(Revised ~~09/13~~09/2020)

The State Controller’s Office (SCO) ~~(SCO)~~, Uniform State Payroll System ~~(USPS)~~, will process ~~each~~ each state agency’s/department’s payroll transactions entered by their human resources office and generate the following ~~documents~~:

* + ~~A~~ Payment History File - available to the agency/department monthly,
  + Payroll expenditures and recoveries - posted to each agency/department~~’s~~ appropriation in the SCO’s Fiscal System,
  + Payroll warrants and direct deposits - printed and distributed,
  + Notice of State Payroll Revolving Fund Transfer, f~~F~~orm SM62 (SM62) - printed and distributed.

Payroll expenditures listed on the SM62 consist of gross salary plus the state contributions. The state’s contributions include:

* + Retirement,
  + Old-Age, Survivors, and Disability Insurance (OASDI),
  + Miscellaneous ~~Benefits~~benefits,
  + Premium,
  + Dental and health,
  + Administration fees.
  + ~~Fees~~

Recoveries to payroll occur when warrants are voided or re-deposited or when overpayments are collected.

The SM62 reports payroll transactions for the agency/department. ~~s which will be~~ ~~recorded using a Payroll Expenditure Register (s~~See SAM section [10504](http://www.sam.dgs.ca.gov/TOC/10500.aspx)) for accounting entries to record payroll expenditures..

# Payroll Clearance Type Codes

The SM62 reflects Clearance Type (CT) codes indicating transfers in or out of the State Payroll Revolving Fund (SPRF). ~~as follows:~~

Transfers in the SPRF that increase departmental expenditures ~~(entered as plus~~ ~~entries if a manual Payroll Expenditure Register is maintained)~~are processed using the following CT codes:

* + CT 1: Issue Payment - Registers of warrants issued
  + CT 7: Transfer of Funds (Add position) - Registers of payroll adjustments
* ~~CT 8: Non-USPS Transaction - Corrections of previous transfers~~
  + CT 9: Reverse Accounts Receivable - Corrections of previous transfers

Transfers out of the SPRF that decrease expenditures ~~(entered as minus entries if a~~ ~~manual Payroll Expenditure Register is maintained)~~are processed using the following CT codes:

* + CT 4: Redeposit - Register of warrants re-deposited
  + CT 5: Accounts Receivable - Transfers of amounts collected on overpayments
  + CT 6: Transfer of Funds (Delete Position) - Registers of payroll adjustments
* ~~CT 8: Non-USPS Transaction - Corrections of previous transfers~~

Payroll transfers will be distributed to the appropriate~~applicable~~ expenditure accounts ~~and, if applicable, entered in the Payroll Expenditure Register where used in a manual~~ ~~system~~. The month during which the expenditures were incurred will generally be indicated by the date on the Controller’s Transfer. An exception to this procedure occurs when the month indicated by the transfer date is different from the month the expenses were incurred.

Then post the payroll transfer to the matching month. If the payroll period and the transfer date are in different fiscal years, the transfer date takes precedence.

Note: In automated systems, ~~i.e. CALSTARS,~~ the Payroll Expenditure Register is automatically produced as a by-product of the labor distribution system, and these entries are not applicable.

*RS 9/16/2020*

WY 9/17/2020

**PAYROLL ACCOUNTING - RECOVERY BY CASH COLLECTION 8593.1**

(Revised 09/2020 ~~and Renumbered From 8593.2 10/88~~)

This section provides accounting procedures to agencies~~y~~/departments for the Payroll Accounts Receivable (PAR) recovery by cash collection.

When cash ~~collection~~ is ~~made~~received from the employee for ~~of~~ the net amount ~~he/she~~ ~~was~~ overpaid, the amount collected will be applied to the receivable by debiting~~ed~~ ~~to~~ ~~Account No. 1110,~~ General Cash, ~~FI$Cal~~ Account 1101000 (Legacy Account 1110) and crediting~~ed~~ Accounts Receivable – Abatement, ~~FI$Cal~~ Account 1200100 (Legacy Account 1311) ~~to Account No. 3730, Uncleared Collections~~.

