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.

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.

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.

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:

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		

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

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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	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 - General Journal
2. Form 564 - Estimates Register

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.

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.

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.

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.

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.

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.

AUTOMATED ACCOUNTING SYSTEMS/CALSTARS 7260

(Revised 6/2014)

Implementation

The California State Accounting and Reporting System (CALSTARS) is designed to satisfy the basic accounting needs of most state departments. CALSTARS is being installed in selected departments each year, as staff resources from the Department of Finance (Finance) are available to provide support in making or overseeing the installation.

Advance Finance approval is required for any state department that will:

a. Contract to acquire, design, or develop any accounting system.

b. Contract to procure hardware or software components to modify or expand any accounting system.

c. Contract to obtain support staff to implement any accounting system.

Requests should be forwarded to Finance, Fiscal Systems and Consulting Unit, at 915 L Street, Sacramento, CA 95814. A copy of the request should be forwarded to the CALSTARS Client Support Unit. If applicable, see SAM sections 6700-6770 for more details on information technology systems.

CALSTARS Consulting Services

CALSTARS departments may request CALSTARS analyst assistance for accounting organizational studies, accounting system problems, or modification to their accounting operations or reporting capabilities. Requests should be forwarded to Finance, CALSTARS Client Support Unit, at 915 L Street, Sacramento, CA 95814.

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AUTOMATED ACCOUNTING SYSTEMS/CALSTARS **7260** (Cont. 1)
(Revised 6/2014)

CALSTARS departments need Finance approval to independently contract with other state departments or independent consulting firms or consultants for accounting related services. Requests should be forwarded to the CALSTARS System Support Unit, 915 L Street, Sacramento, CA 95814. Other services requiring Finance approval include:

a. Operational Assistance: Monthly reconciliations, year-end financial reports/process, problem solving, table review and analysis, etc.

b. Report Processes/Reports: Requests to acquire, design, develop, or modify CALSTARS reporting processes or reports.

c. Subsystems/Automated Interfaces. Assistance in reviewing subsystem specifications to determine interface to CALSTARS and developing coding requirements, dataset requirements, record layouts, etc.

Departments with Finance approval to acquire services as defined above must continue to incorporate the State's uniform coding structure and capabilities prescribed in SAM sections 7261–7262 or as amended in accordance with Finance instructions.

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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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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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.

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.