

Chapter 10800 - Institutional Stores Accounting

10800 GENERAL (Renumbered 2/65)

All state institutions financed by the General Fund and having a resident population will maintain a stores system. Such institutions will keep stock records for those commodities that are specified in Section 10851. Institutions may maintain stock records for additional materials and supplies and/or equipment to the extent they have time available. (See Section 10852.) To the extent that the stock records are kept, they will provide management tools for (1) regulating and controlling the uses of commodities and (2) establishing accountability for commodities. Also the stores system facilitates the annual determination of farming and processing costs.

These instructions pertain principally to purchased and donated stores. Certain instructions, however, (such as those relating to Requisitions, Section 10831; Direct Deliveries, Section 10832; and Physical Inventories, Section 10860) apply also to produced stores. For instructions related to produced stores only see Section 10900.

Freight, cartage, and express charges invoiced separately will be charged to a special allotment under the function of administration. Service and handling charges for donated surplus materials, supplies, and food will be charged to the expenditure allotment that would be charged for the cost of such commodities if they were purchased commercially.

10806 ESTIMATING AND ORDERING (Revised 7/75)

(See also Sections 3550–59.)

The employee in charge of a function or sub-function at a state institution normally is delegated the task of requesting quarterly the materials and supplies that will be required for that function. The employee will request the commodities by submitting an Intra-Office Requisition (Local Request), Std. Form 5, to the business office. The number of units "on hand" (including those on order) will be shown for each commodity requested on the Std. Form 5. Requests will be placed quarterly to the greatest extent practical in order to concentrate purchases and obtain more favorable prices. Estimates for food supplies will be compiled in accordance with the established ration and the estimated population of the institution, after taking into consideration the inventories on hand and the estimated local production. The business office will review the requests and make modifications, if necessary. The business office will prepare Purchase Estimate, Std. Form 66, and Purchase Estimate Continuation Sheet, Std. Form 10, or Food Purchase Estimate Detail, Std. Form 11, for the items approved by the business manager. Items will be grouped on separate sheets as prescribed by the Office of Procurement, Department of General Services. Commodities will be priced for encumbrance purposes at latest purchase order prices unless more recent prices are available. Detail sheets will be summarized by allotment on Purchase Estimate, Std. Form 66. The completed estimate then will be sent to the accounting office. The accounting office will (1) check the adequacy of the budget allotment and (2) register the estimate as an encumbrance.

10807 PURCHASE ORDERS (Revised 8/67)

(See also Section 3565)

The Office of Procurement, after securing competitive bids and placing purchases with successful bidders, will forward copies of Purchase Orders, Form GSOP 8, to the institution. One copy will be filed with the accounting office and another copy with the storekeeper.

10807.1 PURCHASE OF PRODUCE (Revised 7/75)

Produce (fresh fruit and vegetables) is purchased for state institutions by the Office of Procurement, Department of General Services. Purchase orders will provide for inspection of the produce by the United States Department of Agriculture or the California Department of Agriculture if the vendor and/or the ordering institution are in an area served by either of these departments. Wherever practical, inspections will be made at the institution. If they cannot be made there, they will be made at the point of origin or the vendor's establishment. If they are made at other than the institution, an inspection

certificate will accompany the shipment.

Even though a shipment is accompanied by a certificate, the receiving institution may judge the commodities to be unacceptable. In this case the institution is to contact the Office of Procurement, Department of General Services, which will arrange for a re-inspection. If upon re-inspection the inspector finds that the produce meets specifications, the institution must accept the produce and pay for the cost of re-inspection. If the inspector finds that the produce does not meet the specifications, it is to be replaced and the vendor is to pay the cost of re-inspection.

If neither the institution nor the vendor is in an area served by either of the departments, the institution, upon receiving substandard produce, will contact the Office of Procurement for instructions on how to proceed. The Office of Procurement prefers that the institutions not contact the vendors directly.

10808 VENDORS' INVOICES

(Revised 7/65)

The Stock Received Report will be the document authorizing the accounting office to schedule the vendor's invoice for payment. When the invoice is received covering the commodities purchased, it will be checked against the corresponding Stock Received Report and Purchase Order. If it differs from the Stock Received Report or Purchase Order, the invoice will be corrected to conform thereto. The vendor will be notified of such correction by Notice of Correction of Invoice, Std. Form 107. Information will be entered on the copy of the invoice retained by the agency sufficient to identify and permit reference to the Stock Received Report, the Purchase Order and the estimate to which the invoice relates. As each invoice is audited and determined to be proper for payment, the accounting office will write or stamp "Scheduled" on the related Stock Received Report to aid in insuring against payment of duplicate invoices.