The amount collected ~~from the employee~~ will be remitted to the appropriation that incurred the payroll expenditures. ~~State Treasury to the credit of the State Payroll~~ ~~Revolving Fund. Upon remittance to the State Treasury the amount will be debited to~~ ~~Account No. 1150, Cash in Transit to State Treasury, and credited to Account No.~~

~~1110, General Cash. When the Controller's Receipt is received ordering the collection~~ ~~into the State Payroll Revolving Fund, the amount will be debited to Account No.~~

~~3730.~~If the collection is for a reverted appropriation, the collection will be remitted to Refunds to Reverted Appropriations, ~~FI$Cal~~ Account 5901000 (Legacy Account 9891). Upon remittance to the State Treasury, the amount will be debited to Cash in State Treasury, ~~FI$Cal~~ Account 1104000 (Legacy Account1140) and credited to General Cash, ~~FI$Cal~~ Account 1101000 (Legacy Account 1110).

~~The gross amount of the overpayment recovered will be transferred by the State~~ ~~Controller's Office to the agency appropriation and/or fund. The transfer will be entered~~ ~~as a debit to Account No. 1140, Cash in State Treasury. Account No. 1311 will be~~ ~~credited. If the agency is using a manual Payroll Expenditure Register, a minus entry in~~ ~~the transfer column and a credit to Accounts Receivable–Abatements will be made.~~

*RS 9/16/2020 WY 9/17/2020*

**PAYROLL ACCOUNTING - RECOVERY BY PAYROLL DEDUCTION 8593.2**

(Revised 09/2020 ~~Renumbered From 8593.3 10/88~~)

This section provides accounting procedures to agencies/departments for the Payroll Accounts Receivable (PAR) recovery by payroll deduction.

When overpayments are deducted from subsequent payrolls, the [State Controller's](http://www.sco.ca.gov/) [Office](http://www.sco.ca.gov/) (SCO) will deposit the amount deducted in the State Payroll Revolving Fund (SPRF) and notify the agency/department through the SCO Journal Entry APO Notice of Transfer. ~~by a listing of accounts receivable deductions.~~ The transaction should be noted on the Controller's Accounts Receivable Register, clearing the portion of the overpayment due from the employee and increasing the amount due from the ~~State~~ ~~Payroll Revolving Fund~~SPRF.

The total amount of the overpayment ~~so~~ recovered will be transferred by the ~~State~~ ~~Controller's Office~~SCO to the agency/department fund and appropriation ~~and/or fund~~. The transfer will be entered as a debit to Cash in State Treasury, ~~FI$Ca~~l Account 1104000 (Legacy Account~~Account No.~~ 1140) and ~~, Cash in State Treasury account.~~ credit to Accounts Receivable – Abatement, ~~FI$Ca~~l Account 1200100 (Legacy Account~~Account No.~~ 1311). ~~will be credited.~~

~~If the agency is using a manual Payroll Expenditure Register, a minus entry in the~~ ~~transfer column and a credit to Accounts Receivable–Abatements will be made.~~

~~SCO, PPSD, will notify the agency/department of the date the employee returns to~~ ~~sState service, the name of the employing agency/department, and the location of~~ ~~employment. Upon receipt of this information, the agency/department will take necessary~~ ~~action to recover amounts owed it.~~

~~See SAM section 8776.6 for recovery from separated employees who do not return to~~ ~~state service.~~

*RS 9/16/2020*

WY 9/17/2020

**PAYROLL ACCOUNTING - RECOVERY FROM SEPARATED EMPLOYEES 8593.3**

(Revised ~~03/02~~09/2020)

This section provides accounting procedures to agencies/departments for the Payroll Accounts Receivable (PAR) recovery from separated employees.

A~~State a~~gencies~~yies~~/departments will request the State Controller's Office ~~(SCO)~~, ~~Division~~ ~~of~~ Personnel and/ Payroll Services Division ([PPSD](http://www.sco.ca.gov/ppsd_se_payroll.html)) to flag its records to notify the agency/department if a separated employee returns to s~~S~~tate service if the following conditions are met:

1. The agency/department is unable to collect the amount owed after three months from the date of separation, and
2. Tthe ~~agency is unable to collect the amount owed and the~~ employee is not prohibited~~precluded~~ reentry to s~~S~~tate service.

