## CHAPTER 8400 INDEX


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**INTRODUCTION** **8400**
(Rev. 03/2013)

The term disbursement is the payment process for payroll, purchases, and other expenditures. The State Controller prepares (1) Controller's Warrants and (2) Controller's Transfers for payment of State expenditures (see SAM section 8400.1 Illustration). Controller's Warrants are treated like bank checks. Governmental Accounting, Auditing and Financial Reporting defines a warrant as "an order drawn by the legislative body or an officer of a government upon its treasurer directing the latter to pay a specific amount to the person named or to the bearer." Claim schedules, with invoices attached, support the warrants. Departments file claims with the State Controller's Office (SCO) for payment of purchases and other expenditures. The directions for processing specific claims are shown in the references below.

| References | Types of Invoices |
|---|---|
| 8422.101 | Freight and Transportation |
| 8422.102 | Gasoline and Oil |
| 8422.103 | Purchases by Sub-Purchase Orders |
| 8422.104 | Contractual Services |
| 8422.105 | Blue Printing and Other Reproduction |
| 8422.106 | Telephone |
| 8422.108 | Revolving Fund |
| 8422.113 | Training |
| 8422.114 | Airline |
| 8422.115 | Automobile Rental |

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**INTRODUCTION** **8400** (Cont. 1)
(Rev. 03/2013)

Controller's payroll warrants are supported by the Payroll Warrant Register. The SCO disburses payroll warrants from the State Payroll Revolving Fund after transfer has been made from the department's fund(s).

Controller's Transfers authorize an increase or decrease of cash between funds or appropriations without a warrant. The SCO will settle "No Warrant" claims by (1) a Controller's Journal Entry reducing the department's advance at the service department or (2) a Controller's Transfer transferring the money if no advance was made at the service department. (See SAM section 8400.1 Illustration.)

Other sections of SAM that relate to the disbursements section are provided below:

| | Sections | Chapters |
|---|---|---|
| 1. | Contracts | 1200 |
| 2. | Publishing/Printing | 2800 |
| 3. | Purchases | 3500 |
| 4. | Transportation Management | 3800 |
| 5. | Transportation Services | 4100 |
| 6. | Telecommunications | 4500 |
| 7. | California Technology Agency | 4800 |
| 8. | Introduction to Uniform System of Accounting | 7000 |
| 9. | Structure of General Ledger Accounts | 7600 |
| 10. | Checks | 8041 |
| 11. | Office Revolving Funds | 8100 |
| 12. | Fiscal Affairs - Allotment-Expenditure Accounting | 8300 |
| 13. | Payrolls | 8500 |
| 14. | Standard Entries | 10500 |

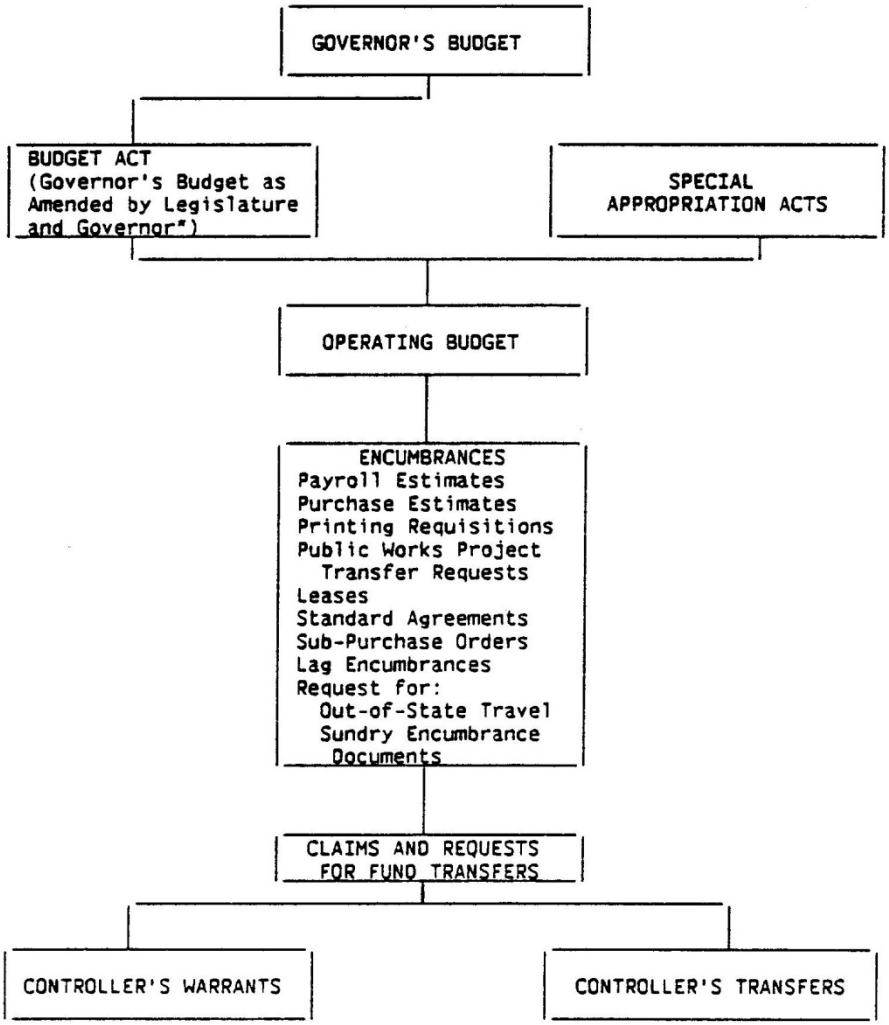
**GENERAL** **8400.1**
(Revised 3/2013)

Rules and Regulations of the California Victim Compensation and Government Claims Board prescribe the method of filing claims for disbursement of moneys from the State Treasury. This section is confined to procedures relating to the preparation and accounting of such claims.

State disbursements normally consist of: (1) expenditures, (2) refunds to payers, (3) advances for office revolving funds, (4) purchases of investments, (5) transfers between funds for non-expenditure purposes, and (6) withdrawals of trust deposits. The following illustration shows the normal flow for the authorization, incurrence, and payment of State expenditures.

8400.1 Illustration

STATE EXPENDITURES




* The Governor's Budget, as amended by the Legislature and the Governor, is referred to as the Final Budget.

## DISBURSEMENTS BY CONTROLLER'S WARRANTS

### PAYROLLS 8421

(Renumbered 2/1985)

Payroll warrants are drawn on the State Payroll Revolving Fund after transfer has been made to that fund from other funds. Disbursements from the State Payroll Revolving Fund are not accounted by agencies. (See SAM Section 8451 and Chapter 8500)

## PURCHASE AND EXPENSE CLAIMS 8422

(Revised 12/1989)

Purchase and expense claims will be listed on Claim Schedule, STD. 218 (Continuous), and submitted to the State Controller's Office for issuance of warrants. (See SAM Section 8422.2).

Claims will be submitted to the State Controller's Office at intervals to ensure that no vendor ordinarily will be paid more frequently than twice monthly except freight bills which, whenever possible, must be processed and paid within 21 days from the date of receipt by the State. This procedure is intended to assure that vendors receive payment within 30 days from the date the goods or services are received or the date of the non-discounted invoice, whichever is later. The procedure of filing claims to pay invoices as soon as possible after goods or services are received often results in an agency paying the same vendor as frequently as 10 or 12 times during a month and will be avoided whenever possible.

Invoices should be audited promptly in accordance with SAM Section 8422.1. Audited invoices then may be filed alphabetically by appropriation chargeable and by vendor. At scheduled intervals, the audited invoices may be removed from the alphabetical file and assembled into claim schedules in the manner prescribed in SAM Section 8422.2. For example, an agency that ordinarily submits claim schedules once weekly to the State Controller's Office may assemble audited invoices from the alphabetical file and prepare claim schedules as follows:

| | |
|---|---|
| 1st and 3rd weeks | A-M |
| 2nd and 4th weeks | N-Z |

Similarly, an agency that ordinarily submits claim schedules twice weekly may assemble audited invoices from the alphabetical file and prepare claim schedules as follows:

| | | |
|---|---|---|
| 1st and 3rd weeks | Tuesday | A-F |
| | Friday | G-L |
| 2nd and 4th weeks | Tuesday | M-R |
| | Friday | S-Z |

This procedure has been successfully tested and adopted by several State departments.

## INVOICES AND VOUCHERS 8422.1

(Revised 2/2015)

Original invoices will be included in claims presented to the State Controller's Office (SCO). If departments cannot obtain original invoices, the SCO will accept photocopies. Invoices marked as copies will include the same detailed information as provided on the original invoice, such as items purchased, quantity, delivery address, etc. In addition, the copies will be accepted by the SCO only if the following information is placed on the copy:

> This bill has been checked against our records and found to be the original one presented for payment and has not been paid. We have recorded this payment so as to prevent a later duplicate payment.
>
> Signed: _____
> Accounting Officer

The first step in the claim procedure is determining that invoices are proper for submission to the SCO for payment. Invoices will comply in form and content with the Victim Compensation and Government Claims Board regulations found in the California Code of Regulations Title 2, Division 2, Chapter 1, Article 7, Section 677. Also, the department will determine that:

- Items or services invoiced have been received or provided, as evidenced by stock received reports or similar documents or employee verification.
- Payment has not previously been made (this may be accomplished by referring to the department's remittance advice file or other department records).
- Invoices comply with provisions of purchase orders, sub-purchase orders, contracts, leases, service agreements, grants, etc.
- Cash discounts have been taken, if applicable.
- Authority exists to obtain the goods or services.
- Freight charges of more than $50 must have supporting prepaid freight bills included in the claim schedule to the SCO.
- Freight charges of more than $500 have been approved by the Department of General Services (DGS), Transportation Management Unit (see SAM section 3851).

Departments will verify the calculation of discounts, if applicable, price extensions, and sales tax and the arithmetical accuracy of totals on all invoices, including travel expense claims.

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**INVOICES AND VOUCHERS** **8422.1** (Cont. 1)
(Revised 2/2015)

The document number providing the purchase authority (e.g. purchase order number, contract number, sub-purchase order number, lease number) will be shown on original invoices submitted to the SCO.

The department may notify the vendor/claimant of any corrections to invoices by a Notice of Correction of Invoice, STD. 107. However, the department must send an Invoice Dispute Notification, STD. 209, as described in SAM section 8474.1.

Utility services invoices may contain a service period that overlaps two calendar months. This billing procedure does not cause any problems except at the end of a fiscal year. For uniformity, departments will charge utility invoices to the fiscal year in which the majority of the service falls. For example, if the service period is from June 10 through July 9, the total amount of the invoice will be charged to the fiscal year just ended. If the service period is from June 21 through July 20, the total amount of the invoice will be charged to the new fiscal year. If the period of service is of equal duration in each fiscal year, the invoice may be charged to either fiscal year.

Fleet services are billed by DGS on a calendar month basis. Occasionally minor amounts representing adjustments and delayed billings of the prior year are included in an invoice for the current year. Under these circumstances, the entire invoice may be charged to the current year appropriation.

For additional information, see the following SAM sections:

- 0700 et seq. for travel
- 3800 et seq. for transportation management (including freight charges)
- 8113 for additional information on discount invoices
- 8780.1 for additional information on Workers' Compensation invoices

## FREIGHT AND TRANSPORTATION INVOICES 8422.101

(Revised 06/2008)

Except as provided in SAM Section 3852, all freight and transportation invoices will be submitted to the Department of General Services (DGS), Transportation Management Unit for approval prior to being scheduled for payment. See SAM Section 3851 for the required documents to be submitted to the DGS, Transportation Management Unit for approval.

Invoices from a motor carrier containing an assignment of interest to a third party will be scheduled for payment payable to the motor carrier. If requested in writing by the carrier, departments will prepare the remittance advice in the name of the carrier, in care of the third party, who will negotiate the warrants on the basis of its power of attorney from the motor carrier.

Refer to SAM Section 3574.5 for applicability of sales and use taxes on transportation charges which are separately stated on vendor invoices.

## GASOLINE AND OIL INVOICES 8422.102

(Revised 12/1989)

The original copies of invoices will be filed with the State Controller's Office in claims for payment of credit card purchases. Credit card delivery tags will be retained by the agency for a period of six months from the date the claim is filed for payment. The State Controller's Office, at its discretion, may audit delivery tags in the agency's office to the extent deemed necessary in-lieu of a pre-audit of the tags at the time of approving invoices for payment. Since it is the responsibility of the agency to determine that invoices presented for payment are correct in all respects, the agency will audit the delivery tags to determine the propriety of charges and correctness of invoices for credit card purchases before filing a claim for payment. The arithmetical accuracy of invoices will be verified as described in SAM Section 8422.1.

Unleaded regular gasoline will be used in all but a few state-owned automobiles. (See SAM Section 3687.1) Invoices and related delivery tags for premium unleaded gasoline, where its use is prohibited, will be adjusted to reflect unleaded regular gasoline prices. The same procedure will be observed for the purchase of oil at more than the Office of Procurement contract price.

Amounts collected from employees for unauthorized purchases of gasoline and oil will be deposited in the agency's general cash account (revolving fund account if the agency does not have a general cash account) pending their remittance to the vendor. (See SAM Section 8422.3)

## INVOICES FOR PURCHASES BY SUB-PURCHASE ORDERS 8422.103

(Revised 2/1972)

Contract numbers, where applicable, will be shown on sub-purchase order invoices. Agencies will enter the explanation "Partial delivery; Order was for _____ (quantity)" on invoices for partial deliveries of items with unit prices governed by quantities purchased. This explanation will permit the State Controller's Office to compare the unit price claimed on the invoice with the contract price.

A detailed vendor-generated document may be used to support sub-purchase order invoices where itemization of goods purchased is not practical. Vendor-generated support documents may take the form of an invoice, cash register tape, sales slip, or ticket. The form should be customary to the vendor's business.

Sub-purchase order invoices will be completed in the usual manner except that a general description may be used in place of itemizing the purchase, e.g., groceries. The support document will be attached to the sub-purchase order invoices form and referenced in the description section. Where possible, reference will be made to a vendor-numbered document.

## INVOICES FOR CONTRACTUAL SERVICES 8422.104

(Revised 6/2014)

Invoices for contractual services and space rental will show the applicable contract or lease number, or other data, to allow positive identification of an existing contract or lease. The State Controller's Office (SCO) will examine the contracts to determine whether the payments are in accordance with the contract terms. All contracts are filed with the SCO upon execution in accordance with SAM Chapter 1200.