The unit price of a commodity as shown on the Purchase Order is the maximum price which can be paid. Agencies will take advantage of cash discounts offered by vendors. Quantities accepted under any Purchase Order should not exceed the quantities stated therein except in cases where it was impractical to deliver the exact quantity. In such cases, the excess permissible will be limited to a reasonable amount. (See Section 3566.2.)

If it becomes necessary to return certain goods for which Stock Received Reports have been issued, their return will be recorded on Returned Stock Report, Std. Form 108. A copy of this report will be sent immediately to the accounting office. The accounting office will request a refund or credit memorandum from the vendor. Returned Stock Reports will be filed with the Stock Received Reports.

Vendors' invoices will be posted at net purchase price (after deducting cash discounts) to the Allotment Expenditure Ledger cards for the appropriate allotments.

10821 PURCHASED STORES

(Revised 2/65)

The storekeeper will record on Stock Received Report, Std. Form 106, the receipt of goods immediately upon delivery. This document will be prepared in duplicate. The original will be sent to the accounting office. The duplicate will be retained by the storekeeper. Std. Form 106 will show from whom the goods were received, date of their receipt, Purchase Order number, estimate number, how received, car number in case of carload shipments, and the name and quantity of each article received. If, when goods are received, the storekeeper discovers that the vendor has shipped goods not in accordance with the terms of the Purchase Order, he will promptly notify the business manager of the fact and ask for disposition of the shipment. Daily, the storekeeper will sign all Stock Received Reports covering goods received and forward them to the accounting office. The practice of direct delivery of materials to points other than the stores warehouses should be avoided whenever possible. The storekeeper will check carefully all materials received.

The accounting office will check the numerical sequence of the Stock Received Reports to verify that all the Stock Received Reports have been received from the storekeeper. The Stock Received Reports then will be posted to the Purchased Stores Ledger. The documents then will be kept in an open file pending receipt of the vendor's invoice. The Stock Received Reports will be filed in numerical sequence after the vendors' invoices have been scheduled for payment. The amount of goods on order but not received can be determined directly from the copy of the Purchase Order furnished to the accounting office. All unfilled Purchase Orders will be held in an open file. When goods are received, the accounting office will check off on the Purchase Order the items received and show on the Purchase Order the number of the Stock Received Report on which the receipt of the goods was recorded. If the shipment completely fills the order, the Purchase Order will be transferred from the open to the completed Purchase Order file. If the shipment only partially completes the order, then the Purchase Order will be retained in the open file. Thus, the open Purchase Order file will show at all times the goods which have been ordered but not received.

10822 DONATED STORES
(Revised & Renumbered 2/65)

The storekeeper will record the receipt of commodities that are donated to the institution on Stock Received Report, Std. Form 106. These Stock Received Reports will be clearly identified as being for donated stores. The original will be sent to the accounting office. The duplicate will be retained by the storekeeper.

Stock Received Reports for donated items for Farming and Processing allotments only will be entered in the Donated Farm Stores Received Register after they have been priced by the accounting office. Stock Received Reports for such donated items received from the State Educational Agency for Surplus Property will be priced to show both the fair value and the service and handling charge assigned by the State Educational Agency for Surplus Property. Assistance in pricing other donated farm stores may be obtained from the Office of Procurement. The value used in a given instance will depend on the source of the donations. Stock Received Reports for other donated items will not be priced or entered in the Donated Farm Stores Received Register. Service and handling charges for donated surplus materials, supplies, and food will be charged to the expenditure allotment that would be charged for the cost of such commodities if purchased commercially.

The Stock Received Reports then will be posted to the Purchased Stores Ledger. At the end of each month the Stock Received Reports for donated stores for the month will be arranged in numerical sequence (together with Stock Received Reports for purchased stores), fastened together, and filed.