Requests will be made by submitting a Personnel Action Request form, [STD 680-A](https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std680A.pdf), prepared in accordance with instructions contained in the Personnel Action Manual (PAM). ~~Payroll Procedures Manual, maintained by the SCO, PPSD.~~

The ~~SCO,~~ PPSD, will notify the agency/department of the date the employee returns to s~~S~~tate service, the name of the employing agency/department, and the location of employment. Upon receipt of this information, the agency/department will take necessary action to recover amounts owed ~~it~~.

See SAM section [8776.6](https://www.dgs.ca.gov/Resources/SAM/TOC/8700/8776-6) for recovery from separated employees who do not return to state service.

*RS 9/16/2020*

WY 9/17/2020

**PAYROLL ACCOUNTING OVERVIEW - PAYROLL ACCOUNTS RECEIVABLE~~OVERPAYMENTS~~ 8593**

(Revised ~~09/13~~09/2020)

Whenever an employee is ~~Adjustment Notices, reporting amounts~~ overpaid, ~~to~~ ~~employees, are processed by the~~ the State Controller's Office (~~SCO~~SCO) processes an adjustment notice to notify the employee of the amount overpaid. The SCO~~, they~~ will send a Notice of Payroll Accounts Receivable (PAR) to the agency/department.

The PAR contains the following information: ~~shows t~~

* + T~~he t~~otal and gross overpaid amount of the salary~~, overpayment, the~~
  + P~~p~~ayment type~~, the~~
  + A~~a~~mount of overpayment of the employer’s share of contributions for employees’ retirement, OASDI, and other benefits~~,. In addition, the AR shows the~~
  + E~~e~~mployee deductions that will be recovered by the SCO~~, and the~~
  + A~~a~~mount of the overpayment to be recovered from the employee~~, and~~
  + Collection method, i.e., ~~by either a~~ payroll deduction or ~~an~~ agency collection.

The gross amount and state share amounts of benefits of the PAR will be entered as a credit to ~~the~~ expenditures ~~accounts~~, ~~FI$Cal~~ Account 51XXXXX (Legacy Account 9000) and a debit to Accounts Receivable-Abatements, ~~FI$Cal~~ Account 1200100 (Legacy Account1311). See SAM section [10504](https://www.dgs.ca.gov/Resources/SAM/TOC/10500/10504). ~~Entry No. 4 (Payrolls Are Paid).~~ The PAR represents salary overpayment and will show the amount to be collected from the employee. The PAR is ~~established in~~ an open file pending full recovery. The recovery from the employee can be through payroll deduction or agency collection. The a~~A~~mount collected from the employee will be ~~of the overpayment and~~ transferred ~~of the amount~~ ~~recovered~~ to the department appropriation and/or fund.

~~The AR file is the subsidiary to that portion of Account No. 1311, Accounts Receivable-~~ ~~Abatements representing salary overpayments and will show the amounts to be~~ ~~collected from employees.~~

~~The AR will be removed from the open file upon full recovery of payroll deductions or~~ ~~agency collections.~~

For overpayments collected directly from the employee by agency collection, see SAM section 8593.1.

~~If the~~ For overpayments ~~is~~ collected through payroll deduction, s~~S~~ee SAM section 8593.2. ~~the~~

The SCO will make the following Journal Entries ~~(JE~~) for payroll accounts receivable:~~transfers funds from the State Payroll Revolving Fund to the appropriation~~ ~~that incurred the payroll expenditure. The department receives an SCO Journal Entry~~ ~~(JE), Notice of Transfer (TC-38), for the amount of the transaction. The JE document~~ ~~typically begins with an AR or AP.~~

* + The ARO Notice of Transfer (TC38) records the total state share and employee deduction on the PAR Notice.
  + The APO Notice of Transfer (TC-38) records the amount of the employee payroll deduction.
  + The APC Notice of Transfer (TC-38 or TC-35) is a manual correction to the APO.

~~The ARO Notice of Transfer (TC-38) generated by the SCO is the total state share and~~ ~~employee deduction on the AR Notice. The ARO posts to SCO Fiscal System (Fiscal)~~ ~~and can be printed from ViewDirect.~~

Note: A reversal to an overpayment is also identified as an ARO (TC-38) and is titled as Notice of Payroll Accounts Receivable Reversal on the PAR Notice.