Original authorizations by lessors to make payments to someone other than the lessor will be forwarded to the SCO prior to scheduling invoices requiring such payment. Leases subject to Department of General Services (DGS) approval will secure its notification of approval before scheduling invoices to the new payee.

Departments will attempt to obtain invoices in advance for all payments to be made under contracts or leases which provide for fixed monthly or quarterly payments, other than for space rentals. As each payment becomes due, the applicable invoice will be removed from the file and scheduled for payment. If the lessor or contractor's names are not on printed billheads, the invoice should be checked for signatures of the lessor or contractor. Remove remaining invoices for canceled contracts or leases.

Victim Compensation and Government Claims Board section 677(f) permits space rental lease payments without an accompanying invoice if the applicable lease is on file with the SCO. A listing of the lease payments to be made may be submitted instead of individual invoices. The listing must include the lease number, name of lessor/assignee, location of leased property, amount, period covered by payments, and due date of the payment. The listing format must be approved by the SCO, Audits Division prior to submitting the listing for payments.

Changes (payee, amount, address, etc.) to a space rental lease must be received by the SCO, Audits Division by the 22nd of the month in order to make the change effective by the first of the succeeding month.

Invoices for payment on oral agreements should describe fully the nature of the services rendered and the terms or conditions under which payment is to be made and a notation that there is no written agreement.

For one-time payment contracts, a copy of the contract will be attached to the invoice at the time the claim schedule is sent to the SCO. This will facilitate the audit and expedited payment of the claim.

## BLUEPRINTING AND OTHER REPRODUCTION INVOICES 8422.105

(Revised 10/1978)

For payment of blueprinting and other reproduction services performed under service agreements, the original copies of vendor's summary invoices that list individual invoice numbers and amounts will be filed with the State Controller's Office. Supporting invoices will be retained by the agency for a period of six months from the date the claim is filed for payment. The State Controller's Office, at its discretion, may audit the supporting invoices in the agency's office instead of a pre-audit of the supporting invoices at the time of approving the summary invoices for payment.

The agency is responsible for auditing the individual invoices to determine the propriety of charges and correctness of summary invoices for blueprinting and other reproduction services before filing a claim for payment.

## TELEPHONE INVOICES 8422.106

(Revised 2/2015)

Telephone companies will furnish departments with one copy of statements for long distance telephone calls in support of their invoices. These documents will be retained by the department together with the department's copy of the invoice with the file copy of the claim. The State Controller's Office will request review of the statements in any instance wherein it believes that such verification is required.

Telephone invoices usually have a service period other than the calendar month. These invoices will be charged the same way as other utilities as described in SAM section 8422.1.

Telephone statements, including credit card statements, will be approved by the employee making the calls and the employee's supervisor. Any unapproved charges will be collected from the employee.

State departments are not required to pay the surcharge imposed by the California Emergency Telephone Users Surcharge Law (911). If a department receives an invoice from a telephone company which includes the surcharge, delete the surcharge amount and schedule the balance for payment. Departments should inform the telephone companies of the incorrect billings when surcharge assessments recur.

## VOUCHERS FOR PURCHASE OF FEDERAL SURPLUS PROPERTY 8422.107

(Renumbered 2/1965)

The Federal Government provides only one copy of listings of items purchased and statements of account. Since these will be submitted to the State Controller's Office with the claim, agencies will make extra copies for their requirements.

**REVOLVING FUND INVOICES** **8422.108**
(Revised 1/1966)

Any invoice or voucher being scheduled to reimburse an office revolving fund will show the applicable revolving fund check number on the face of the invoice or voucher—except that if the revolving fund checks issued to pay the vouchers and invoices in a claim schedule are in consecutive numerical sequence and the vouchers and invoices are in the same sequence, the following statement may be shown on the face sheet of the claim schedule (original and office copies) instead of writing the check number on each invoice or voucher:

"Paid by revolving fund check numbers _____
to _____ inclusive."

If this is done, the vouchers and invoices contained in such claims will be stamped "Paid by Revolving Fund Check" or marked in some other manner to prevent duplicate payment unless the agency has other means to prevent this.

**PRIOR FISCAL YEAR CHARGES** **8422.109**
(Renumbered 2/1965)

Invoices for purchases by sub-purchase orders charged to an appropriation of a fiscal year prior to the fiscal year in which delivery is received will be explained by noting on such invoices: "ordered in prior fiscal year for immediate delivery."

## CONSOLIDATION OF REMITTANCE FOR UTILITY BILLS 8422.110

(Renumbered from 8422.111 12/1989)

Agencies that have field locations may find it advantageous to consolidate bills by preparing one remittance to each billing center of the utility company concerned instead of separate remittances to company offices nearest the locations of service.

## LOCAL GOVERNMENT UTILITY USERS TAX 8422.111

(Renumbered from 8422.112 12/1989)

Agencies that receive utility bills which include a Utility Users Tax assessed by California local governments will not pay such a tax. Such agencies will contact the utility and advise it that the State is not subject to the tax.

**TRAINING INVOICES** **8422.113**
(New 03/2013)

Training invoices submitted to the SCO for payment must be authorized in the department's training plan and must comply with the provisions of an authorizing procurement document. The authorizing procurement document must provide pertinent details such as the employee's name, amount of fees, date of class, vendor information, course details and important terms and conditions. The authorizing procurement document must include the funding information and the approving officers' signature. Departments shall develop the authorizing procurement document such as a contract, service agreement, interagency agreement, or training requisition form in a manner that safeguards the state's interests. Training invoices of more than $5,000 must be supported by a contract or interagency agreement. Refer to the State Contracting Manual for further guidance.

Claims for payment/reimbursement of training invoices must include proof of completion or reason for not attending the training. In some instances, certification that the training was completed can be done by the approving officer's signature (signed and dated after the training completion date). The approving officer's signature on the authorizing procurement document will certify that services were actually rendered and authorizations were duly obtained. Claims for payment of training invoices and Office Revolving Fund reimbursement of training invoices shall not be submitted to the SCO for payment, prior to the start of the service period or training date(s).

**AIRLINE INVOICES** **8422.114**

(Renumbered from 8422.115 12/1989)

The passenger's copy of an airline ticket will be submitted with the employee's travel expense claim. Such passenger's copy will be compared with the airline invoice to determine the propriety of the charge. Any unapproved charges will be collected from the employee.

## AUTOMOBILE RENTAL INVOICES 8422.115

(Renumbered from 8422.116 12/1989)

The customer's copy of the automobile rental contract will be submitted with the employee's travel expense claim. Such copy will be compared with the automobile rental invoice to determine the propriety of the charge. Any unapproved charges will be collected from the employee.

## INVOICES FROM SOLE PROPRIETOR VENDORS OR INDIVIDUALS 8422.116

(Revised 12/2008)

Departments must determine if payments on invoices received from individuals or sole proprietor businesses are subject to independent contractor reporting as defined by the Employment Development Department (EDD).

Departments must report to the EDD using the Report of Independent Contractor(s) form, DE542, within twenty days of either (1) making payments of $600 or more or (2) entering into a contract for $600 or more with an independent contractor in any calendar year, whichever is earlier. This information is used to assist State and county agencies in locating parents who are delinquent in their child support obligations. Additional information and the form are available at the EDD website: http://www.edd.ca.gov/. See SAM Section 7930.

## REPORTABLE PAYMENTS 8422.19

(Revised 12/2008)

Sections 6041 of the federal Internal Revenue Code (IRC) and 18631 of the CA Revenue and Taxation Code require the state to report certain payments made to individuals, medical and legal corporations, and partnerships when such payments total at least $600 of miscellaneous income and $10 of interest income, respectively. In addition, the IRC Section 6045(f) requires the State to report any payment to an attorney (including legal corporations) made in connection with legal services whether or not such services were performed for the payer. These include "gross proceeds" (i.e., lump sum payments to attorneys that consist of legal fees and amounts awarded to the client).

State policy requires that reportable payments be identified and reported through a combination of electronic data processes, the state Uniform Codes Manual (UCM), and information provided in the Payee Data Record (STD. 204). The Department of Finance (FINANCE), CALSTARS Unit has developed and implemented appropriate procedures to facilitate such reporting, for its agencies, through the Franchise Tax Board (FTB). Non-CALSTARS agencies that operate their own EDP systems are required to develop and implement similar reportable payment identification systems. Non-CALSTARS agencies that operate in a manual accounting environment are encouraged to call the FINANCE, Fiscal Systems and Consulting Unit, if they have any questions.

The chief financial officer of each state agency is designated as the person responsible for ensuring compliance with federal and state tax laws. Each state agency which makes payments from the State Treasury trust and/or agency funds will comply with the Internal Revenue Service (IRS) and the FTB annual information reporting and income tax withholding (W/H) requirements. A state agency may arrange to have 1099s, FTB, and IRS reports prepared by a reporting agent such as FTB. However, the final responsibility will rest with the state agency.

For the purposes of complying with the reporting requirement, each state agency is a separate reporting entity. Accordingly, each agency shall report under its own unique Federal Employer Identification Number (FEIN). Some departments may even consider it necessary to file separate reports for certain programs. Where such separate reporting is deemed necessary, the department should apply for separate FEIN(S) for the appropriate program(s). A FEIN application (Form SS-4) is available at the IRS website: http://www.irs.gov. Return the completed form to the IRS.

## REPORTABLE PAYMENT IDENTIFICATION AND CLASSIFICATION REQUIREMENTS 8422.190

(Revised 06/2016)

1. Required Payee Data Record form, STD. 204. See 8422.190 Illustration 1 and 8422.190 Illustration 2.

   The purpose of the STD. 204 form is to obtain payee data for information reporting and to ensure tax compliance with the Internal Revenue Code (IRC) and the California Revenue and Taxation Code (R&TC). The STD. 204 is required for any non-governmental or individual entering into a transaction that may lead to a payment from the state. Therefore, a completed, signed, and dated STD. 204 must be on file with the state before payments are disbursed. The information provided in this form must be used in conjunction with reportable payment indicators in the Uniform Codes Manual (Object section, column “FBR”) to select the payments that are reportable from the payment history files through electronic data processing methods (SAM section 8422.19).

   A completed STD. 204 is necessary to determine what payments are reportable by the payee and must be attached to each contract. For non-contract transactions, this form must be completed by the payee and retained in the state department’s business services or accounting office. Non-state employees authorized to receive travel expense reimbursements directly from departments must also complete a STD. 204 before the reimbursement is paid.

   Information provided by the payee on this form will include:

   (1) Complete business name and address of payee doing business with the state including owner's name, if a sole proprietorship.
   (2) The payee entity type and the Taxpayer Identification Number (TIN) as shown. The TIN is the Social Security Number (SSN) for individual and sole proprietor payees (IRC section 6109(a) and R&TC section 18646) and the Federal Employee Identification Number (FEIN) for all other payees.
   (3) The residency status of the payee by indicating resident or nonresident as shown. The reverse side of the STD. 204 provides instructions for making this determination. Nonresidents may be subject to state withholding at the standard rate for payment(s) that exceed $1,500 in a calendar year (R&TC section 18662) unless verification authorizing a reduced withholding amount or a waiver approved by the Franchise Tax Board (FTB) is attached to the STD. 204. To determine if withholding is required and the standard withholding rate, refer to the decision charts on FTB website at http://www.ftb.ca.gov/individuals/wsc/decision_chart.shtml. For further information on nonresident withholding, see SAM section 8422.195.
   (4) The name, title, telephone number, and dated signature of the payee’s authorized representative will be provided. This signature certifies the accuracy of the information provided.

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(Continued)
**REPORTABLE PAYMENT IDENTIFICATION AND CLASSIFICATION REQUIREMENTS** **8422.190 (Cont. 1)**
(Revised 06/2016)

State departments may submit a request for changes to the STD. 204 (including a draft STD. 204 with the proposed changes) to the Department of Finance, Fiscal Systems and Consulting Unit, for approval. Suggested changes must be in accordance with the purpose of the form.

If the STD. 204 is not completed by the payee, payment to the payee shall be reduced by the following:

- Federal backup withholding at a rate determined by the Internal Revenue Service (IRS). For more information, refer to the IRS website http://www.irs.gov/ for IRS Publication 1281, Backup Withholding for Missing and Incorrect Name/TIN(S). Additional resources include IRS Publication 15, Employer's Tax Guide, and IRS Publication 17, Your Federal Income Tax. For questions about federal backup withholding or information reporting, contact the IRS' Information Reporting Program Customer Service Section at (866) 455-7438.

- State backup withholding of 7 percent for payments made on or after January 1, 2010 to residents or nonresidents per R&TC section 18664.

- Payment may be subject to state income tax withholding if the payee indicates "nonresident" on the STD. 204 per item #3 listed above. Under circumstances where both backup withholdings and nonresident withholding apply, only backup withholding shall be required. Refer to FTB Publication 1017, available at http://www.ftb.ca.gov/, for further information.

Pursuant to R&TC sections 18662(d) and 18668, state departments are liable for amounts not withheld, under-withheld, or not remitted to the FTB. Information on federal and state tax withholdings is provided in SAM section 8422.195. In addition, the state department is responsible for sending additional requests to those payees that fail to provide their TIN, as described in SAM section 8422.193.

2. Payments that must be reported.
   a. Payments for services to medical corporations, legal service corporations, and to non-corporate entities (except governmental units) will be reported. These may include: fees, commissions, other forms of compensation for services (to the extent not reported on Form W–2), interest, rent, royalties, prizes, awards, and "gross proceeds" connected with legal services.

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**REPORTABLE PAYMENT IDENTIFICATION AND CLASSIFICATION REQUIREMENTS** **8422.190 (Cont. 2)**
(Revised 06/2016)

b. Payments are reportable if all three of the following points can be answered yes:
   (1) Payment is within the conduct of trade or business.
   (2) Payee is not a corporation (note that all payments to a] medical corporations for services provided and b] attorneys or legal services corporations including gross proceeds are reportable).
   (3) Payment is for rents, prizes, awards, or services (including construction contract services) rendered and not solely for merchandise.
c. The following identifies (1) the various recurring payment types that are required to be reported and (2) the box on the Form 1099 MISC in which they are to be reported:
   Box 1 Rent of real or personal property.
   Box 2 Royalties.
   Box 3 Other income (including prizes, awards, and punitive damages not involving physical injury or sickness).
   Box 4 Federal income tax withheld (backup withholding).
   Box 6 Medical and health care payments, including doctors, medical corporations, dentists, audiologists, optometrists, psychologists, psychiatrists, etc.
   Box 7 Nonemployee compensation.
   Prizes and awards for services rendered (e.g. bonuses not reported in W-2).
   Commissions to non-employees.
   Commissions to real estate brokers.
   Consulting fees to non-employees.
   Professional fees.
   Payments to entertainers.
   Construction service contracts (roads, streets, buildings, etc.).
   Box 14 Attorney Fees - Gross Proceeds pursuant to IRC section 6045(f); that consist of (1) amounts intended to be paid to the client; and (2) amounts intended for the attorney.
   Box 16 State income tax withheld

d. Interest (other than tax exempt government obligations; interest by or to nonresident aliens and most foreign entities; corporations; tax-exempt retirement plans, custodians and nominees, brokers, registered dealers in securities and commodities, and U.S. state governments, including their subdivisions and wholly-owned departments and instrumentalities) must be reported on Form 1099-INT. Form 1099- INT payments are not subject to state backup withholding.