10822.1 DONATED FARM STORES RECEIVED REGISTER
(Revised & Renumbered 2/65)

Priced Stock Received Reports for all donated items for farming and processing enterprises will be recorded in the Donated Farm Stores Received Register during the fiscal year (see SAM Section 10822). As of June 30 the total net value (fair value less charges) of such items issued during the year will be determined from this register in order to prepare the Worksheet—Farming and Processing Operating Expenses (see SAM Section 10990). Only Stock Received Reports for donated items for farming and processing enterprises will be priced and recorded in this register. The register is illustrated below.

DONATED FARM STORES RECEIVED REGISTER

Stock Received Report Number	Fair Value	Charges
203	\$100	\$10
900	75	10
953	125	15
954	500	55
1299	200	30
Totals	\$1,000	\$120

Average Charge Percentage:
 $\$120 \div \$1,000 = 12\%$

Net Value of Donations Received:
 $\$1,000 - \$120 = \$880$

10823 PRODUCED STORES
(Revised 8/70)

Farm products will be accounted at the time they are harvested or otherwise produced. Farm unit heads will prepare a Production Advice form, showing description and quantity of commodities produced. The storekeeper will verify the accuracy of the Production Advice form, sign it, and send one copy to the accounting office where it will be priced and entered in the Production Advice Register and on a Stock Record similar to sample shown in SAM Section 10960, in the Produced Stores Ledger. For details see SAM Section 10920.

10830 ISSUES
(Renumbered 2/65)

10831 REQUISITIONS

(Revised 8/70)

Materials will be issued from the storeroom on approved requisitions only. A person requiring stores items will prepare an Order for Storeroom Supplies, Std. Form 115, in triplicate. He will show the date the requisition, department, or account to be charged and the name and quantity of each article ordered. Then he will sign the requisition, send the original and duplicate copies to the approving officer, and retain the triplicate copy until the storekeeper has filled the requisition. When the goods are received, the person who ordered them will check the quantity received, sign the receipt portion of the triplicate copy, and send it to the accounting office.

The approving officer will send both original and duplicate copies of the requisition to the storekeeper.

The storekeeper will fill the approved requisitions. He will number all filled requisitions in sequence, using a new series of numbers each month. He will sign and send the original copies of filled requisitions to the accounting office daily. He will file the duplicate copy.

The accounting office will compare the original copy of the requisition, received from the storekeeper, with the triplicate copy, received from the person that prepared the requisition. The triplicate copy will be filed by department. The original copy will be posted to the stores ledger cards. After all the requisitions filled during the month have been posted, the original copies will be arranged according the number assigned to them by the storekeeper, fastened together, and filed.

10831.1 SUB-STOREROOMS

(Revised 8/70)

The requisition procedure will be used for those commodities that are stored in a sub-storeroom under the custody of an employee other than the user. Such custodian will render the physical inventories stock on hand that are required by SAM Section 10860. An example of such a sub-storeroom is a cold-storage room in which meat and other products are under the custody of a butcher, who does not cook. In the case of meats, the butcher will prepare periodically an Order for Storeroom Supplies Std. Form 115, for the scraps and waste after they actually have been weighed. Normally an inventory adjustment for meat will be necessary each time a physical inventory is taken because of meat shrinkage. Abnormally large adjustments will be checked thoroughly by the business manager or a designated subordinate.

10832 DIRECT DELIVERIES

(Renumbered 2/65)

Certain classes of commodities, such as fresh fish, fresh vegetables, and milk, will not be stored but will be issued directly as received to units for which ordered.

The storekeeper will prepare a Receipt for Direct Deliveries, Std. Form 115A as a carbon copy of the Stock Received Report, Std. Form 106, for direct delivered items. The Stock Received Report number will be shown the Receipt for Direct Deliveries. The unit head who ordered the goods will check the quantity received, on the Receipt for Direct Deliveries, and send it to the accounting office. The accounting office will compare the signed Receipt for Direct Deliveries with the Stock Received Report. The Receipts for Direct Deliveries may be filed by allotment for management purposes after they have been compared to the Stock Received Reports.

Stock records will not be kept for direct delivered items when the institution assumes for custody purposes that the items are used as soon as received. Institutions may keep stock records on items delivered directly to the point of use if they wish to hold the recipient of the materials accountable therefor until actually uses the materials and is relieved of accountability by a usage report reviewed and approved by his supervisor.