~~The APO Notice of Transfer (TC-38) generated by the SCO is the amount of the~~ ~~employee payroll deduction. The APO posts to Fiscal and can be printed from SCO,~~ ~~ViewDirect.~~

*~~Note: Agency collections are processed through the Electronic Fiscal Input~~*

*~~Transaction System (eFITS) and shown on the SCO generated “CRE” Notice of Transfer~~ ~~of Fund (TC-47). The CRE posts to Fiscal and can be printed from SCO, ViewDirect.~~*

~~The APC Notice of Transfer (TC-38) is a manual correction to the APO. The APC posts~~ ~~to Fiscal and can be printed from SCO, ViewDirect.~~

*RS 9/16/2020 WY 9/17/2020*

**MANAGING AND REPORTING ABSENCES ~~AS A~~ - COURT SUBPOENED 8594.1**

**WITNESS**

(Revised ~~06/13~~09/2020)

If an employee is requested to appear as a witness, the employee will confer with the court or attorney to determine if certified copies of appropriate documents would be suitable to eliminate the need for a court appearance. If a court appearance waiver is not approved, the employee will request a subpoena and whatever fees and travel allowances that may be allowed by law from the party requesting the employee's appearance. Government Code ~~(GC)~~ (GC) section [1230](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=1230).1 requires a compensable absence be granted to subpoenaed employees, unless he/she is an expert witness (SAM section 8594.2) or is a party to the suit. GC sections [68093-68097](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&amp%3Bdivision&amp%3Btitle=8.&amp%3Bpart&amp%3Bchapter=1.&amp%3Barticle).10 govern witness fees for a civil trial; Penal Code sections [1329-1329.1](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=PEN&amp%3Bdivision&amp%3Btitle=10.&amp%3Bpart=2.&amp%3Bchapter=3.&amp%3Barticle) govern witness fees for a criminal trial.

The treatment of attendance fees and travel expenses of an employee serving as a subpoenaed witness depends on whether the appearance is in the interest of the state. ~~The following are payment and leave instructions when an employee is subpoenaed:~~

# Court Appeearance in the Interest of the State

The employing agency/department will pay the employee his/her regular salary in addition to any actual necessary and reasonable traveling expenses incurred by the employee in complying with the subpoena. The employee must remit to the state all fees received for court attendance and travel. The employee's absence as a court witness is authorized time off with pay. Vacation, annual leave, or compensating time off ~~(CTO)~~ will not be charged.

For civil actions, the party ~~at whose~~ requesting the subpoena ~~is issued~~ shall provide, together with the subpoena, $275 for each day the employee's attendance is required, in accordance with GC section [68097.2 (b)](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=68097.2). This amount must be ~~tendered~~ given to the person accepting the subpoena: the subpoenaed party, his/her immediate supervisor, or an agent designated by the supervisor.

After the employee's appearance, the agency/department will calculate the employee's personal services costs in accordance with the SAM section [8740](http://www.sam.dgs.ca.gov/TOC/8700.aspx). If the total costs~~, e.g.,~~ ~~personal services, travel, and indirect (SAM sections 8752-8752.1),~~ are less tha~~e~~n the amount remitted, the difference shall be refunded in accordance with the cost recovery principles of the state (SAM section 8752-8752.1). If the total costs are greater tha~~e~~n the amount remitted, the difference shall be paid by the party who~~se~~ requested the subpoena ~~was issued~~.

# Court Appearance Not in the Interest of the State

~~When an employee is subpoenaed as a witness in a matter not in the interest of the~~ ~~state and in which the employee is not a party to the suit, the~~The employing agency/department will pay regular salaries to the employee for the period of absence, providing the employee remits to the state all attendance fees received. Any court travel allowance may be retained by the employee. Travel expenses, if any, will not be paid by the state.

If the employee elects to retain the attendance fees, the subpoenaed witness time off is not compensable. The employee may charge absence without pay or, if a sufficient balance exists, vacation, annual leave, or compensating time off~~CTO~~.

When an employee is subpoenaed as a witness and is a party to the suit, the employee must use vacation, annual leave, compensating time off~~CTO~~, or be charged dock time for the period of absence. Attendance fees and travel allowances may be kept by the employee; travel expenses will not be paid by the state.