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**REPORTABLE PAYMENT IDENTIFICATION AND CLASSIFICATION REQUIREMENTS** **8422.190 (Cont. 3)**
(Revised 06/2016)

3. Payments that are not reported.
   a. Payments to governmental entities.
   b. Payments to most corporations for goods and services. However, payments to medical corporations and legal corporations are reported.
   c. Payments for merchandise (including freight, storage, and similar charges) and utilities (such as electricity, gas, oil, water, telephone, telegraph, and similar services).
   d. Payments of non-punitive damages (for physical injury or sickness) awarded by the courts. However, any interest payment is reportable.
   e. Salaries and wages paid from the State Payroll Revolving Fund or otherwise reported on Form W–2.
   f. Scholarships, fellowships, and stipends (except where such payments are subject to the performance of services).
   g. Per diem and travel expense reimbursements are generally not considered reportable income. Refer to IRS Instructions for Form 1099-MISC on nonemployee compensation.

4. Payments that include reportable and non-reportable items.

   When a payment to an individual includes both reportable and non-reportable items, state departments usually have the option of reporting the total payment or only the reportable portion. If the agreement is only for a lump sum, then the full amount will be reported (including gross proceeds paid to an attorney in connection with legal services). However, when a payment includes both interest and non-reportable principal, only the interest will be reported. When a payment to an external consultant includes a stated amount for travel expenses, per diem, or other expenses, as well as an amount for services, the total amount will be reported.

Questions regarding the determination of reportable payments and/or the use of STD. 204 should be directed to the Franchise Tax Board, Information Reporting Unit, at (916) 845–6304.

Print Clear

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

**PAYEE DATA RECORD**

(Required when receiving payment from the State of California in lieu of IRS W-9)

STD. 204 (Rev. 6-2003)

**1**

**INSTRUCTIONS:** Complete all information on this form. Sign, date, and return to the State agency (department/office) address shown at the bottom of this page. Prompt return of this **fully completed** form will prevent delays when processing payments. Information provided in this form will be used by State agencies to prepare Information Returns (1099). See reverse side for more information and Privacy Statement.

**NOTE:** Governmental entities, federal, State, and local (including school districts), are not required to submit this form.

**2**

**PAYEE'S LEGAL BUSINESS NAME** (Type or Print)

**SOLE PROPRIETOR – ENTER NAME AS SHOWN ON SSN** (Last, First, M.I.)

**E-MAIL ADDRESS**

**MAILING ADDRESS**

**BUSINESS ADDRESS**

**CITY, STATE, ZIP CODE**

**CITY, STATE, ZIP CODE**

**3**

**PAYEE ENTITY TYPE**

**CHECK ONE BOX ONLY**

**ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN):** ___ - _____

☐ **PARTNERSHIP**

☐ **ESTATE OR TRUST**

**CORPORATION:**

- ☐ **MEDICAL** (e.g., dentistry, psychotherapy, chiropractic, etc.)
- ☐ **LEGAL** (e.g., attorney services)
- ☐ **EXEMPT** (nonprofit)
- ☐ **ALL OTHERS**

☐ **INDIVIDUAL OR SOLE PROPRIETOR ENTER SOCIAL SECURITY NUMBER:** ___ - __ - ____

(SSN required by authority of California Revenue and Tax Code Section 18646)

**NOTE:** Payment will not be processed without an accompanying taxpayer I.D. number.

**4**

**PAYEE RESIDENCY STATUS**

☐ California resident - Qualified to do business in California or maintains a permanent place of business in California.

☐ California nonresident (see reverse side) - Payments to nonresidents for services may be subject to State income tax withholding.

- ☐ No services performed in California.
- ☐ Copy of Franchise Tax Board waiver of State withholding attached.

**5**

**I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the State agency below.**

**AUTHORIZED PAYEE REPRESENTATIVE'S NAME** (Type or Print)

**TITLE**

**SIGNATURE**

**DATE**

**TELEPHONE** ( )

**6**

**Please return completed form to:**

**Department/Office:** _____

**Unit/Section:** _____

**Mailing Address:** _____

**City/State/Zip:** _____

**Telephone:** (___) _____ **Fax:** (___) _____

**E-mail Address:** _____

8422.190 Illustration 1

STATE OF CALIFORNIA-DEPARTMENT OF FINANCE

**PAYEE DATA RECORD**

STD. 204 (Rev. 6-2003) (REVERSE)

| | |
|---|---|
| 1 | **Requirement to Complete Payee Data Record, STD. 204**<br><br>A completed Payee Data Record, STD. 204, is required for payments to all non-governmental entities and will be kept on file at each State agency. Since each State agency with which you do business must have a separate STD. 204 on file, it is possible for a payee to receive this form from various State agencies.<br><br>Payees who do not wish to complete the STD. 204 may elect to not do business with the State. If the payee does not complete the STD. 204 and the required payee data is not otherwise provided, payment may be reduced for federal backup withholding and nonresident State income tax withholding. Amounts reported on Information Returns (1099) are in accordance with the Internal Revenue Code and the California Revenue and Taxation Code. |
| 2 | Enter the payee's legal business name. Sole proprietorships must also include the owner's full name. An individual must list his/her full name. The mailing address should be the address at which the payee chooses to receive correspondence. Do not enter payment address or lock box information here. |
| 3 | Check the box that corresponds to the payee business type. Check only one box. Corporations must check the box that identifies the type of corporation. The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State provide their Taxpayer Identification Number (TIN). The TIN is required by the California Revenue and Taxation Code Section 18646 to facilitate tax compliance enforcement activities and the preparation of Form 1099 and other information returns as required by the Internal Revenue Code Section 6109(a).<br><br>The TIN for individuals and sole proprietorships is the Social Security Number (SSN). Only partnerships, estates, trusts, and corporations will enter their Federal Employer Identification Number (FEIN). |
| 4 | **Are you a California resident or nonresident?**<br><br>A corporation will be defined as a "resident" if it has a permanent place of business in California or is qualified through the Secretary of State to do business in California.<br><br>A partnership is considered a resident partnership if it has a permanent place of business in California. An estate is a resident if the decedent was a California resident at time of death. A trust is a resident if at least one trustee is a California resident.<br><br>For individuals and sole proprietors, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose that will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.<br><br>Payments to all nonresidents may be subject to withholding. Nonresident payees performing services in California or receiving rent, lease, or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for State income taxes. However, no withholding is required if total payments to the payee are $1,500 or less for the calendar year.<br><br>For information on Nonresident Withholding, contact the Franchise Tax Board at the numbers listed below:<br>Withholding Services and Compliance Section: 1-888-792-4900 E-mail address: wscs.gen@ftb.ca.gov<br>For hearing impaired with TDD, call: 1-800-822-6268 Website: www.ftb.ca.gov |
| 5 | Provide the name, title, signature, and telephone number of the individual completing this form. Provide the date the form was completed. |
| 6 | This section must be completed by the State agency requesting the STD. 204. |
| | **Privacy Statement**<br><br>Section 7(b) of the Privacy Act of 1974 (Public Law 93-579) requires that any federal, State, or local governmental agency, which requests an individual to disclose their social security account number, shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.<br><br>It is mandatory to furnish the information requested. Federal law requires that payment for which the requested information is not provided is subject to federal backup withholding and State law imposes noncompliance penalties of up to $20,000.<br><br>You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the State agency(ies) with which you transact that business.<br><br>All questions should be referred to the requesting State agency listed on the bottom front of this form. |

8422.190 Illustration 2

## STATE DEPARTMENTS REPORTING ANNUAL INFORMATION RETURNS 8422.191

(Revised 03/2011)

This section applies to non-CALSTARS departments only. Non-CALSTARS departments may send their annual information returns (Form 1099) to the Franchise Tax Board (FTB) by the first week in January of the year following the calendar year payment. FTB will mail a paper Form 1099 to the payee by January 31st and forward the information to the Internal Revenue Service (IRS). The IRS has established the following due dates for Form 1099:

- Recipient Copy January 31
- IRS Paper Filing February 28
- IRS Electronic Filing March 31

Departments filing 250 or more Form 1099 must file electronically. For 249 or less, departments are encouraged to file electronically; however, paper returns can be filed with the IRS. Further information regarding the two methods is described below. Departments that do not use the FTB to transmit Form 1099 data must mail a paper return directly to the payee by January 31st and file electronic or paper copies as described below.

1. Filing 250 or more

   Departments that file their own electronic returns are encouraged to use the IRS Combined Federal/State Filing Program. An application to participate in this program should be submitted directly to the IRS. When the application is approved by the IRS, the department will annually send the returns to the IRS only. IRS will then forward the information to FTB. To request approval to participate in the IRS Combined Federal/State Filing Program, see IRS Publication 1220, *Specifications for Filing Forms 1097-BTC, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically* or call IRS Information Reporting at (866) 455-7438.

2. Filing less than 250

   Departments filing less than 250 returns of one type are encouraged to file electronic returns through the IRS Combined Federal/State Filing Program as described above. However, departments may file paper Form 1099 with the IRS Form 1096 (Return Transmittal Form) and send them to the IRS, Ogden, UT 84201. The IRS will forward copies of returns filed with the Form 1096 to the FTB. In this case, the departments do not send paper copies to FTB. To order 1099 forms from the IRS, call 1-800-TAX-FORM (1-800-829-3676) or order them on-line at www.irs.gov.

For information reporting questions, refer to the IRS website at www.irs.gov or call IRS Information Reporting Program Customer Service Section at (866) 455-7438. Additional information is available at www.ftb.ca.gov, or contact FTB at (916) 845-6304 or IRPhelp@ftb.ca.gov.

## ISSUING CORRECTED INFORMATION RETURNS 8422.192

(Revised 03/2011)

The ultimate responsibility for filing information returns (Form 1099) and for ensuring the accuracy of the Form 1099 rests with the state department that made the payment(s) being reported. Consequently, notwithstanding the Form 1099 processing, filing, and mailing assistance provided to most state departments by the Department of Finance, CALSTARS Unit and the Franchise Tax Board (FTB), each state department is responsible for issuing corrected Form 1099 to its payees and to the appropriate tax authorities whenever it is necessary to correct a previously issued Form 1099.

A. Filing Corrected Paper Form 1099

Corrected paper Form 1099 should be filed with the IRS and a copy mailed to the payee. Do not submit copies to the FTB. The IRS automatically shares the data in corrected paper Form 1099 with the FTB.

For specific instructions regarding the filing of corrected Form 1099 on paper, refer to the IRS publication, Instructions for Forms 1099, 1098, 5498, and W-2G. This annual publication may be requested by calling the IRS at (800) 829-3676, or by downloading it from the website: http://www.irs.gov/.

B. Filing Corrected Electronic Form 1099

Corrected electronic Form 1099 should be filed with *both* the IRS and the FTB and paper copies sent to the payees.

For specific instructions regarding the filing of corrected Form 1099 electronically, refer to the IRS Publication 1220, *Specifications for Filing Forms 1097-BTC, 1098, 1099, 3921, 3922, 5498, 8935, and W-2G Electronically*. This publication may be requested by calling the IRS at (800) 829-3676 or by downloading it from the IRS website (noted above).

For additional information on the filing of corrected Form 1099, please call the FTB at (916) 845-6304 for general information and (916) 845-3778 for technical information.

**CONSEQUENCES OF INCORRECT INFORMATION REPORTING 8422.193**
(Revised 03/2011)

If the Payee Data Record form STD. 204 is not completed by the payee, the state department is responsible to reduce the payee's payment by withholding the federal and state backup income tax portion. Under the Internal Revenue Code and the Revenue and Taxation Code, a state department that fails to obtain the Tax Identification Number (TIN) or fails to file timely information returns can be assessed a federal backup income tax withholding and a 7 percent state backup withholding on amounts that were incorrectly reported or were not withheld. For more information on the federal backup withholding rate, refer to the Internal Revenue Service (IRS) website http://www.irs.gov/ for Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(S).* Additional penalties, fines, and interest may be assessed by the IRS and/or Franchise Tax Board. In order for departments to avoid a penalty for filing a return that omitted the payee's TIN, departments must send the taxpayer a first annual request for the TIN by December 31 of the year in which the department makes a reportable payment. A second annual request is also required by December 31 of the following year if reportable payments are being made.

**BACKUP WITHHOLDING NOTICES (B-NOTICES)** **8422.194**
(Revised 06/2010)

Annual information returns reported to the IRS are subject to various computer matching analyses to determine, in part, whether the payee's name and Taxpayer Identification Number (TIN), as reported in the Form 1099, matches that in the taxpayer's account in the IRS computer files. If they do not match, the IRS will send the payor (state department) a CP2100 or CP2100A Notice, depending on the number of mismatches. The Notice will include a list of payees whose TINs (on Form 1099 filed by, or on behalf of, the state department) are missing, incorrect, or not issued.