10850 STOCK RECORDS

(Renumbered 2/65)

10851 PURCHASED STORES LEDGER

(Revised 8/70)

Stock records will be kept for materials and supplies that are purchased or donated for the following allotments of the General Fund: Feeding, Clothing, Housekeeping, Laundry, Personal Care, and allotments of the Farming and Processing function. These stock records are required of all state institutions that have resident population supported by the General

Fund and will be referred to as the Purchased Stores Ledger.

Stock Record will be kept for these materials and supplies even though the item cannot be stored under the personal custody of the storekeeper. (See SAM Section 10832, Direct Deliveries, for items that are delivered to the custody of the user.) The stock records will be arranged within the Purchased Stores Ledger according to the allotments specified above.

10852 MEMORANDUM STORES LEDGER

(Revised 12/73)

Each institution may, to the extent it has personnel available, maintain stock records for materials and supplies and/or equipment that are not specified in SAM Section 10851. This portion of the stock records, which is discretionary with the business manager and departmental headquarters, will be referred to as the Memorandum Stores Ledger. (See SAM Section 10860 for physical inventories of these items.)

Materials and supplies and equipment items purchased for capital outlay projects may be included in the Memorandum Stores Ledger for custody purposes.

10860 PHYSICAL INVENTORIES

(Renumbered 2/65)

At least once every three months a designated employee, preferably not the storekeeper or custodian of the property, will take a complete physical inventory of those commodities that are required to be accounted in the Purchased Stores Ledger (see SAM Section 10851). If it is unavoidable for other than the storekeeper or custodian to take the inventory, a realistic spot-verification of the inventory taking will be made by another employee designated by the business manager. The inventory may be taken on a cycle basis; i.e., one-third each month. Agencies may take a complete physical inventory once a month if their experience indicates that the monthly period is less time-consuming in the end because in their case the greater time required to trace errors on a quarterly basis outweighs the time saved in taking less frequent physical inventories. A detailed inventory plan similar to that described in SAM Section 8659 for equipment will be established and administered by the business manager.

The inventory will be taken after the storekeeper fills all the requisitions he can fill during the month. The person taking the inventory will sign the inventory listing and send it to the accounting office. The accounting office will compare the physical inventory to the book inventory. The accounting office will verify the recount of any items that are not in agreement. Any differences which cannot be located will be listed, together with any pertinent explanation, and sent to the business manager. The business manager, after he has satisfied himself as to the propriety of the adjustments, will authorize the adjustment of the stock records by signing the list of inventory adjustments and returning it to the accounting office. The accounting office will post the adjustments authorized by the business manager to the Purchased Stores Ledger and will retain the signed list.

Sheets for recording the inventory count can be prepared by (1) typing a list of items from the stores ledger leaving blank spaces as necessary for additional items and (2) duplicating the listing by mimeograph, ditto, etc.

At least once a year a physical inventory will be taken of those materials and supplies that are accounted in the Memorandum Stores Ledger. (See SAM Section 10852.) These inventories may be taken during the year as time permits. The accounting office and the business manager will give these inventories the same attention and provide for the same internal control as described above for the inventories of the Purchased Stores Ledger.

To the extent time can be made available, business managers will require that controlled inventories be taken once a year of materials and supplies that are not accounted in either the Purchased Stores Ledger or the Memorandum Stores Ledger. Sectional inventories may be taken without regard to the time inventories of other unrelated materials and supplies are being taken. The person taking the inventory will sign the inventory to indicate that it includes all the materials and supplies, as of the inventory date, that are not accounted in a stores ledger. These inventories will be reviewed to determine that the quantities on hand are consistent with the institution's needs. The business manager will notify the departmental headquarters of any excessive inventory for possible sale to other institutions. Receipts from such sales will be accounted as reimbursements.

10860.1 DUPLICATE STORES RECORDS

(Renumbered 2/65)

Storekeepers and custodians of commodities will not establish or maintain stores ledger cards or stock records that duplicate official records required to be maintained by the accounting office. The accounting office Purchased Stores

Ledger, Produced Stores Ledger, and Memorandum Stores Ledger will be used to determine usage or indicate re-order points if the agency finds such determination or notation necessary. Bin cards for significant items may be maintained by storekeepers and custodians, if essential. Bin cards are merely an indication to storekeeping personnel of the quantity of the item available. Bin cards will not identify the cost or value of the items or identify receipt or issuance documents. Bin cards will not be used or given any recognition in taking physical inventories.