*RS 9/16/2020 WY 9/17/2020*

# MANAGING AND REPORTING ABSENCES ~~AS AN~~ - EXPERT WITNESS 8594.2

(Revised ~~03/02~~09/2020)

~~Generally, a~~An expert witness testifies at a trial, hearing or arbitration due to their~~upon~~ ~~opinions formed from~~ specialized knowledge or ~~courses of study~~proficiency in a particular field that is relevant to a dispute. An employee, when called as an expert witness, is not bound by any court limitation on fees but is free to negotiate any reasonable amount agreeable to the employee (or the s~~S~~tate) and the party requesting the testimony (Government Code s~~S~~ection [68092.5](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=68092.5)). Normally, an expert witness gives testimony by arrangement or negotiation and is not subpoenaed.

The treatment of fees and travel expenses of an employee serving as an expert witness depends upon whether the employee testifies on behalf of the s~~S~~tate or not on behalf of the s~~S~~tate.

The following are payment and leave instructions to be used by the employing agency/ department when an employee serves as an expert witness.:

# Testimony on Behalf of the State

For the purposes of cost recovery, t~~T~~he employing agency/department will bill the party or court requesting the appearance for all costs in accordance with SAM s~~S~~ections [8752 – 8752.1](http://www.sam.dgs.ca.gov/TOC/8700.aspx) (e.g. preparation,

travel, appearance, and indirect cost). The hourly rate of the employee’s salary will be calculated in accordance with SAM s~~S~~ection [8740](http://www.sam.dgs.ca.gov/TOC/8700.aspx). The employee’s absence as an expert witness is authorized time off with pay; vacation, annual leave, or ~~C~~compensating time off~~TO~~ will not be charged. The employee will submit a Travel Expense Claim form, [STD.](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=262)

[262](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=262), manually or a CalATERS Expense claim for travel expenses. The employee must remit to the s~~S~~tate all court fees.

# Testimony Not on Behalf of the State

When an employee appears as an expert witness not on behalf of the s~~S~~tate, the employee must use vacation, annual leave, ~~CTO~~compensated time off, or be charged dock time for the period of absence. ~~The employee will not submit a Travel Expense~~ ~~Claim for travel expenses.~~ The employee will retain all negotiated attendance and travel fees.

If the employee's expertise has been gained from s~~S~~tate employment, the employee should check with the agency’s/department's human resources office to determine whether a conflict of interest exists regarding the retention of fees.

*RS 9/16/2020 WY 9/17/2020*

# MANAGING AND REPORTING ABSENCES- REPORTING REQUIREMENT FOR WITNESSES 8594.3

(Revised ~~03/02~~09/2020)

An Absence and Additional Time Worked Report form, [STD. 634](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=634), will be used to report compensable absences as a subpoenaed witness or an expert witness. One copy of the STD. 634 will be prepared for the accounting office to serve as a source document for recording an accounts receivable-abatements if the absence is compensable and fees are due to the s~~S~~tate from the employee or others. ~~Accounts~~ ~~receivable will be established in an amount as provided for in law.~~

STD 634 is required to support time off reported for witness appearance to the Time and Attendance Report, Form ~~form, CD-~~672.~~STD. 634 is required to support time off~~ ~~reported for witness appearances on the Time and Attendance Report form, STD.~~ ~~672.~~

*RS 9/16/2020 WY 9/17/2020*

# MANAGING AND REPORTING ABSENCES - ~~FOR~~ COLLECTIVE BARGAINING ACTIVITIES 8594.4

(Revised ~~9/91~~09/2020)

Certain designated employees are allowed to take paid leaves of absence to participate in employer/employee collective bargaining activities. Employee organizations will repay the s~~S~~tate for the paid leave of absence time employees spend away from work on collective bargaining issues.

The agency/department Labor Relations Officer (LRO~~D~~) will notify the accounting office of all approved leaves of absences for collective bargaining activities. A copy of each approved leave of absence will be sent to the accounting office.

