

# SAM – GENERAL OUTLINE OF PROCEDURES

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## **SAM – GENERAL OUTLINE OF PROCEDURES**

### **GENERAL**

**7200**

(Revised & Renumbered 2/1965)

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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### ACCOUNTING RECORDS

7220

(Revised 5/1985)

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.

## **SAM – GENERAL OUTLINE OF PROCEDURES**

### **DOCUMENTS**

**7221**

(Renumbered 2/1965)

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.

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### BOOKS OF ORIGINAL ENTRY

7222

(Revised 5/1985)

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:

<u>Symbol</u>	<u>Book of Original Entry</u>	<u>Symbol</u>	<u>Book of Original Entry</u>
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		

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## SAM – GENERAL OUTLINE OF PROCEDURES

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### 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 - Sundry Purpose Sheet, 4 Columns  
341 13-3/4" x 10-3/8"  
Contains date, description, reference column and four monetary columns on each side.
2. Form - Sundry Purpose Sheet, 12 Columns  
342 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.
3. Form - Sundry Purpose Sheet, 7 Columns  
343 11" x 14"  
Contains date, description, reference column and seven monetary columns on each side.
4. Form - Sundry Purpose Sheet, 18 Columns  
344 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.
5. Form - Sundry Purpose Sheet, 9 Columns  
345 13-1/4" x 17"  
Contains date, description, reference columns and nine monetary columns on each side.
6. Form - Sundry Purpose Sheet, 23 Columns  
346 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.

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## SAM – GENERAL OUTLINE OF PROCEDURES

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### **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

Claims Filed Register  
Payroll Expenditure Register  
Invoice Register  
General Cash Receipts Register  
Clearance Register  
General Cash Disbursements Register  
Controller's Receipts Register  
Revolving Fund Cash Book

#### BOOKS OF ORIGINAL ENTRY

Controller's Transfers Register  
Donated Farm Stores Received Register  
Analysis of Produced Stores Issued  
Livestock Inventories Report  
Trust Fund Cash Receipts Register  
Trust Fund Cash Disbursements Register  
Trust Claims Filed Register

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

1. Form - General Journal  
505
2. Form - Estimates Register  
564

## SAM – GENERAL OUTLINE OF PROCEDURES

### LEDGERS

7223

(Revised 8/1969)

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](#).



## SAM – GENERAL OUTLINE OF PROCEDURES

### LEDGER POSTINGS

7223.3

(Revised 5/1985)

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
4. 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.

## **SAM – GENERAL OUTLINE OF PROCEDURES**

### **LEDGER FORMS**

**7223.4**

(Renumbered 2/1965)

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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### REPORTS

7230

(Revised 6/2014)

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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### AUDIT

7240

(Revised 06/2013)

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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### RETENTION OF FISCAL RECORDS

7250

(New 10/1978)

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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### THE STATE'S FINANCIAL AND ADMINISTRATIVE INFORMATION TECHNOLOGY SYSTEM

7260

(Revised and renamed 11/2019)

#### The Financial Information System for California (FI\$Cal)

FI\$Cal is the state's integrated financial and administrative information technology (IT) system that supports accounting, budgeting, cash management, and procurement functions. FI\$Cal is a statewide enterprise resource planning (ERP) system that maximizes efficiency in the state's business, implements best practices, limits the number of duplicative systems, provides the ability to produce statewide reports and analysis, and standardizes the state's business processes.

The broad functional areas in FI\$Cal are listed below.

- Accounting
- Asset Accounting
- Budgeting
- Cash Management
- Cost Accounting
- Financial Reporting
- Grant Management
- Procurement
- Project Cost Management

For a description of the FI\$Cal business functionality, see the [Department of FI\\$Cal](#) website or contact the FI\$Cal Change Management Office at [fiscal.cmo@fiscal.ca.gov](mailto:fiscal.cmo@fiscal.ca.gov) for additional information regarding FI\$Cal functionality.

#### Implementation of FI\$Cal

The Department of Finance, Department of General Services, the State Controller's Office, and the State Treasurer's Office formed a cooperative partnership to develop, implement and utilize FI\$Cal, which has replaced the California State Accounting and Reporting System. The Department of FI\$Cal is responsible for implementing, onboarding, upgrading, and providing operational support for the system.