When a state department receives a CP 2100 or CP 2100A Notice, the IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(s),* provides detailed instructions and requires the following:
Examine the Payee Data Record form STD. 204 and verify that if the:

1. TIN provided by the taxpayer matches that on the IRS Notice, the department will:
   a. Send the payee a blank STD. 204 and the required "B" Notice which is a backup withholding notice within 15 business days. The "B" Notice will:
      i. Request a response date within 30 business days from the date the department received the IRS notice.
      ii. Include date, taxpayer name, TIN, backup withholding rate, and return to information.
      iii. Be sent in an envelope that is clearly marked, "IMPORTANT TAX INFORMATION ENCLOSED" or "IMPORTANT TAX RETURN DOCUMENT ENCLOSED."
   b. Begin backup withholding no later than the 31st business day after receipt of the IRS Notice. Per Revenue and Tax Code (R&TC) section 18664, vendors who are subject to federal backup withholding are also subject to state backup withholding except for payments of interest and dividends and any release of loan funds made by a financial institution.
   c. Stop backup withholding when the payee provides the correct TIN on the STD. 204.
   d. Keep track of each payee listed in the IRS Notice in order to determine when the same payee appears twice in three years. Upon receipt of another IRS Notice listing the same payee within three years, the payor department is required to:
      i. Send a second "B" Notice as described above, and direct the taxpayer to contact the IRS or Social Security Administration to obtain the correct Name/TIN combination. Do not send another STD. 204.
      ii. Begin backup withholding no later than the 31st business day after receipt of the IRS Notice. Per R&TC section 18664, vendors who are subject to federal backup withholding are also subject to state backup withholding except for payments of interest and dividends and any release of loan funds made by a financial institution.

(Continued)

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**BACKUP WITHHOLDING NOTICES (B-NOTICES)** **8422.194** (Cont. 1)
(Revised 06/2010)

iii. Continue withholding until an official stop notice is received from the IRS.

2. Taxpayer did not provide a TIN and the IRS Notice shows a missing TIN, the department will:

   a. Ensure that the annual requests to the taxpayer for a TIN have been made in accordance with SAM 8422.193

3. TIN provided by the taxpayer does not match that on the IRS Notice; *do not write to the IRS*. However, the department will:

   a. Correct its records if they reported incorrect information to the IRS or if the information changed after they reported to the IRS.
   b. Note its records if the IRS misprinted the information, but do not take any further action.

Each department is required to maintain a current copy of IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(S),* for reference in processing IRS Notices and "B" Notices. The publication is available at http://www.irs.gov/. In addition, SAM section 8422.195 provides further information and instructions on the withholding requirements. Furthermore, pursuant to R&TC sections 18662(d) and 18668, state departments are liable for amounts not withheld, under-withheld, or not remitted to the FTB.

## REPORTABLE PAYMENT INCOME TAX WITHHOLDING 8422.195

(Revised 06/2016)

Each state department is responsible for federal and state backup withholdings on reportable payments or state withholding on payments made to nonresidents, as defined in SAM Section 8422.190. Details and instructions for the withholding types are as follows:

**Federal Backup Withholding Requirements**

The Internal Revenue Code (IRC) section 3406 states that reportable payments to payees are subject to backup withholding when:

1. Payee Data Record form STD. 204 (in lieu of an IRS Form W–9) has not been completed providing certification of correct TIN and exemption.
2. IRS notifies your state department that your payee is subject to backup withholding.
3. IRS notifies your state department that your payee furnished an incorrect TIN.
4. Payee fails to certify exemption from withholding on interest and dividends per IRC Section 3406(d).

**Computation of Federal Backup Withholding**

For each payee invoice or similar payment document that is subject to federal backup withholding, the state department shall compute the federal backup income tax to be withheld by multiplying the invoice amount (or the portion subject to tax) by the federal backup withholding rate determined by the Internal Revenue Service (IRS). For the current rate and more information, refer to IRS website http://www.irs.gov/ for IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(S).* Additional resources include IRS Publication 15, *Employer's Tax Guide,* and IRS Publication 17, *Your Federal Income Tax.* The computation may be performed on the payee invoice(s) or on a separate computation sheet which should be attached to the invoice(s) and included with the claim schedule. The net amount (original invoice amount less the withholding amount) is the amount due to the payee.

**State Backup Withholding Requirements**

Payees who are subject to federal backup withholding are also subject to state backup withholding except for:

1. Payments of interest and dividends (reported on IRS Forms 1099-INT, 1099-DIV, 1099-OID, and 1099-PATR).
2. Any release of loan funds made by a financial institution in the normal course of business.

The California Revenue and Taxation Code section 18664 states that reportable payments to payees are subject to state backup withholding at 7 percent of the payments made on or after January 1, 2010. Under circumstances where both backup withholdings and nonresident withholding apply, only backup withholding shall be required. See below for computation.

(Continued)

**(Continued)**
**REPORTABLE PAYMENT INCOME TAX WITHHOLDING** **8422.195 (Cont. 1)**
(Revised 06/2016)

**State Nonresident Income Tax Withholding Requirements**
Payments to nonresidents may be subject to withholding at 7 percent. A payee will be considered a nonresident when the nonresident box has been checked on the STD. 204. This form is required to be completed by all payees doing business with any state department as described in SAM section 8422.190. To determine if withholding is required, refer to the decision charts on Franchise Tax Board (FTB) website at http://www.ftb.ca.gov/individuals/wsc/decision_chart.shtml.

Withholding is not required if:

1. The payments to the payee are $1,500 or less for the calendar year. If it is not known whether payments will exceed $1,500 for the calendar year, then withholding is optional at the discretion of the department on the first $1,500 in payments made during the calendar year.
2. The payment is for equipment/supplies or interest.
3. The services were not performed in California.

The withholding rate may be reduced or waived by the FTB; however, it is the responsibility of the payee to contact the FTB to request a reduced withholding amount or waiver. If FTB approves the request, the payee shall provide a copy of FTB's approval letter to the department for filing with the payee's STD. 204. Without an approval letter on file, the department must apply the 7 percent withholding rate to the payee's payment.

The withholding agent/state department should obtain a completed and signed California Form 587 *Nonresident Withholding Allocation Worksheet* from the nonresident before a payment is made. Form 587 is used to determine if withholding is required and the amount of California source income subject to withholding. The withholding agent must retain Form 587 for a minimum of four years and must provide it to the FTB upon request.

**Computation of State Backup and Nonresident Income Tax Withholding**
For each payee invoice or similar payment document that is subject to state backup or nonresident income tax withholding, the state department shall compute the tax to be withheld by multiplying the invoice amount by the 7 percent withholding rate (or the FTB approved reduced withholding amount for nonresident payees, if applicable). This computation may be performed on the payee invoice(s) or on a separate computation sheet which should be attached to the invoice(s) and included with the claim schedule. The net amount (original invoice amount less the withholding amount) is the amount due to the payee.

State departments are advised to maintain a current copy of FTB Publication 1017, *Resident and Nonresident Withholding Guidelines,* for reference in determining the state's withholding requirements. The publication and further information is available at www.ftb.ca.gov.

For expense reimbursement payments to nonresidents, see FTB Publication 1017 on Income Subject to Withholding.

## REMITTING AND REPORTING INCOME TAX WITHHELD 8422.196

(Revised 06/2016)

### Federal Backup Withholding

#### 1. Remitting Federal Backup Amount(s) Withheld

The state department shall prepare a claim schedule with the "Internal Revenue Service" (IRS) as payee. Supporting documentation for the claim schedule shall include a worksheet showing the claim schedule number, invoice number, payee name, invoice amount, and the amount subject to withholding. The Remittance Advice (STD. 404) shall show the payee name and address as: Internal Revenue Service, Ogden, UT 84201. Each state department shall enter its Federal Employee Identification Number, date, and amount paid in the right-hand box (reserved for payee invoice information) of the STD. 404. Also, the Tax Deposit Coupon, IRS Form 8109, shall be attached to the STD. 404.

#### 2. Reporting Federal Backup Amounts Withheld

The state department shall file the Annual Return of Withheld Federal Income Tax, IRS Form 945. Line 2 of this return reports the total amount of federal backup income tax withheld and remitted.

#### 3. Reconciliation of Withholding, Remittances, and Information Returns

Neither the IRS Form 8109 nor the IRS Form 945 provides for payee information. That information is provided only in the Annual Information Return, Form 1099. The IRS performs the necessary reconciliation between the IRS Form 8109, IRS Form 945, and Form 1099 data for their internal review purposes. State department accounting staff are encouraged to perform reconciliations, for internal use only, of the backup amounts withheld and remitted per the IRS Form 8109, and the amounts reported per the IRS Form 945, and Form 1099.

For more information, refer to the IRS website http://www.irs.gov/ for IRS Publication 1281, *Backup Withholding for Missing and Incorrect Name/TIN(S)* and IRS Publication 15, *Employer's Tax Guide.* For questions about federal backup withholding or information reporting, contact the IRS Information Reporting Program Customer Service Section at (866) 455-7438.

(Continued)

**REMITTING AND REPORTING INCOME TAX WITHHELD** **8422.196** (Cont. 1)
(Revised 06/2016)

**State Backup Withholding and Nonresident Income Tax Withheld**

**1. Remitting State Backup and Nonresident Taxes Withheld**

State backup and nonresident income tax withheld shall be accumulated and remitted to the Franchise Tax Board (FTB) with Form 592-V, Payment Voucher for Resident and Nonresident Withholding, at the address shown on the form. Form 592-V is only required with paper money (check or money order) and shall be made quarterly and no later than 15 days following each quarter ended. For each quarter, the state department shall prepare a claim schedule of the state tax withheld with the "Franchise Tax Board" as the payee. Supporting documentation for the claim schedule is a copy of the FTB Form 592 with a statement and signature certifying the copy of the form (see SAM section 8422.1). Also, the form 592-V shall be attached to the STD. 404.

Form 592, Resident and Nonresident Withholding Statement information must be filed with the FTB to identify the payee, the income, and the withholding amount. This schedule will allow the FTB to allocate the withholding payments to the payee upon receipt of the complete Form 592. Departments must file electronically using FTB's Secure Web Internet File Transfer instead of paper when the number of payees on Form 592 Schedule of Payees are 250 or more. For the required file format and record layout, see FTB Publication 1023S, *Resident and Nonresident Withholding Electronic Submission Requirements*. Form 592 can be mailed to FTB for payees numbering less than 250.

**2. Reporting State Backup and Nonresident Taxes Withheld**

For residents and nonresidents whose California income taxes were withheld by the state department, the Resident and Nonresident Withholding Tax Statement, FTB Form 592-B, will be sent annually to each payee to report both the total amount subject to withholding and the total amount withheld for the entire prior calendar year. Form 592-B shall be sent to the payee (for filing a California tax return) no later than January 31. Departments shall retain a copy for their records.

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**REMITTING AND REPORTING INCOME TAX WITHHELD** **8422.196** (Cont. 2)
(Revised 06/2016)

Refer to the instructions on FTB Form 592 and 592-B for additional information on the remittance and reporting of backup and nonresident income tax withheld. In addition, FTB Publication 1017, *Resident and Nonresident Withholding Guidelines*, provides information on the state's withholding requirements. The publication and the forms are available at www.ftb.ca.gov. Further, state departments may contact the FTB, Withholding Services and Compliance Section for additional information. Please direct all inquiries to:

Franchise Tax Board
Withholding Services and Compliance Section
P.O. Box 942867
Sacramento, CA 94267-0651
Telephone: (916) 845-4900 Fax: (916) 845-9512
E-mail (non-confidential): WSCS.GEN@ftb.ca.gov

**CLAIM SCHEDULES** **8422.2**

(Revised 8/1992)

Invoices and vouchers will be separated into the following three groups: (Separate claim schedules will be prepared for each of the three groups.)

Group 1

All invoices or group of invoices other than Group 2 lease invoices to pay $1,500 or more to one payee.

All invoices to pay any amount pursuant to State agency contracts or leases other than Group 2 lease invoices (excluding items for sub-purchase order covered by Office of Procurement, Department of General Services, statewide contracts, or purchase orders under $1,500).

Group 2

All regular monthly rental invoices for leases of real property. These will be scheduled separately for each due date. They will be flagged to show: (1) that they are monthly rental payments; and (2) the due date of the invoices in the schedule.

Group 3

All other payments. In no case should a payment to a vendor be scheduled in Group 3 if another payment is scheduled to the same vendor in Group 1. Such invoices should be combined and scheduled in Group 1. There will be no similar combining for Group 2 payments.

Claimants will be listed on a Claim Schedule, STD. 218 (Continuous), the original of which will be submitted to the State Controller's Office. If more than one invoice or voucher is to be paid by a single warrant, only the total amount claimed by the claimant will be shown on the STD. 218 (Continuous). Although operating expenses and equipment invoices may be combined, Workers' Compensation invoices must be kept separate because they are filed against the Personal Services category. Purchase order numbers will be shown on STD. 218 (Continuous) when applicable. Contract and lease payments in Group 1 will be identified by entering the letter "c" in the "Purchase Order No." column on the STD. 218 (Continuous). The number and amount of reportable payments (see SAM Section 8422.19) will be entered on the STD. 218 (Continuous) in the box entitled "Reportable payments per SAM Section 8422.19." The "number" of reportable payments for this purpose is the number of warrants or revolving fund checks paid, not the number of invoices which are being paid.

Agencies will submit Group 2 schedules to the State Controller's Office from five to 10 working days prior to the due date of the invoice in the schedule. The State Controller's Office will process them and mail its warrants on the day before the due date or the next preceding workday if the day before the due date falls on other than a workday. Also see SAM Section 8422.104.

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**CLAIM SCHEDULES** **8422.2** (Cont. 1)
(Revised 8/1992)

Invoices will not be segregated by type of encumbrance document, if any, that they liquidate. Documents submitted to the State Controller's Office will be arranged as follows:

1. Original and one copy of Claim Schedule, STD. 218 (Continuous).
2. Original copies of invoices and/or vouchers or acceptable copies (see SAM Section 8422.1) arranged in the same order as payees' names are listed on the claim schedule.
3. Adding machine tape attached to the first invoice of a claimant whenever more than one invoice from the same claimant is included in a claim. All invoices of the claimant will be listed on the tape.
4. Remittance Advice Envelope, STD. 403, containing remittance advice forms and any other material (see SAM Section 8422.3) firmly attached thereto, arranged in the same order as payees' names are listed on the claim schedule.

Claim schedules to reimburse a revolving fund will not list the names of vendors, travelers, etc., paid from the revolving fund. Invoices and vouchers filed to reimburse office revolving funds may be included in claims filed to obtain warrants payable directly to claimants furnishing goods or services. Such invoices will be placed at the end of the claim and will be preceded by an adding machine tape supporting the amount shown on the claim schedule as payable to the revolving fund.

All documents in a claim schedule will be bound together at the top by a tape or cord, passed through holes punched in the documents, and tied in a bow knot at the back of the claim schedule. This will permit easy removal for audit, correction, and any required central mailing of documents by the State Controller's Office. Be sure that necessary information is not obliterated when documents are punched. Agencies wishing to use backing sheets may use them only for small size invoices and for those invoices wherein necessary information (vendor's name, address, etc.) would be obliterated if punched.