Employee time spent on collective bargaining issues will be kept by the employee's collective bargaining organization. Paid collective bargaining leave time will be accounted in whole day increments. Employee organizations will notify the agency/department LRO of the number(s) of days spent by each employee on collective bargaining issues during each calendar month. The notification will be made by the fifth working day of the following month.

The LRO will compare the names of employees listed by the employee organization with the file of employees who have approved collective bargaining leaves of absences. The LRO will also reconcile the employee time spent on collective bargaining issues kept by the employee organization against the time kept by the agency/department. After the reconciliations are complete, the LRO will notify the accounting office of the number of paid collective bargaining leave days for each employee.

The accounting office will compute billings in accordance with SAM s~~S~~ection [8740](http://www.sam.dgs.ca.gov/TOC/8700.aspx) unless the Memorandum of Understanding (MOU) specifies otherwise. If there is a conflict between SAM and the MOU, the MOU shall have precedence. These billings will be invoiced monthly. Amounts billed shall be accounted as abatements.

*RS 9/16/2020 WY 9/17/2020*

# MANAGING AND REPORTING ABSENCES ~~FOR~~ - JURY DUTY 8594

(Revised ~~9/07~~09/2020)

State employees may be required to serve as a juror for the following:

* + Civil or criminal trial
  + Grand jury
  + Jury of inquest

Employees who receive regular compensation while serving as a trial juror on a civil or criminal case will not be paid an attendance fee, pursuant to Code of Civil Procedure s~~S~~ection [215](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CCP&amp%3BsectionNum=215)~~of the Code of Civil Procedure~~.

Jurors serving on a grand jury or jury of inquest may receive an attendance fee. If employees elect to retain these attendance fees, such jury duty time off is not compensable. The employee must charge absence without pay, or if a sufficient balance exists, vacation, annual leave, or compensated time off~~CTO~~ on the Absence and Additional Time Worked Report form, [STD. 634](http://www.dgs.ca.gov/dgs/ProgramsServices/Forms/FMC/search/resultsNumber.aspx?number=634).

If employees do not elect to retain the attendance fees, such jury duty time off is compensable, and employees must remit the attendance fees to the state. This will be reported on the STD. 634 ~~form~~. The human resources office will submit a copy of the STD. 634 ~~form~~ to the accounting office. The form will serve as a source document for recording an accounts receivable – abatement.

When serving as any type of juror, employees may be reimbursed for mileage by the governing body (e.g., court, city, or county). Any mileage reimbursement shall be retained by the employee.

*RS 9/16/2020 WY 9/17/2020*

# ~~REVOLVING FUND~~SALARY ADVANCES 8595

(Revised ~~12/11~~092020)

~~Normally,~~Agencies~~y~~/ departments may~~will only~~ only issue  ~~office revolving fund~~ ~~checks to employees for~~ salary advance checks to employees for salary earned when:

* + ~~(1) there have been~~ E~~e~~rrors or delays in submitting or processing documents making it impossible for the State Controller's Office (~~SCO~~SCO) to prepare and deliver proper salary warrants within a reasonable time, or

~~(2)~~

* + S~~s~~eparating employees are in immediate need of their final salary payments. See Labor Code section [202 (a)](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=202.&lawCode=LAB). ~~However,~~

Agencies/departments at their discretion may make payments of salaries earned when this is necessary to alleviate serious, unforeseeable hardship.

Agencies~~y~~/d~~D~~epartments will prepare criteria for advances, including the procedures that must be followed before advances are given. The specific reason for the advance must be written on the request.

Salary advances shall be issued for amounts as close as possible to the actual net pay. Upon receipt of the SCO warrant for the full salary payment, agencies/departments shall pay the difference between the employee's warrant and the salary advance. (Refer to SAM section [8160](https://www.dgs.ca.gov/Resources/SAM/TOC/8100/8160) for endorsement of SCO warrants).

