

SAM - DISBURSEMENTS

PREPARATION OF PLAN OF FINANCIAL ADJUSTMENT

8452.1

(Revised 5/2015)

Government Code section [11251](#) is the general statute that authorizes the use of a PFA. Other statutes which authorize the use of a PFA for specific funds are: Government Code section [16365](#) for the Federal Trust Fund; Education Code section [12060](#) for the Vocational Education Federal Fund; and Health and Safety Code section [100390](#) for the Public Health Federal Fund.

The format for a general PFA is [Illustration 1](#) in SAM section 8452.1 and for the Federal Trust Fund, [Illustration 2](#). Each PFA must follow this format; however, statute references, funds, and appropriations will vary. If the PFA includes both general and Federal Trust Funds, follow SAM section 8452.1 Illustration 2 and include Government Code section [11251](#) in paragraph 1. Each PFA requested under Government Code section 11251 will only need approval from the State Controller's Office ([SCO](#)). See SAM section 8452.2 for Approval of Plan of Financial Adjustment.

The following items are to be included in a PFA:

1. The first paragraph should include a request for approval of PFA, and a statement of the period of time for which PFA is to be effective. This period of time can be for a limited period (one, two, three years) or it can be continuous from year-to-year as SAM section 8452.1 Illustration 1 indicates. (Departments should review their PFA each year and cancel those PFAs which are no longer needed by notifying SCO, in all cases, and Finance only for those requiring their approval).
2. Identify the funds and/or appropriations covered by PFA. If PFA is to be continuous and one of the appropriations covered by the plan is appropriated yearly, care should be taken to identify the yearly appropriation and not the specific appropriation of a particular year. For example, the ten digit item code (____-____-____) numbers of a support appropriation should be used to identify a department's yearly support appropriation and not the year and chapter number of the current budget act. If the appropriation covered is made by other than budget act legislation, the year and chapter must be stated.
3. Also to be included is a declaration by the department that a cost allocation plan will be used to allocate the costs covered by the PFA. A description of the cost allocation plan and the types of costs covered must be filed with the SCO. Those departments that have more than one PFA only need to file one cost allocation plan description unless a different plan is utilized for each different PFA. The description should include the type of costs being allocated and the methodology used to allocate the costs. Refer to SAM Chapter 9200 for guidelines on allocating costs. Although these sections refer to allocating line-item costs to programs, the same principles apply to allocating shared costs between funds and/or appropriations.

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4. The frequency of transfer requests between the funds and/or appropriations covered by the PFA must be included. Transfers must be made monthly and the period covered by the transfer must be clearly stated. For example, if an estimated transfer is submitted for July, it must indicate JULY ESTIMATES. When the estimate is cleared, the transfer request must indicate JULY ACTUAL.

(Continued)

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8452.1 Illustration 1

State Controller Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Attention: _____, Chief

(Department/Board/Commission)
(address)

PLAN OF FINANCIAL ADJUSTMENT (No. _____)

We request that you approve the following Plan of Financial Adjustment (PFA) under Government Code Section 11251 to begin _____ and to continue until _____, unless amended or rescinded.

1. As used herein, the following terms have the meanings set forth below:
 - a. "Agency" means the Department of _____.
 - b. "Primary Appropriation" means the main Budget Act appropriation for the support of the Department (e.g., Item _____).
 - c. "Special Appropriation" means any appropriation other than the main support appropriation in the Budget Act or an appropriation from other legislation (if Budget Act Special Appropriation, state item _____; if other legislation, state Chapter, Statutes of _____).
 - d. "Covered Expenditures" means the expenditure incurred by the department properly chargeable to the Primary Appropriation or Special Appropriations.
2. All covered expenditures may be paid, in the first instance, from the Primary Appropriation.
3. On the basis of data set forth in the records maintained by the Agency and in accordance with the plan of cost allocation employed by it, the Agency will determine and record the amounts expended from the Primary Appropriation that are properly chargeable to the Primary Appropriation or Special Appropriations.
4. Once a month, the department will file a request with the State Controller to transfer from the Primary Appropriation as established under "1," above, an amount which equals expenditures determined under "3," above which are chargeable to the Special Appropriations.
5. At any time after the end of a period covered by previous requests for transfer of funds, the Agency may file with the State Controller requests for transfer to make final adjustments after the close of such period.
6. Requests for transfer under this plan will be accompanied by such supporting detail as may be normally required by the State Controller.

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Requests for transfers under this plan will be addressed to the State Controller's Office, Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816, and be certified in the following language:

I hereby certify under penalty of perjury that I am duly appointed, qualified and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in accordance with all applicable provisions or restrictions in the Budget Act or other statute pertaining to the particular appropriation.

Approved by State Controller

By _____

(Signature) _____

Title _____

(Title) _____

Date _____

(Telephone) _____

Telephone _____

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8452.1 Illustration 2

_____, Director
Department of Finance
(Appropriate Budget Unit)
915 L Street
Sacramento, CA 95814

Honorable _____
State Controller
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

PLAN OF FINANCIAL ADJUSTMENT

We request that the State Controller and the Director of Finance approve this plan under provision of the Government Code Section 16365 for the Department of _____ to transfer and account for expenditure of Federal fund held in the Federal Trust Fund. The plan is to become effective July 1, 19 __, and to continue until amended or rescinded.

1. As used herein, the following terms have the meanings set forth below:

a. "Agency" means the Department of _____.

b. "Appropriation(s)" means the Agency's appropriation which is current during the period covered by a request for transfer hereunder and has in it the spending authority of the Federal funds covered by this plan. The appropriation(s) covered by this plan is (are):

Sample: Primary appropriation, General Fund. Note: If the plan is to cover several appropriations, an attachment may be used.

c. "Federal Trust Fund Accounts" means the specific accounts created in the Federal Trust Fund for holding of Federal funds as approved by the State Controller's Office and Department of Finance on Form AUD 10A.

d. "Covered Expenditures" means all expenditures which are properly chargeable to the Federal Trust Fund under b and c.

2. As authorized by Government Code Section 16365, all covered expenditures may be paid in the first instance from the appropriation(s) under 1. b. of this plan.

3. On the basis of data set forth in the records maintained by the Agency and in accordance with the plan of cost allocation employed by it, the Agency will determine and record the amounts expended from the Primary Appropriation that are properly chargeable to the Special Appropriations.

4. Monthly the Agency will file a request with the State Controller to transfer funds from the Federal Trust Fund or General Plan Account(s), either:

a. As an advance as authorized by Government Code Section 16365(b), an amount the Agency anticipates will be expended for the purpose of the Federal funds.

or

b. To reimburse the Appropriation(s) for expenditures made on behalf of the Federal Trust Fund Account(s).

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5. At any time after the end of a period covered by previous requests for transfer of funds, the Agency may file with the State Controller requests for transfer to make final adjustments after the close of such period.

6. Requests for transfers under this plan will be accompanied by such supporting detail as the Director of Finance and the State Controller may require.

Requests for transfers under this plan will be addressed to the State Controller's Office, Division of Accounting and Reporting, 3301 C Street, Suite 700, Sacramento, CA 95816, and be certified in the following language:

I hereby certify under penalty of perjury that I am duly appointed, qualified, and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in accordance with all applicable provisions or restrictions in the Budget Act or other statute pertaining to the particular appropriation.

Department of _____
By _____
Title _____
Telephone _____

APPROVALS:

Approved by Director of Finance

By _____

Title _____

Date _____

Telephone _____

Approved by State Controller

By _____

Title _____

Date _____

Telephone _____