

## SAM—INTRODUCTION TO UNIFORM SYSTEM OF ACCOUNTING

### HISTORY OF STATE OF CALIFORNIA ACCOUNTING

7140

(Revised 5/85)

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-war 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.