

## SAM—GENERAL OUTLINE OF PROCEDURES

### GENERAL (Revised & Renumbered 2/65)

7200

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.