Agencies will file duplicate copies of STD. 218 (Continuous) and the supporting invoices and vouchers numerically by schedule number.

Claim schedules that include an invoice or claim from an employee authorized to sign claim schedules will not be signed by such employee. Another authorized employee will sign such schedules regardless of whether it provides for direct payment to the employee or for reimbursement of the revolving fund.

**STOCK RECEIVED REPORTS** **8422.20**
(Revised and Renumbered from 8410 12/1989)

The Agency's receiving department will prepare Stock Received Reports, STD. 106, or use an approved Purchase Order document to record receiving information at the time goods are received. For partial deliveries, a photo copy of the approved purchase order may be used as a stock received report. The last Stock Received Report for an order should be stamped "Complete" when the order is completely filled. Reports will be prepared only after carefully checking the quantity, description, and condition of the goods and, whenever possible, will be signed by the person responsible for checking and taking custody of the goods. When stock received reports are prepared or signed by a person other than the person actually receiving and checking the goods, the person signing the report should take precautionary measures to assure that the goods were actually received and checked.

When a copy of the order is used as a stock received report, the person checking the goods will write in the date received, the quantity received, and note any defect in condition. The same procedure will be used to acknowledge receipt of services other than regular recurring services, such as utilities. If goods are to be returned to the vendor, agencies will prepare a Returned Stock Report, STD. 108. The original stock received report, or signed copy of the order used as a stock received report will be forwarded directly to the accounting office on the day the goods are received.

These documents will provide the accounting officers with information as to the identity, condition, and net quantities of goods received. The accounting officer will compare the stock received report to the purchase order and invoice. If these letter documents are not available for comparison, claims will not be filed for payment. The accounting office will indicate on its copy of the stock received report: (1) the claim schedule number, and (2) the Fiscal Year of the claim. Stock received reports will be filed with the accounting office copies of orders and estimates, unless other methods of filing are prescribed or are more convenient with respect to individual agencies. To determine whether all goods and services ordered are actually received, the agency shall develop procedures to follow up on open purchase documents/contracts. *(See SAM Sections 3860–3867 concerning short or damaged shipments and SAM Section 10821 for additional procedures relating to agencies performing stores accounting.)*

## INVOICES CHARGEABLE TO MORE THAN ONE FUND OR APPROPRIATION 8422.201

(Renumbered from 8422.202 12/1989)

When an invoice must be filed against more than one fund or appropriation because no Plan of Financial Adjustment or re-billing procedure is used, the agency will file the necessary number of claim schedules with the State Controller's Office with the invoice in one claim and cross-references in the other claims. The agency will not return to vendors invoices relating to more than one fund or appropriation and request, in lieu, separate invoices.

## CLAIMS RECORDED ON ELECTRONIC TAPE 8422.202

(Renumbered from 8422.203 7/1988)

State Board of Control Rule 622.1 permits State agencies, upon approval of the State Controller, to submit claims recorded on electronic tape. Claims which have the following characteristics ordinarily will be considered for submittal in this manner:

- Large volume of payees;
- Similar in nature or purpose;
- Subject to repetitive handling and processing.

Agencies should contact the State Controller's Office, Division of Audits for additional information and assistance.

## CLAIMS AGAINST CAPITAL OUTLAY APPROPRIATIONS 8422.21

(Revised 12/1989)

Claims against capital outlay appropriations will show the date of approval by the State Public Works Board whenever such approval is required. If approval is not required, this fact, together with the reason will be noted in the claim. This information will be placed in the "Approved if Required" box at the bottom of the Claim Schedule, Std. Form 218 (Continuous).

**POSTING SLIPS** **8422.24**
(Renumbered 2/1965)

Posting slips may be used by agencies with a large volume of invoices. The posting slip will be fastened to the duplicate copy of the invoice by a glued margin which is separated from the rest of the form by a perforation. All information necessary for posting to accounts and for reference will be entered on these slips. This information, including classification of expenditure, claim schedule number, amount and estimate number, will be recorded on the invoice also by the temporary insertion of a piece of carbon paper. The slip will be separated from the invoice, by tearing along the perforation, after the schedule has been typed. The amounts on these slips will be proved to the total of the schedule and then sorted for posting.

## WARRANTS PAYABLE TO CLAIMING AGENCY 8422.25

(Revised 5/1975)

Warrants payable to the agency filing the claim are to be sent by the State Controller's Division of Disbursements to the agency for subsequent deposit in the bank for credit to the agency's office revolving fund account in the centralized State Treasury System. This procedure is applicable to deposits accounted in the General Cash and Agency Trust Cash account as well as those reimbursing the agency's revolving fund. (See SAM Section 8170.) A Remittance Advice, Std. Form 404, will be prepared for each warrant in the claim and submitted with the claim schedule in the manner described in SAM Section 8422.3.

## WARRANTS PAYABLE TO COUNTIES 8422.26

(Revised 9/1982)

When payment is to be made to a county, or an agency or office of a county, payment will be made to the County Treasurer (unless there is a statutory basis to do otherwise). Where payment is made to the County Treasurer, agencies will forward to the State Controller's Office: (1) a copy of Remittance Advice (Std. Forms 404, or 404c, or a customized form approved by State Controller's Office–Division of Disbursements and General Services Forms Management, see SAM Section 1601) for mailing the warrant to the County Treasurer; and (2) an extra copy for the County Auditor. The latter will be forwarded to the State Controller's Office in a separate legal-size plain envelope marked "County Auditor's Copy" and stapled to the Remittance Advice Envelope, Std. Form 403. The Remittance Advice will show the name of the State agency filing the claim and properly identify the payment by reference to the invoice, agreement, or subvention program with a legal reference, if pertinent, and subvention program account code. Appropriate abbreviations may be used.

Below is a portion of the Revenue Chart of Accounts of the Counties pertaining to aid from other government agencies. (The entire chart is contained in the Accounting Standards and Procedures for Counties manual.) Use of these subvention program account codes on applicable remittance advice will aid counties in accounting for payments.

| Account Code | Description | Account Code | Description |
|---|---|---|---|
| 23 | State-alcoholic beverage license fees | 44 | State aid for disaster |
| 24 | State-aid for aviation | 45 | State aid for veterans' affairs |
| 25 | State-highway users tax | 46 | Homeowners' property tax relief |
| 26 | State-motor vehicle in-lieu tax | 47 | Business inventory property tax relief |
| 27 | State-trailer coach in-lieu tax | 47.1 | Livestock head-day tax reduction |
| 33 | State-health-administration | 49 | State-other |
| 35 | State aid for cerebral palsy | 52 | Federal-health-administration |
| 36 | State aid for mental health | 53 | Federal aid for construction |
| 37 | State aid for tuberculosis control | 54 | Federal aid for disaster |
| 38 | Other State aid for health | 55 | Federal forest reserve revenue |
| 39 | State aid for agriculture | 56 | Federal grazing fees |
| 40 | State aid for civil defense | 60 | Federal flood control receipts |
| 41 | State aid for construction | 60.1 | Aid for medical assistance State and Federal |
| 42 | State aid for corrections | 62 | State-apportionment of off-highway in-lieu tax |
| 43 | State aid for county fairs | | |

**REMITTANCE ADVICE** **8422.3**
(Revised 8/2014)

A Remittance Advice, Std. Form 404C or other approved remittance advice, will be prepared for each payee listed on a claim schedule.

The original copy of the remittance advice will be placed in a Remittance Advice Envelope, Std. Form 403 (See SAM section 8422.4), separated and in the same order as listed on the claim schedule. The duplicate copy will be filed in the department's accounting office alphabetically by claimant's name. The vendor/payee's correct name and address will be clearly printed on each remittance advice in a position to permit the information to appear through the window envelope in which the warrant is mailed. In addition, the following information will be entered on the remittance advice form: (1) department name and organization code, (2) claim schedule number, (3) invoice date, (4) invoice number (purchase order number or contract number if invoice is unnumbered), (5) invoice amount, and (6) total payment amount. Departments should use the vendor/payee's name consistently on the claim schedule and remittance advice for each and every payment. Departments should enter their address below their name so inquiries can be directed to them more quickly.

Only when the payment is considered reportable (see SAM section 8422.19) will the three boxes at the bottom of the form be completed. Warrant numbers will not be shown on any copies of the remittance advice form. Reference to individual invoice dates, numbers, and amounts, items (3), (4), and (5) above may be omitted where some other means of notifying the vendor is provided.

The original remittance advice and the applicable warrant will be mailed to the vendor/payee by the State Controller's Office (SCO). Remittance advice will provide for delivery of warrants to a department or department employees only when the department is the vendor/payee. (See SAM section 8422.6.) The remittance advice will provide the payee with an identification of the payment. The SCO will send a Controller's Notice of Claim Paid, Form CD–102, to the department for every claim schedule for which warrants were drawn.

Enclosures attached to remittance advices are to be kept to a minimum and when necessary, will be folded to warrant size, (7 x 3 1/2 inches), and securely stapled behind the remittance advice form. Material that cannot be folded to warrant size will be mailed separately by the department. Special arrangements must be made with SCO for continuing or large-scale problems. Normally, invoices will be adequately identified on the remittance advice and invoices with request asking their return will be ignored. The exception to this rule concerns vendor requests for the return of invoice stubs so they can serve as machine-readable input to an automated data processing system. Such items will be returned and the related remittance advice usually need not list the invoices or show any other detailed information.

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**REMITTANCE ADVICE** **8422.3** (Cont. 1)
(Revised 8/2014)

A remittance advice addressed to payees outside the United States, Canada, or Mexico will be stamped on their face, in red ink, the words "FOREIGN MAIL." The bottom line of the address must show only the name of the country, written in full, and in capital letters. For example:

| | | |
|---|---|---|
| Mr. John Smith<br>123 Russell Drive<br>London W1p6HQ<br>ENGLAND | Or | Ms. J. Smith<br>Apartado 3068<br>46807 Puerto Vallarta<br>Jalisco,<br>MEXICO |

In the case of split payments, one part done by SCO's warrant and another part by the department's check, departments will:

1. Clip the check to the back of the remittance advice accompanying the claim schedule. The check will be mailed with the warrant by SCO.

OR

2. The department will mail the check to the payee with an explanation that the balance paid by the warrant is being or has been transmitted separately. The remittance advice accompanying such check will be cross-referenced to the partial payment by warrant. The remittance advice to accompany the warrant will indicate that partial payment has been or will be made by check.

When it is necessary or desirable to notify the payee of a correction in the amount being paid, departments will prepare a Notice of Correction of Invoice, Std. Form 107, in duplicate. The original of this form will be stapled to the back of the original copy of the remittance advice.

Departments that wish to use a customized remittance advice form instead of a Std. Form 404C, or other approved remittance advice, must have their customized form design reviewed and approved by SCO before they are used. The size of the customized remittance advice must be 7 x 3 1/2 inches. The paper used must be of a 24 pound weight.

## RECORD OF PAYMENTS 8422.31

(Renumbered 2/1965)

Each agency will maintain an alphabetic file of duplicate copies of payee Remittance Advice and Revolving Fund checks (see SAM Section 8422.3) as a central reference file except where a memorandum record of payments, as described below, is used. Also, payments will always be recorded on the documents authorizing the expenditure, such as purchase orders, sub-purchase orders, contracts, and service agreements. These records will be used by the agency to determine that payment has not been made previously.

The maintenance of a memorandum record of payments for recurring services, such as rent and utility bills, is permissive. A card or loose-leaf form can be used for this purpose. This form should be designed to require the posting of only a minimum amount of information. Generally, the number of claim schedules and the amount of the bill are adequate.

## REMITTANCE ADVICE ENVELOPE, STD. FORM 403 8422.4

(Revised 8/2014)

A Remittance Advice Envelope, Form STD. 403, will accompany each claim schedule submitted by the department. The envelope will be attached to the back of the claim schedule by a string tied securely with a bow. The Remittance Advice Envelope is obtainable from Fulfillment Services Unit, Office of State Publishing. The envelope will be addressed by the department to its accounting office to which it is to be returned. If the department wishes the envelope routed to other than the accounting office, the envelope should be so addressed. These envelopes will be returned periodically by the State Controller's Office, by mail to departments located away from the Sacramento local area. Envelopes returned to the departments will be reused with subsequent claim schedules.

## CLAIM CORRECTIONS 8422.5

(Revised 9/1996)

The Office of the State Controller, Division of Audits will prepare a Notice of Claim Correction, Form AUD 16, whenever errors are detected in claims presented to that Office. The original of each AUD 16 will be forwarded to the submitting agency. Upon receipt of the Form AUD 16, the agency will record the correction in its claims filed register.

If the invoice is to be returned to the agency for correction, Office of the State Controller, Division of Audits will send the Form AUD 16 and Remittance Advice to the agency with the related invoice. If the invoice to be returned is one of several for the same payee in one claim schedule, the Office of the State Controller, Division of Audits will correct the Remittance Advice and will send only the invoice and a Form AUD 16 to the agency. The corrected Remittance Advice will be mailed with the warrant paying the adjusted amount. The agency will correct its own copy of the remittance advice. If in order, a new or corrected invoice with a Remittance Advice will be submitted in a subsequent claim schedule.

The Office of the State Controller may correct an invoice and issue a warrant in an amount different from that originally shown in the claim schedule. If such a correction is made a Notice of Claim Correction, Form AUD 16, and a Notice of Correction of Invoice, Std. Form 107, will be prepared by the Office of the State Controller, Division of Audits. The original of the Form AUD 16 and the Std. Form 107 will be sent to the agency submitting the claim schedule. Upon receipt of these documents, the agency will record the claim correction, correct the agency's copy of the claim schedule and remittance advice. The original of the remittance advice will be corrected and mailed with the warrant by the Office of the State Controller.

**DELIVERY OF WARRANTS** **8422.6**
(Revised 9/2014)

Warrants will be mailed directly to payees by the State Controller's Office (SCO) in envelopes bearing the return address of that office, except those for payrolls, those to be deposited in the claiming department's centralized State Treasury System account, and those for travel expenses when the department has not requested central mailing. See SAM section 8580 for distribution of payroll warrants. A warrant for travel expenses will not be routed through the person who prepares or approves the related travel expense claim. Warrants inadvertently received by a department will be returned immediately to the SCO, Administration & Disbursements Division. Departments will instruct payees to return warrants to SCO if the warrant issued is incorrect.