#### Entities Not Using FI\$Cal

Except for specified deferred and exempt entities, all state agencies/departments are required to use FI\$Cal. The deferred entities are not required to use the full functionality of FI\$Cal until their existing systems become outdated or required upgrade. However, all the deferred and exempt entities must exchange necessary information with FI\$Cal for specified purposes, such as budget development, contract and procurement reporting, and annual financial reporting.

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## SAM – GENERAL OUTLINE OF PROCEDURES

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### **THE STATE'S FINANCIAL AND ADMINISTRATIVE INFORMATION TECHNOLOGY SYSTEM**

**7260** (Cont. 1)

(Revised and renamed 11/2019)

#### **Prior Approval Required to Acquire, Develop, and Enhance Financial and Administrative IT System**

Agencies/departments may not design, develop, or acquire any automated financial and administrative IT systems or services that will duplicate the functionality in FI\$Cal without prior approval from the California Department of Technology (CDT). Advance approval is required for any state agency/department that will:

1. Contract to design, develop, acquire, or implement a new financial and administrative IT system, or to modify, enhance, change, reconfigure, or upgrade an existing financial and administrative IT system.
2. Contract to procure hardware or software to modify, expand, change, enhance, or upgrade a financial and administrative IT system.

FI\$Cal provides the financial, administrative, and business functionality needed by agencies/departments for their daily operations. State agencies/departments should leverage these functionalities to ensure the state derive maximum benefits from the ERP system.

IT systems whose core functions are not accounting or administrative operations may have overlapping functionalities similar to those FI\$Cal provides. For example, a department case management system may also perform a billing function. Such sub-systems are exempt from the approval process but must interface to FI\$Cal using the interface functionality available in FI\$Cal. Contact the Department of FI\$Cal Change Management Office at [fiscal.cmo@fiscal.ca.gov](mailto:fiscal.cmo@fiscal.ca.gov) to obtain a list of approved interfaces. The usage of FI\$Cal interface functionality requires the approval of the Department of FI\$Cal.

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## SAM – GENERAL OUTLINE OF PROCEDURES

(Continued)

### THE STATE'S FINANCIAL AND ADMINISTRATIVE INFORMATION TECHNOLOGY SYSTEM

7260 (Cont. 2)

(Revised and renamed 11/2019)

#### Exemption Request Process

A state agency/department with a critical business need that will not be met by FI\$Cal may submit a request for exemption from this SAM section after consulting with the Department of FI\$Cal, to ensure an exemption is needed. The written request should be submitted to the California Department of Technology (CDT) at [ProjectOversight@state.ca.gov](mailto:ProjectOversight@state.ca.gov). The CDT will coordinate a review of the request with the Department of Finance, the Department of FI\$Cal, and other partner agencies, if necessary, before responding to the requesting agency/department. Exemption approvals will be granted on a case-by-case basis. The exemption request must include the following minimum information:

1. A clear description of the critical business need or complex functionality that FI\$Cal cannot address.
2. The adverse effects of not addressing the critical business need and the impact a delay could have on operations. The effects must be substantiated and quantified.
3. A summary of the alternatives considered. Include arguments for and against each alternative, as well as an estimate of one-time and ongoing implementation costs.
4. A high-level plan to implement the proposed solution with the following information:
  - a. Design, development and implementation timeframes
  - b. Critical project milestones
  - c. Requisite approvals (state or federal if applicable)
  - d. Funding decision points
  - e. Procurement information



## SAM – GENERAL OUTLINE OF PROCEDURES

### UNIFORM CODING STRUCTURE

7261

(Revised 03/2011)

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.

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## SAM – GENERAL OUTLINE OF PROCEDURES

(Continued)

### 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.

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## SAM – GENERAL OUTLINE OF PROCEDURES

(Continued)

### **UNIFORM CODING STRUCTURE**

(Revised 03/2011)

**7261** (Cont. 2)

#### 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.

## SAM – GENERAL OUTLINE OF PROCEDURES

### **OTHER REQUIREMENTS FOR NEW OR MODIFIED ACCOUNTING SYSTEMS 7262** (New 11/1985)

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.**