If the SCO warrant is not received by the agency/department within 30 calendar days following the issuance of the revolving fund advance, the agency/department must report the amount of the advance, compute withholdings on the advance, and remit to the SCO. ~~(See SCO Payroll Procedures Manual .(PPM).~~

*RS 9/16/2020 WY 9/17/2020*

# RECOVERY OF LUMP SUM PAYMENTS 8596

(Revised 09~~XX~~/2020 ~~and rRenumbered from 8599 10/88~~)

Upon separation from s~~S~~tate s~~S~~ervice, with no fault on the part of the employee, a person may be entitled to a lump sum payment for annual vacation and compensating time off. See~~, (reference~~ Government Code s~~S~~ection [19839](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&amp%3BsectionNum=19839)). If a person receives a lump sum separation payment and subsequently returns to s~~S~~tate service, the person may repurchase the vacation and/or compensating time off for which payment has been received covering the period that exceeds the person's break in service. The employee will then have the balance of vacation and/or leave credit restored to what they would have been if the employee had remained in s~~S~~tate s~~S~~ervice and taken time off.

Repayments will be recovered directly from the employee. (See SAM s~~S~~ection 8593.1.) The amount of such repayments received by agencies/departments will be remitted to the ~~State Treasury to the credit of the State Payroll Revolving Fund. Subsequently, it~~ ~~will be transferred by the~~ [State Controller's Office](http://www.sco.ca.gov/) to the credit of the fund and the appropriation from which the lump sum payment was made and will be accounted as abatement.

*RS 9/16/2020 WY 9/17/2020*

# SERVICES FURNISHED TO EMPLOYEES 8599

(New 09/2020, renumbered from 11000, 11010, 11020, 11030 and 11040)

This section provides information and guidance to agencies/departments that may furnish services such as meals, laundry services, dry cleaning, and rental of living quarters to employees.

Per Government Code sections [19815.4 (d)](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=19815.4.&lawCode=GOV) and [19822](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=19822.&lawCode=GOV), the Department of Human Resources ([CalHR](https://www.calhr.ca.gov/Pages/home.aspx)) shall determine the fair and reasonable value of maintenance, living quarters, housing, meals, food, and other services furnished by the state as an employer to its employee. All services furnished to employees must comply with the California Code of Regulations, Title 2, Division 1, Chapter 3, Subchapter 1, Article 3, sections 599.640 - 599.652.

Payment shall be made or payroll deduction shall be arranged when the service is received. Form [STD. 650](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std650.pdf) is used to set up maintenance deduction. Form STD. 650 is also used when a credit is owed to an employee and requires approval from the designated employee or manager. Refer to the State Controller's Office Payroll Procedure Manual, section H650 for instruction.

Payments from employee will be entered as a credit to expenditures, Account 5XXXXXX (Legacy Account 9000) and remitted to the support appropriation current at the time the employee received the services, unless otherwise specified by law.

If cash is used in exchange for services such as purchasing a meal, internal control principles for cash shall be followed. See SAM sections 8080 and 20060. Agencies/departments will collect sales tax on meals and food products unless exempt according to Revenue and Taxation Code section [6363](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=6363.&lawCode=RTC).

In applying rental rates there is a tax liability if the employee is paying rent below fair market value. Refer to CalHR Human Resources Manual section 2301 for information regarding the reporting and tax withholding requirements associated with employer-provided housing/lodging.

Agencies/departments shall ensure that adequate records for services furnished to employees are retained in accordance with the agencies/departments’ records retention schedule. See SAM Chapter 1600.

*RS 9/16/2020 WY 9/17/2020*

# SERVICES FURNISHED TO EMPLOYEES 11000

(~~Revised 12/2012~~(Deleted 09/2020 and renumbered to 8599)

~~State departments may furnish services to employees such as meals, laundry, dry~~ ~~cleaning, and rental of living quarters as indicated in the California Code of~~ ~~Regulations sections (CCR), Title 2 Administration, Division 1 Administrative~~ ~~Personnel, Chapter 3 Department of Personnel Administration, Subchapter 1~~ ~~General Civil Service Rules, Article 3, Valuation of Employee Housing and~~ ~~Services, sections 599.640 through 599.652 and in accordance with Government~~ ~~Code sections 19815.4 (d) and 19822.~~