If a warrant is returned to SCO because of incorrect or insufficient address, SCO will contact the department to determine the correct address. If a warrant is returned to a department by a payee due to an incorrect or duplicate payment, it will be forwarded immediately to the SCO, Administration & Disbursements Division, with a memo requesting the appropriate changes. A copy of the memo will be retained by the department in a suspense file pending notification from the SCO of any adjustments to the department's records.

SCO notifies departments of warrants written through the Notice of Claim Paid, CD–102 (CD–102) form. The CD–102 will be checked against the invoice totals on the claim schedule. Departments will adjust for any claim corrections and will contact SCO immediately for any discrepancies. At the end of each month, SCO electronically transfers the CD–102 to create transactions to record payments against the outstanding claims filed by the department.

Departments will prepare a Remittance Advice, STD. 404C, or other approved remittance advice form, in duplicate, for each payee listed on a Claim Schedule, STD. Form 218 (Continuous), for which a warrant will be drawn. The original remittance advice will be submitted along with the claim schedule to SCO and will also be submitted with "NO WARRANT" claim schedules.

Emergency payments, extenuating circumstances, and unusual type transactions may require that warrants be hand delivered to payees by the department rather than be mailed to payees by SCO. Delivery of such warrants to the department may be requested under a "Special Handling" procedure. Special handling requests will be kept to a minimum and will be approved only when absolutely necessary or in expedite situations where central mailing is not practical.

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**DELIVERY OF WARRANTS** **8422.6** (Cont. 1)
(Revised 9/2014)

Special handling requests will be made on the Special Handling Request, STD. 8, (Rev. 3/07) form, in duplicate. The special handling request form is 5 1/2 x 8 1/2 inches and green. This form will show: (1) name of the requesting department representative, (2) requesting department name, (3) claim schedule number, (4) payee, (5) amount of the warrant, and (6) brief explanation to justify special handling. The requesting department's courier will sign the special handling request form and verify that the correct warrants were delivered. The special handling request form will be approved by the SCO only when signed by the person authorized to sign claim schedules. The original will be stapled face up on the top side of the Remittance Advice Envelope, STD. 403. The duplicate copy of the form will be retained by the requesting department in a suspense file pending receipt of the warrant from the SCO. When a special handling request is used the remittance advice will not accompany the claim schedule.

Once a claim schedule has been submitted, requests for special handling of warrants, corrections, or deletions of invoices may be made by telephone or other method. Departments should request correction or deletion of the invoice or claim rather than requesting delivery of the warrant to the department. Telephone "stop requests" will be made to the SCO, Audits Division, Claim Audits. Stop requests will be approved only for valid reasons and will be kept to a minimum. Stop requests will not be approved if it is possible to meet the department's need by returning the invoice to the department or by having SCO correct the invoice or claim.

## INVOICES PAYABLE FROM REVERTED APPROPRIATIONS 8422.7

(Revised 06/2016)

Pursuant to Government Code section 16304.1, after an appropriation has reverted, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes. For the purpose of this section, current appropriations include any current or prior year appropriations.

Invoices payable from a reverted appropriation, for which a current appropriation is available for the same purposes, will be assembled into a claim schedule containing only this kind of invoice. Reverted year invoices will not be commingled with other invoices.

The following statement will be placed on the original copy of the claim face sheet.

> I hereby certify that the invoices contained herein are valid obligations of the State of California and were not paid before the applicable appropriation reverted. In accordance with Government Code section 16304.1, the invoices may be paid from this current appropriation which is available for the same purpose.

Signed

Title

The claim schedule will be submitted to the State Controller's Office for payment.

Invoices payable from reverted appropriations, for which no current appropriation is available for the same purposes, will be submitted to DGS in accordance with SAM section 8710 for legislative claims.

## CLAIM FOR DAMAGE TO OR STOLEN EMPLOYEES' PERSONAL PROPERTY 8423

(Revised 12/2012)

Government Code section 19849.8 permits departments to pay for the repair or replacement of damaged personal property worn or used by the employee in the course of employment (eyeglasses, hearing aids, dentures, watches, or articles of clothing). Government Code section 19850.6 permits departments to reimburse or provide an employee with replacement of stolen personal property required for the performance of work. See Department of Human Resources rule 599.725.

There are instances when employees bring personal property to the workplace for personal use. Repair, replacement, or reimbursement of property not used on the job is not considered to be the responsibility of the state.

For stolen property, the choice of reimbursement or replacement is up to the employee's department but the employee's preference must be considered before a decision is made. Employees must provide their department with an inventory of all personal property used on the job prior to the loss. The California Highway Patrol must be notified and a copy of the theft report shall accompany the claim. Any claims of $500 and above for stolen property must have the prior approval of the Department of Human Resources.

Departments will approve claims under this section only when the circumstances of such loss clearly indicate that reimbursement is proper. Each claim for damage to or stolen personal property will include:

1. A report describing the incident that caused the damage or the circumstances surrounding the theft.
2. For damaged items, a receipted bill for repairs. If the article is damaged beyond repair, a statement of the actual value of the article at the time of damage and the reason it could not be repaired.
3. For stolen items, a statement that the value of the property was verified by inspecting the original sales records, current price lists, or other appropriate methods.
4. A certification by the employee that:
    a. The item was required for work.
    b. The loss or damage occurred at the worksite, the workbase, or enroute.
    c. There was no employee carelessness or negligence and all foreseeable precautions were taken.

(Continued)
**CLAIM FOR DAMAGE TO OR STOLEN EMPLOYEES' PERSONAL PROPERTY** **8423** (Cont. 1)
(Revised 12/2012)

All three stipulations in this certification must be made or the claim will not be approved. If they are met, a department may pay the cost of replacing, repairing, or reimbursing the value of the item.

5. Approval by the employee's supervisor including:
    a. Confirmation of the facts stated by the employee.
    b. Recommendation for reimbursement or replacement.
    c. A statement of measures taken to prevent recurrence of the theft or damage.

Payments should not be made when recovery is possible under worker's compensation laws.

**REFUND CLAIMS** **8424**
(Revised 12/1989)

Refund claims will be presented on Claim Schedule form, STD. 218 (Continuous). The STD. 218 will contain a list of claimants, statutory authority for the refunds, and a statement of the reason for each claim. The procedures stated in SAM Sections 8240, 8422.4, 8422.5, and 8422.6 relating to remittance advices, claim corrections, and delivery of warrants also apply to refund claims.

## CLAIMS TO ESTABLISH REVOLVING FUND ADVANCES 8425

(Revised 12/1989)

Claims to establish revolving fund advances will be presented on STD. 218 (Continuous).

In lieu of withdrawing advances from each new appropriation and repaying the last preceding appropriation, departments may request that revolving fund advances be transferred in effect from appropriation to appropriation by Controller's Journal Entry.

## STOP PAYMENT OF ERRONEOUSLY ISSUED WARRANTS 8426

(Revised 9/2000)

Government Code Section 17051.5 assigns the responsibility to stop payment on State warrants to the agency that initiated the warrant.

To initiate a stop payment on warrants erroneously issued to the wrong payee or in the wrong amount and warrants which the authorizing agency deems necessary to withhold payment, agencies must submit a memorandum requesting stop payment to the SCO, Division of Administration and Disbursements, P.O. Box 942850, Sacramento, CA 94250-5871. The memorandum must include the following:

a. Agency name

b. Contact person and phone number

c. Agency address

d. Warrant number

e. Issue date

f. Dollar amount

g. Payee name

h. Four digit fund number

i. Reason for stop payment

The SCO will accept a fax memorandum; however, the original must be sent immediately to SCO. The supervisor of the SCO Post Issuance Unit will accept a verbal stop payment request in urgent situations.

Upon receipt of the memorandum, SCO will verify the status of the original warrant.

a. If the warrant has been cashed, SCO will send a photocopy (front and back) with the memorandum to the authorizing agency.

b. If the warrant is still outstanding, SCO will place a stop payment on the original warrant. The authorizing agency will receive a journal entry to show the redeposit of funds.

## LOST OR DESTROYED WARRANTS 8426.1

(Revised 3/2014)

Departments will use a Request for Duplicate Controller's Warrant/Stop Payment form, STD. 435, to request a duplicate warrant to replace a lost or destroyed warrant. See 8426.1 Illustration. Departments will not issue an office revolving fund check to replace a lost or destroyed warrant except for a payroll warrant.

The STD. 435 is a three page form including:

Page 1 - The legal affidavit requesting a duplicate warrant.

Page 2 - Instructions to the payee.

Page 3 - An optional agency notification of duplicate warrant issued and mailed.

The department that authorized the original warrant (authorizing department) will complete the top portion of the STD. 435. The pertinent data should be typed or legibly printed. If the information is not legible, SCO will return the form to the department.

The authorizing department will mail STD. 435 to the payee to complete the certification. The warrant payee will complete and mail STD. 435 to the SCO, Division of Administration and Disbursements.

The authorizing department may fax a STD. 435 to the payee with instructions that the payee complete the form in non-black, ball point ink. This is to ensure that the SCO receives STD. 435 with original signatures. If it cannot be ascertained whether an original signature is affixed to STD. 435, SCO will return the form to the authorizing department.

Upon receipt of the properly executed STD. 435, SCO will verify the status of the original warrant.

a. If the warrant has been cashed, SCO will send a photocopy (front and back) with STD. 435 to the authorizing department.

b. If the warrant is still outstanding, SCO will place a stop payment on the original warrant and issue a duplicate warrant within 7 working days. The duplicate warrant will be mailed directly to the payee.

If the authorizing department wants notification that the duplicate warrant was issued and mailed, the authorizing department must complete page 3 of STD. 435, Agency Acknowledgement of Issuance of Duplicate Warrant. The SCO will date stamp the acknowledgment when the duplicate warrant is issued and mailed to the payee and forward it to the authorizing department.

(Continued)

(Continued)
**LOST OR DESTROYED WARRANTS** **8426.1** (Cont. 1)
(Revised 3/2014)

In cases of theft, the authorizing department will complete STD. 435 as instructed above. The authorizing department will mail or fax STD. 435 to the payee and fax a copy to SCO. A stop payment will be placed immediately to prevent redemption of the original warrant. It is incumbent upon the authorizing department to instruct the payee that if the original warrant is recovered, it is **not** to be cashed. The original warrant will not clear the banking system. Use this process only when the payee has reported theft of a warrant. Must call SCO at 916-445-3903 to place immediate stop and for fax number.

See Government Code Sections 17090–97 regarding lost or destroyed warrants.

STATE OF CALIFORNIA - CONTROLLER'S OFFICE

## REQUEST FOR DUPLICATE CONTROLLER'S WARRANT / STOP PAYMENT

STD 435 (REV. 1/2014) Page 1

| DATE REQUESTED | AGENCY TELEPHONE NUMBER | WARRANT NUMBER |
|---|---|---|
| REQUESTING AGENCY | UNIT / SECTION | DATE ISSUED *(MM-DD-YY)* |
| IDENTIFICATION NUMBER | | AMOUNT *(Net Only)* |
| NAME *(Exactly as it appears on warrant)* | | FUND NUMBER |

| | | SCO USE ONLY |
|---|---|---|
| NAME | | STATUS |
| ADDRESS | | EFFECTIVE STOP DATE |
| AND ZIP CODE | | REPLACEMENT NUMBER |
| | | REPLACEMENT DATE |

RETURN TO: State Controller's Office, Administration and Disbursements Division - Post Issuance Unit
P.O. Box 942850, Sacramento, California 94250-5871

***IMPORTANT! SEE INSTRUCTIONS (on Page 2)***

*I,* _____

*Mailing Address:* _____ _____ _____ _____
STREET CITY STATE ZIP CODE

*certify or declare:*

*That the State of California Controller's warrant described above was* ☐ *never received;* ☐ *lost/destroyed;*

☐ *stolen on or about* _____ (give date, including year), *under the following circumstances:*

_____

*That declarant is the owner or custodian of said warrant, has not cashed or transferred same, and is entitled to possession thereof; or the corporation, partnership, or government agency in whose behalf declarant makes this application, is the owner or custodian, has not cashed or transferred same, and is entitled to possession thereof.*

*(If a corporation is owner or custodian) That declarant is an officer, to wit* _____
TITLE

*of,* _____ *, a corporation and is authorized to make this application and enter into the indemnity agreement provided herein on behalf of said corporation.*

*Application is made to the State Controller to issue a duplicate warrant in lieu of said original warrant, and declarant, or partnership or corporation in whose behalf he applies, agrees to indemnify and hold harmless the State, its officers and employees, from any loss resulting from the issuance of said duplicate warrant. (This indemnity agreement is not applicable if the payee of the lost or destroyed warrant is any governmental agency or officer thereof; or if the State of California, agency or officer thereof, is owner or custodian.)*

*I/We certify (or declare) under penalty of perjury that the foregoing is true and correct.*

| SIGNATURE OF DECLARANT(S) | |
|---|---|
| 1. | DATE SIGNED |
| 2. | DATE SIGNED |
| TITLE *(If signing for Corporation, Partnership or Government agency)* | |
| CORPORATION, PARTNERSHIP OR GOVERNMENT AGENCY NAME *(If applicable)* | |
| DAYTIME TELEPHONE NUMBER *(Include Area Code)* | |

STATE OF CALIFORNIA - CONTROLLER'S OFFICE

## REQUEST FOR DUPLICATE CONTROLLER'S WARRANT / STOP PAYMENT

STD 435 (REV. 1/2014) Page 2

### INSTRUCTIONS

1. The completion of this application will enable the State Controller to send you a duplicate warrant to replace the original which was reported as never received, lost/destroyed, or stolen. If you receive the original warrant prior to completing this application: cash the original warrant and destroy this application.
2. **IMPORTANT:** For your records, please make a copy of Page 1 or note the warrant number, date issued, amount, and agency telephone number.
3. Inquiries can be made to the requesting agency. See top of Page 1, AGENCY TELEPHONE NUMBER.
4. Please fill out the application carefully and completely. All blanks must be filled. An individual applying in his/her own behalf need not show his/her title, or name of firm, corporation, or governmental agency. If the warrant is drawn to more than one payee, each must sign the application exactly as the name appeared on the original warrant. See Page 1, NAME (Exactly as it appears on warrant).
5. Once the application has been signed and returned to the State Controller's Office, **DO NOT CASH THE ORIGINAL WARRANT.** If the original warrant is presented for payment, it will not clear through the banking system, and processing charges may result. The original warrant is invalid. Please destroy if received or recovered.
6. After completion, mail all original pages to:

   State Controller's Office
   Administration and Disbursements Division - Post Issuance Unit
   P.O. Box 942850
   Sacramento, CA 94250-5871

### INSTRUCCIONES

1. El completo de esta solicitud permitirá al Contralor del Estado enviarle un cheque duplicado para substituir el original que fue reportado como nunca recibido, perdido/destruido, o robado. Si usted recibe el cheque original antes de llenar esta solicitud: cobre el cheque original y destruya esta solicitud.
2. **IMPORTANTE:** Para su expediente, por favor haga una copia de página 1 (Page 1) o anote el número del cheque (WARRANT NUMBER), fecha (DATE ISSUED), cantidad (AMOUNT), y número de teléfono de la agencia (AGENCY TELEPHONE NUMBER).
3. Preguntas se pueden dirigir a la agencia. Vea parte superior de Page 1, AGENCY TELEPHONE NUMBER.
4. Por favor complete la solicitud cuidadosamente y totalmente. Todos los espacios en blanco deben ser llenados. Si el beneficiario aplica por si mismo, no necesita demostrar su título, el nombre de la corporación, o de la agencia gubernamental. Si el cheque esta a nombre de más de un beneficiario, cada uno debe firmar la solicitud exactamente como apareció el nombre en el cheque original. Vea Page 1, NAME (Exactly as it appears on warrant).
5. Una vez que la solicitud a sido firmada y regresada a State Controller's Office, **NO COBRE EL CHEQUE ORIGINAL.** Si el cheque original es presentado por pago, no sera pagado a través del sistema bancario, y cargos por el proceso pueden resultar. El cheque original es nulo. Por favor destruya si es recibido o recuperado.
6. Despues de completar, envie todas las páginas originales a:

   State Controller's Office
   Administration and Disbursements Division - Post Issuance Unit
   P.O. Box 942850
   Sacramento, CA 94250-5871

STATE OF CALIFORNIA - CONTROLLER'S OFFICE

## REQUEST FOR DUPLICATE CONTROLLER'S WARRANT / STOP PAYMENT

STD 435 (REV. 1/2014) Page 3

**(This form is to completed by the Requesting Agency)**

| |
|---|
| WARRANT NUMBER |
| DATE ISSUED *(MM-DD-YY)* |
| AMOUNT *(Net Only)* |

| |
|---|
| NAME *(Exactly as it appears on warrant)* |

| | |
|---|---|
| NAME<br>ADDRESS<br>AND ZIP CODE | |

**The State Controller's Office issued and mailed a duplicate warrant to the payee listed above on** _____

| |
|---|
| AGENCY ADDRESS *(Required)*: |

## LOST OR DESTROYED PAYROLL WARRANTS 8426.2

(New 9/2000)

Departments may issue office revolving fund checks to replace lost or destroyed payroll warrants but only after completion of the forms as required below.

If a payroll warrant is lost or destroyed:

a. Before delivery to the employee, the department must complete a Proof of Lost or Destroyed Payroll Warrant and Request for Issuance of Duplicate Warrant form, CD 113 A or B. Detailed instructions are in the Payroll Procedures Manual, Chapter I, Section 320. The duplicate warrant will be mailed to the department.

b. After delivery to the employee, the employee must complete the certification on a Request for Duplicate Controller's Warrant/Stop Payment form, STD. 435. The department will complete STD. 435 with the departmental address in the upper left-hand box. This will ensure the duplicate warrant is sent to the department.

The duplicate warrant will be deposited to reimburse the office revolving fund.

If an employee overpayment occurs, departments must follow collection procedures as outlined in SAM Section 8776.7.

**WARRANTS—FORGERIES** **8427**
(Revised 09/2010)

When a payee maintains that the proceeds from a paid state warrant were not received, the State Controller's Office (SCO), Division of Disbursements, will furnish copies of both sides of the warrant. The payee is to verify the endorsement, which is the signature on the back of the warrant. If the payee alleges that the endorsement is a forgery, the payee must write to the SCO informing them that a forgery has been committed. All pertinent data is submitted to the SCO, Division of Disbursements, Attention: Forgery Technician, for review and possible investigation. SCO will analyze the documents, and if it appears that the endorsement is a forgery, the SCO will forward all pertinent data, including four (4) copies of the warrant, to the State Treasurer's Office (STO), Item Process Section.

The STO will then send three copies of the Forged Endorsement Affidavit, Form STO-CA-0034, to the payee to be signed. All three copies must be signed in ink. The payee's signature must be either witnessed by two disinterested parties or notarized. All three copies must be signed by witnesses; one notarized copy will suffice. The payee is to return all three copies to STO. Upon receipt of the completed affidavits, the signatures are compared with the endorsement on the warrant as a final check before requesting repayment of the money from the applicable bank. After receiving the funds from the bank, STO will authorize SCO to reissue the warrant. See SAM section 8041.1 for procedures for handling altered or forged agency checks.

## DISBURSEMENTS BY CONTROLLER'S TRANSFERS PAYROLLS 8451

(Renumbered 2/1965)

Agencies will account payroll disbursements from Notices of State Payroll Revolving Fund Transfer, Form CD–62. See SAM Chapter 8500.

## PLANS OF FINANCIAL ADJUSTMENT 8452

(Revised 5/2015)

A Plan of Financial Adjustment (PFA) is a plan proposed by a state department, approved by the Department of Finance (FINANCE) and the State Controller's Office (SCO), to allocate costs paid from one fund or appropriation to other funds or appropriations. For example, a department might pay all administrative costs out of its main fund and then transfer the applicable costs to the correct funds or appropriations for their share of the total costs paid. If approved, the SCO transfers the funds as prescribed in the PFA. See SAM section 8452.2 for Approval of Plan of Financial Adjustment.

A PFA eliminates the use of multiple claim schedules for an invoice or payroll charge applicable to more than one fund or appropriation. PFAs are used for transfer of expenditures (financial adjustment) between appropriations of the same fund or between appropriations of different funds. The state department will provide SCO a Transaction Request, Form CA 504, which transfers expenditures in accordance with the department's approved PFA letter. The SCO will notify departments by a Journal Entry of the transfers. See SAM section 8715 for accounting treatment of PFAs.

PFAs will not be used to: provide working capital advances, overcome cash flow problems, or distort interest earnings between funds. Generally, financial adjustments are made on a monthly basis but could be more frequently if needed. Transfer of expenditures between funds will be made on an estimated basis when a material interest earnings loss will occur in the fund from which payments are made.

In accordance with law and principles of governmental accounting, departments are required to maintain separate accountability for each fund and/or appropriation covered by the PFA. All PFA expenditure transfers and supporting documentation are subject to audit by the California State Auditor's Office and SCO, Audits Division.

**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.

**PREPARATION OF PLAN OF FINANCIAL ADJUSTMENT** **8452.1** (Cont. 1)
(Revised 5/2015)

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)

**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.

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_____

**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).

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 | Approved by State Controller |
|---|---|
| By _____ | By _____ |
| Title _____ | Title _____ |
| Date _____ | Date _____ |
| Telephone _____ | Telephone _____ |

## APPROVAL OF PLAN OF FINANCIAL ADJUSTMENT 8452.2

(Revised 5/2015)

The following statutes authorize the use of PFAs and require approval by the Director of Finance and the SCO: Government Code section 16365; Education Code section 12060; and the Health and Safety Code section 100390. Government Code section 11251 for general PFA requires only the approval of the SCO, after consultation with Finance. See SAM section 8452.1 for Preparation of Financial Adjustment.

Departments will submit the original proposed PFA to the SCO, Division of Accounting and Reporting. That office will review the proposed plan for proper format and confirm appropriations covered therein. The SCO will provide Finance's budget analyst with a copy of the proposed plan for review and comment.

Proposed PFAs for Federal Trust Fund operations will be submitted directly to Finance's budget analyst for approval. Finance will then forward the Federal Trust Fund PFA to the SCO for final approval and distribution. If the proposed PFA includes both general and Federal Trust Funds, then submit directly to Finance.

Upon approval, the SCO will return an approved copy of the PFA to the submitting department.

## ADVANCE PAYMENTS FOR REIMBURSEMENT SERVICES CONTRACTS 8453

(Revised 3/2014)

Charges for services to be performed by a state department may be paid in advance by the entity to receive such services. The department which performs the services will account for the payment as a reimbursement to their appropriation. Advance payments may be used to alleviate cash flow or collection problems. Terms of the advance payment must be specified in the reimbursement services contract.

**PUBLIC WORKS PROJECTS** **8454**
(Revised 12/1989)

After (1) moneys have been budgeted for a public works project, (2) general agreement as to the scope of the project and its cost has been reached between the agency and the Office of the State Architect, Department of General Services, and (3) the approval of the Public Works Board has been obtained, if required, the normal procedure is as follows:

1. The Office of the State Architect will prepare a Public Works Project Authorization and Transfer Request, OAC Form 22, in septuplicate, retaining one copy and forwarding the original and five copies to the agency concerned.

2. The agency or institution accounting officer will certify as to the availability of funds on the original and five copies of the document.

3. An agency executive officer will sign his approval on the original and all copies forwarded to him.

4. As requirements differ among agencies, each agency will determine the specific routing and distribution of copies to meet its needs, but will forward the original and at least three copies promptly to the Department of Finance for approval as to compliance with budget requirements. Agencies are urged to minimize internal routing of the form to expedite its processing, the transfer of funds, and the initiation of the project.

5. After approval, the Department of Finance will forward the original to the State Controller's Office, the duplicate to the Office of the State Architect, retain one copy for its own files, and forward the remaining copy or copies to the agency concerned.

6. The Office of the State Architect will proceed with scheduling the work when its approved copy is returned.

7. The State Controller's Office, upon receipt of the approved copy, will transfer the amount requested from the fund and appropriation specified to the Architecture Revolving Fund. If cash is not immediately available in the fund concerned, the State Controller's Office will make the transfer as soon as the necessary cash becomes available.

On those projects for which a written agreement between the agency and the Office of the State Architect is necessary, an Interagency Agreement, Std. Form 13. will be initiated by the Office of the State Architect. These agreements will cover the entire scope of a project; when more than one OAC Form 22 will be initiated as funds are needed.

Agencies will encumber Public Works Project Authorization and Transfer Requests, OAC Form 22, at the time those requests are approved by the agency.

## SERVICES PROVIDED BY THE DEPARTMENT OF GENERAL SERVICES

### ADVANCES TO THE DEPARTMENT OF GENERAL SERVICES FOR SERVICES PROVIDED 8471

(Revised 09/2013 and renumbered from 8471.1)

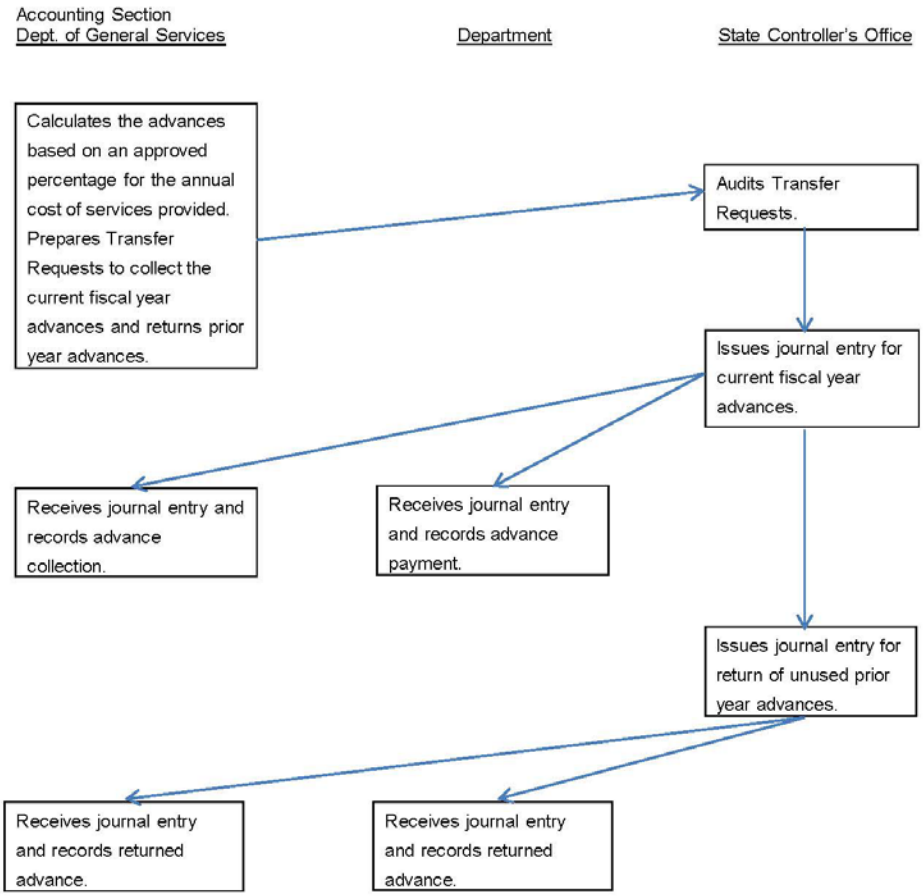
Departments using services provided by the Department of General Services (DGS) will make advances from their operating funds and appropriations to assist in financing these services. DGS will calculate the advance amount based on an approved percentage of the annual cost of services rendered to departments. (See Government Code sections 11256 - 11263, 11290, and 11370.4). No advances or portions thereof will be returned until the following fiscal year budget has been passed and all prior year's invoices have been paid.

The normal flow of transactions for advances to the DGS is shown in the 8471 Illustration.

(Revised 12/13)

ADVANCES TO THE DEPARTMENT OF GENERAL SERVICES FOR SERVICES PROVIDED

NORMAL FLOW OF TRANSACTIONS




8471 Illustration

**RECORDING SERVICE ESTIMATES AND ADVANCES** **8471.1**
(Revised 12/2013)

When the State Controller's Office (SCO) issues the journal entry, Notice of Reserved Appropriation Advance, for the advance, it will be recorded as of the SCO's date on the journal entry. Departments will keep a subsidiary file by fund, agency, and appropriation to record the amount of the original advance and the subsequent return of the advance. No advances or portion thereof will be returned until the following fiscal year's budget has passed and all prior year's invoices have been paid. Departments may submit a request to DGS to reduce or return the advance for year-end cash flow problems.

## ELECTRONIC FUND TRANSFER FOR DEPARTMENT OF GENERAL SERVICES' INVOICES 8471.2

(Revised 09/2013 and renumbered from 8471.13)

DGS has implemented the Electronic Fund Transfer (EFT) system to streamline the payment of invoices and to eliminate the need for departments to prepare and submit claim schedules to SCO.