10861 PURCHASED STORES INVENTORY

(Revised 8/70)

Purchased Stores Inventory materials and supplies on hand at the end of the fiscal year that belong to institutional farming and processing operations will be priced. Materials and supplies on hand that relate to other operations will not be priced.

The inventory will be priced by (1) multiplying the units on hand by the appropriate unit price as described in the next paragraph, (2) recording the result of this multiplication under the last balance in a stock record for the commodity, (3) running a tape to determine the value of all the commodities, and (4) adding 5% for sales or use tax to the amount determined, if appropriate.

Unit prices to be used are as follows:

1. Use the price shown on the latest purchase order prior to June 30.
 2. If items posted to the Purchased Stores Ledger card consist solely of donated federal surplus property, use the fair value shown on the latest invoice from the Department of Education.
 3. If items posted to the Purchased Stores Ledger card consist of both (a) federal surplus property and (b) purchased or other donated items, use the price shown under either "1" or "2" ,whichever is more appropriate.
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10872 LIST OF UNPAID STOCK RECEIVED REPORTS FOR FARMING AND PROCESSING OPERATIONS

(Revised 6/68)

The Stock Received Reports for farming and processing materials and supplies that have been received but not scheduled for payment by June 30 will be listed each year. The preparation of this list will be simplified if it is prepared promptly at the end of the fiscal year. A List of Unpaid Stock Received Reports for Farming and Processing Operations is illustrated on the following page.

Every unpaid farming and processing Stock Received Report listed will be compared to the List of Accounts Payable for such materials and supplies. (See Section 10873.) This comparison will be made in order to identify the unpaid Stock Received Reports for those materials and supplies that have been received by June 30 and that will be charged to the next year's appropriations. This identification is necessary in order to prepare the Worksheet—Farming and Processing Operating Expenses. (See Section 10990.) It will be made by checking off those Stock Received Report numbers on the List of Unpaid Stock Received Reports which are shown on the List of Accounts Payable.

An adjustment will be made in the Worksheet—Farming and Processing Operating Expenses (Section 10990) for the materials and supplies that have been received by June 30 but will be charged to next year's appropriation. The amount of this adjustment will be determined by (1) pricing the unchecked, unpaid Stock Received Reports in the same manner that the Purchased Stores Inventory will be priced (see Section 10861) and (2) analyzing these priced unpaid Stock Received Reports by operation, such as Farm General or Hog Ranch. See illustration on following page.

10873 LIST OF ACCOUNTS PAYABLE FOR FARMING AND PROCESSING OPERATIONS

(Revised 5/87)

Section 10544 requires that accounts payable as of June 30 be listed by allotment and appropriation but prescribes no specific form. That instruction regarding the form of the list also applies to institutions with farming and processing operations for all of their allotments except Farming and Processing. For this allotment the List of Accounts Payable for Farming and Processing Operations illustrated on the following page is prescribed.

Every account payable for farming and processing materials and supplies will be compared with the Stock Received Reports listed on the List of Unpaid Stock Received Reports. (See Section 10872.) This comparison will be made in order to identify the accounts payable for those materials and supplies that will be charged to current or prior year appropriations but that have not been received by June 30. This identification will be made by checking off the Stock Received Report numbers on the List of Unpaid Stock Received Reports and at the same time noting the Stock Received Report numbers

on the List of Accounts Payable.

Adjustments will be made in the Worksheet—Farming and Processing Operating Expenses (Section 10990) for the amounts of the materials and supplies that are on order for current or prior year appropriations but which have not been received by June 30. The amounts of these adjustments will be determined by analyzing by operation, such as Farm General or Hog Ranch, accounts payable for materials and supplies for which a Stock Received Report number is not indicated.

[List 1 of Accounts Payable for Farming and Processing Operations](#)

[List 2 of Accounts Payable for Farming and Processing Operations](#)

10890 RELATED SPECIAL PROCEDURES
(Renumbered 2/65)

10891 CLOTHING AND BED LINEN
(Revised 6/68)

Clothing (including shoes) and linen, such as sheets, pillow slips, and towels, made at the institution will be accounted in the Purchased Stores Ledger. Requisitions for raw materials issued to the sewing room will be posted to the stock record for the raw material. The major component material in the finished article, such as cloth for dresses, will be recorded on a work order. Stock records will not be kept for work-in-process. Stock records for finished articles will be posted from the work orders.