~~The services, rates, safeguards, reporting and tax withholding requirements, and~~ ~~rates are governed by the Department of Human Resources (CalHR) and must~~ ~~comply with the CCR sections listed below at:~~ https://govt.westlaw.com/calregs/Index?transitionType=Default&contextData=(sc.D efaul t).[YW1]

|  |  |
| --- | --- |
| **~~CCR, Title 2, Division 1, Chapter 3, Subchapter 1, Article 3. Valuation of Employee~~ ~~Housing and Services~~** | |
| **~~Section~~** | **~~Topic~~** |
| ~~599.640~~ | ~~Scope~~ |
| ~~599.641~~ | ~~Definitions~~ |
| ~~599.642~~ | ~~Monthly Rates~~ |
| ~~599.643~~ | ~~Dormitory Accommodations~~ |
| ~~599.644~~ | ~~Monthly Rental and Utility Rates – Nonrepresented Employees~~ |
| ~~599.645~~ | ~~Trailer and Mobile Home Charges~~ |
| ~~599.647~~ | ~~Responsibility of the Department of Personnel Administration~~ |
| ~~599.648~~ | ~~State Policy on Possessory Interest Taxes~~ |
| ~~599.649~~ | ~~Household Furnishings~~ |
| ~~599.650~~ | ~~Laundry Services~~ |
| ~~599.651~~ | ~~Dry Cleaning Service~~ |
| ~~599.652~~ | ~~Meals at State Agencies~~ |

*RS 9/18/2020 WY 9/18/2020*

# STATE-OWNED HOUSING – REPORTING AND

**WITHHOLDING REQUIREMENTS 11010**

(~~New 06/2010~~Deleted 09/2020 and renumbered to 8599)

~~State-owned housing shall be administered and rent rates determined in~~ ~~accordance with SAM section 11000 – Services Furnished to Employees and CCR~~ ~~sections 599.642 through 599.649. Information regarding the reporting and tax~~ ~~withholding requirements associated with employer-provided housing/lodging is~~ ~~available on the CalHR website at~~ [~~http://www.calhr.ca.gov/Pages/home.aspx.~~](http://www.calhr.ca.gov/Pages/home.aspx)

*RS 9/18/2020 WY 9/18/2020*

# PAYMENTS BY EMPLOYEES 11020

(Deleted 09/2020 and renumbered to 8599~~New 06/2010~~)

~~Payment shall be made or payroll deduction shall be arranged when the service is~~ ~~received. Payments will be remitted to the State Treasury for credit to the support~~ ~~appropriation current at the time the employee received the service, unless otherwise~~ ~~specified by law. Use other receipt code 580800 – Employee Payment for Use of State~~ ~~Resources. Any amounts outstanding shall be collected from separating employees.~~

~~Payroll deductions must be uniform in nature and are established by agreement with the~~ ~~State Controller's Office (SCO) in accordance with Section H650 of the Controller's~~ ~~Payroll Procedure Manual using STD. Form 650 – Miscellaneous Deduction Change~~ ~~Report. The STD. 650 is used in the case where a credit is owed to an employee and~~ ~~requires approval from the approved designated employee or manager. Refer to the~~ ~~SCO Payroll Manual for additional information located on the SCO website at~~ [~~http://www.sco.ca.gov/ppsd\_ppm.html.~~](http://www.sco.ca.gov/ppsd_ppm.html)

*RS 9/18/2020 WY 9/18/2020*

# MEALS AND MEAL TICKET BOOKS 11030

(~~New 06/2010~~Deleted 09/2020 and renumbered to 8599)

~~Meals may be provided at state departments, such as correctional facilities, to~~ ~~individuals other than inmates, patients, or wards, as specified in CCR Section~~ ~~599.652~~

~~– Meals at State Agencies. Meals will be paid for at established rates and remitted as indicated in SAM Section 11020. Agencies will collect sales tax on meals and food products sold unless exempt according to Revenue and Taxation Code Section 6363.~~

~~All meal tickets will be accounted for and treated as if cash. Internal control principles~~ ~~for cash shall be followed, including reporting on STD. 520 – Meal Ticket Sales Report~~ ~~accounting for all sales, refunds, cancellations and used to support journal entries.~~

*RS 9/18/2020 WY 9/18/2020*

# RECORDS AND RECORD RETENTION 11040

(~~New 06/2010~~ Deleted 09/2020 and renumbered to 8599)

~~Departments shall ensure adequate records for services furnished to employees and~~ ~~retained in accordance with the department’s records retention schedule.~~

*RS 9/18/2020 WY 9/18/2020*