Under the EFT system, DGS continues to produce individual invoices for services and products provided to departments. The Notices of EFT are compiled into one electronic file by the end of the month and submitted to the SCO on the 2nd workday of the following month for processing. Approximately 8 working days are required by the SCO to process the EFT requests and to post the journal entries.

A copy of the individual invoices is available to view and print on the DGS-OFS website by the 5th calendar day of the following month at: www.ofs.dgs.ca.gov.

An access account is needed to retrieve this information. To set up an access account, the departments will need to contact: SRFFiscalServices@dgs.ca.gov.

For information regarding the EFT program contact:

Department of General Services
Office of Fiscal Services - SRF
707 Third Street, 10th Floor
West Sacramento, CA 95605

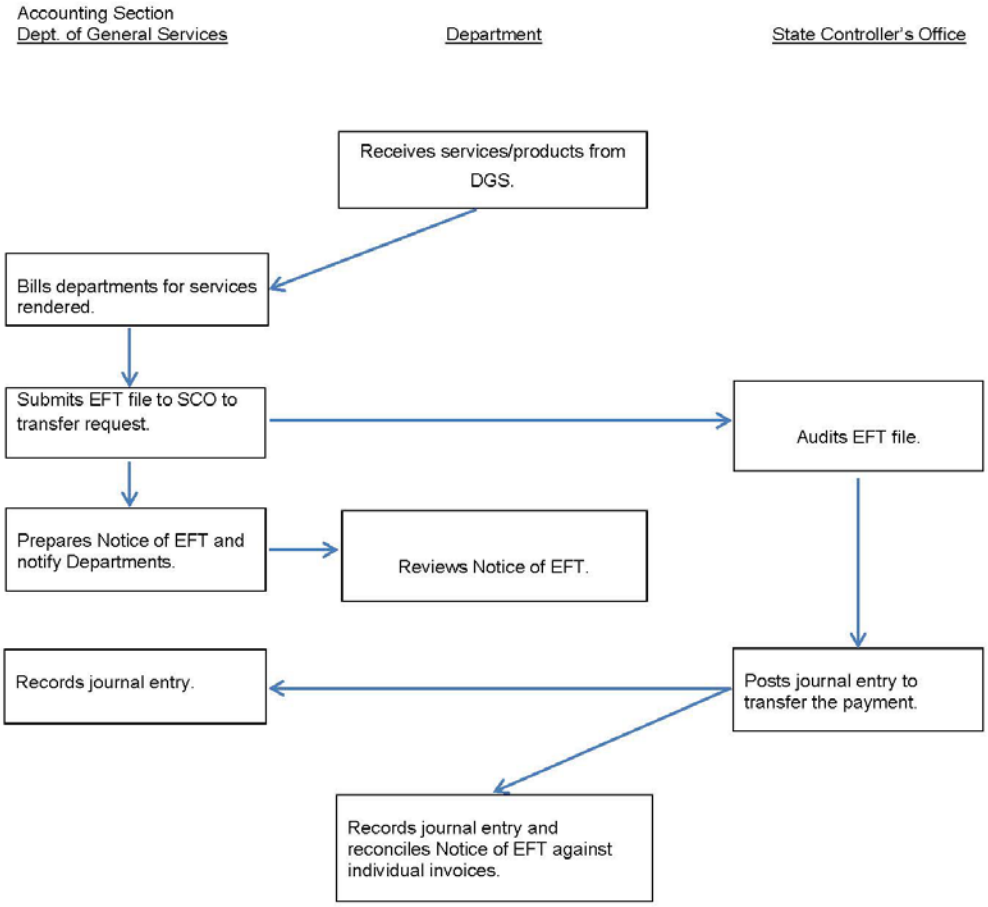
FAX: (916) 376-5165
E-Mail: SRFFiscalServices@dgs.ca.gov

The normal flow of transactions for the EFT System is provided in 8471.2 Illustration.

(Revised 12/13)

ELECTRONIC FUND TRANSFER (EFT) FOR
DEPARTMENT OF GENERAL SERVICES' INVOICES

NORMAL FLOW OF TRANSACTIONS




Note: If any department discovers an invoice discrepancy, the department should notify Department of General Services who will issue an adjustment or credit that will automatically be recorded in the following EFT.

8471.2 Illustration

## RECORDING STATE CONTROLLER'S DOCUMENTS FOR ELECTRONIC FUND TRANSFER 8471.3

(Revised 12/2013)

The SCO will issue a Notice of Transfer journal entry for the DGS charges received via the EFT; departments will record the transaction as of the SCO's date on the journal entry. This EFT transaction transfers money from the departments' appropriation to DGS.

## DELINQUENT DEPARTMENT OF GENERAL SERVICES' INVOICES 8471.4

(Revised 9/2013 and renumbered from 8471.51)

DGS will collect delinquent invoices in accordance with Government Code section 11291 which states: "If a state agency refuses to pay the charges fixed by the Department of General Services pursuant to this article, the department may file a claim for such charges against any appropriations made for the support or maintenance of all or any part of the work and affairs of the state agency." Allowing invoices to become delinquent will be considered a refusal to pay.

An invoice will be considered delinquent if it is not scheduled by the department within 60 days from the date of the invoice unless the total amount due is less than $10. DGS may submit an EFT with the SCO when a department allows invoices to become delinquent and the SCO will transfer the payment from the department's appropriation.

**CONTESTED DEPARTMENT OF GENERAL SERVICES' INVOICES** **8471.5**
(Revised 9/2013 and renumbered from 8471.52)

If a department is billed by DGS for (1) services that were not performed, or (2) services that are not in accordance with an interagency agreement (IA), the department should notify DGS within 60 days of the invoice date. The department shall submit a STD. 209, Invoice Dispute Notification form directly to the contact information indicated on the invoice. The absence of an IA does not preclude the payment of valid invoices.

**GENERAL SERVICES BILLING INFORMATION** **8471.6**
(Revised 9/2013 and renumbered from 8471.71)

DGS assigns a six digit numeric code to state departments referred to as a Customer Account Number (CAN) in billing for services provided. To request a new CAN or to revise an existing CAN (e.g., update billing address), departments must properly fill out AFS-94A, CUSTOMER ACCOUNT NUMBER (CAN) REQUEST form available on DGS's website at: http://www.documents.dgs.ca.gov/ofs/Afs94a.pdf

The completed form AFS-94A, approved by the department fiscal officer, should be submitted to:

Department of General Services
Office of Fiscal Services - SRF (IMS Code Z-1)
707 Third Street, 10th Floor
West Sacramento, CA 95605

FAX to: (916) 376-5165
E-mail to: SRFFiscalServices@dgs.ca.gov

## INTEREST ON LIQUIDATED CLAIMS 8473

(Revised 3/1991)

In order to encourage governments to act rapidly on claims filed with them, Government Code Section 926.10 provides that claimants shall be paid interest on liquidated claims filed with public entities which have not been paid within 60 days. Interest shall be at six percent per year.
The code section does not apply to claims filed as follows:

1. Claims of a State agency or fund against another State agency or fund.
2. Claims of the Federal Government.
3. Claims filed pursuant to construction contracts. (Please refer to SAM Section 8473.1)

A liquidated claim is a claim which can be determined with exactness from the parties agreement or by arithmetical process or application of definite rules of law. For Government Code Section 926.10 to apply there must be no disagreement over the validity of the claim and the claim must be due and payable.

Agencies will add interest to claims 60 days after one of the following dates, whichever occurs later:

1. The date goods or services are received.
2. The date the claim is received by the agency.
3. The date of completion of an engineering, legal, post audit, or other review, if required, to determine the validity of questionable claims. A claim is not considered filed until all disputes are settled.

Liquidated claims and their related interest charges generally will be paid through the claim schedule process. However, if the amount of the claim is $1,000 or more, agencies may pay the claim by use of a revolving fund check. If the claim is $10,000 or more and a revolving fund check is not prepared, an expedite claim schedule will be used. When preparing claim schedules, an additional five days of interest will be added for a regular claim schedule and two days of interest for an expedite claim schedule to compensate for the State Controller's processing time. Interest paid will be shown on the Remittance Advice as follows:

"Interest pursuant to Government Code Section 926.10"

$_____

Interest is payable from the same appropriation from which the claim is paid.

(Continued)

(Continued)
**INTEREST ON LIQUIDATED CLAIMS** **8473** (Cont. 1)
(Revised 3/1991)

In determining the amount of interest due, the table on 8473 Illustration may be used. The figures shown in the table are the decimal equivalent of interest from the beginning of the year to the dates shown in the columns. For example, interest from the first of the year to July 24 would be the decimal equivalent of 3.370 percent or .03370. Since all interest does not begin to run from the first of the year, interest from the beginning of the year the date interest begins must be subtracted from the date shown in the table. For example, if the date interest begins is March 4 and the date payment is made is June 12, the amount shown in the table for March 4 (.01036) must be subtracted from the amount shown at June 12 (.02679) to arrive at the proper interest factor of .01643 for the period. The amount of the claim is multiplied by this interest factor to determine the interest due.

If interest runs past December, the interest from the date interest begins to the end of the year is calculated. Then, interest from the beginning of the year to the date interest ceases is added to that. In leap years, one additional day of interest must be calculated when interest periods span February 29. This may be accomplished by adding an additional day to the interest period. See SAM Sections 8474.1 and 8474.4, if applicable.

## SAM—DISBURSEMENTS

Table of Interest Between Two Dates For Periods of Less Than One Year

(Stated in the decimal equivalent of the proper percentage at an annual rate of 6%.)

| Day | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | .00016 | .00526 | .00986 | .01496 | .01989 | .02499 | .02992 | .03501 | .04011 | .04504 | .05014 | .05507 |
| 2 | .00033 | .00542 | .01003 | .01512 | .02005 | .02515 | .03008 | .03518 | .04027 | .04521 | .05030 | .05523 |
| 3 | .00049 | .00559 | .01019 | .01529 | .02022 | .02531 | .03025 | .03534 | .04044 | .04537 | .05047 | .05540 |
| 4 | .00066 | .00575 | .01036 | .01545 | .02038 | .02548 | .03041 | .03551 | .04060 | .04553 | .05063 | .05556 |
| 5 | .00082 | .00592 | .01052 | .01562 | .02055 | .02564 | .03058 | .03567 | .04077 | .04570 | .05079 | .05573 |
| 6 | .00099 | .00608 | .01068 | .01578 | .02071 | .02581 | .03074 | .03584 | .04093 | .04586 | .05096 | .05589 |
| 7 | .00115 | .00625 | .01085 | .01595 | .02088 | .02597 | .03090 | .03600 | .04110 | .04603 | .05112 | .05605 |
| 8 | .00132 | .00641 | .01101 | .01611 | .02104 | .02614 | .03107 | .03616 | .04126 | .04619 | .05129 | .05622 |
| 9 | .00148 | .00658 | .01118 | .01627 | .02121 | .02630 | .03123 | .03633 | .04142 | .04636 | .05145 | .05638 |
| 10 | .00164 | .00674 | .01134 | .01644 | .02137 | .02647 | .03140 | .03649 | .04159 | .04652 | .05162 | .05655 |
| 11 | .00181 | .00690 | .01151 | .01660 | .02153 | .02663 | .03156 | .03666 | .04175 | .04668 | .05178 | .05671 |
| 12 | .00197 | .00707 | .01167 | .01677 | .02170 | .02679 | .03173 | .03682 | .04192 | .04685 | .05195 | .05688 |
| 13 | .00214 | .00723 | .01184 | .01693 | .02186 | .02696 | .03189 | .03699 | .04208 | .04701 | .05211 | .05704 |
| 14 | .00230 | .00740 | .01200 | .01710 | .02203 | .02712 | .03205 | .03715 | .04225 | .04718 | .05227 | .05721 |
| 15 | .00247 | .00756 | .01216 | .01726 | .02219 | .02729 | .03222 | .03731 | .04241 | .04734 | .05244 | .05737 |
| 16 | .00263 | .00773 | .01233 | .01742 | .02236 | .02745 | .03238 | .03748 | .04258 | .04751 | .05260 | .05753 |
| 17 | .00279 | .00789 | .01249 | .01759 | .02252 | .02762 | .03255 | .03764 | .04274 | .04767 | .05277 | .05770 |
| 18 | .00296 | .00805 | .01266 | .01775 | .02268 | .02778 | .03271 | .03781 | .04290 | .04784 | .05293 | .05786 |
| 19 | .00312 | .00822 | .01282 | .01792 | .02285 | .02795 | .03288 | .03797 | .04307 | .04800 | .05310 | .05803 |
| 20 | .00329 | .00838 | .01299 | .01808 | .02301 | .02811 | .03304 | .03814 | .04323 | .04816 | .05326 | .05819 |
| 21 | .00345 | .00855 | .01315 | .01825 | .02318 | .02827 | .03321 | .03830 | .04340 | .04833 | .05342 | .05836 |
| 22 | .00362 | .00871 | .01332 | .01841 | .02334 | .02844 | .03337 | .03847 | .04356 | .04849 | .05359 | .05852 |
| 23 | .00378 | .00888 | .01348 | .01858 | .02351 | .02860 | .03353 | .03863 | .04373 | .04866 | .05375 | .05868 |
| 24 | .00395 | .00904 | .01364 | .01874 | .02367 | .02877 | .03370 | .03879 | .04389 | .04882 | .05392 | .05885 |
| 25 | .00411 | .00921 | .01381 | .01890 | .02384 | .02893 | .03386 | .03896 | .04405 | .04899 | .05408 | .05901 |
| 26 | .00427 | .00937 | .01397 | .01907 | .02400 | .02910 | .03403 | .03912 | .04422 | .04915 | .05425 | .05918 |
| 27 | .00444 | .00953 | .01414 | .01923 | .02416 | .02926 | .03419 | .03929 | .04438 | .04931 | .05441 | .05934 |
| 28 | .00460 | .00970 | .01430 | .01940 | .02433 | .02942 | .03436 | .03945 | .04455 | .04948 | .05458 | .05951 |
| 29 | .00477 | * | .01447 | .01956 | .02449 | .02959 | .03452 | .03962 | .04471 | .04964 | .05474 | .05967 |
| 30 | .00493 | | .01463 | .01973 | .02466 | .02975 | .03468 | .03978 | .04488 | .04981 | .05490 | .05984 |
| 31 | .00510 | | .01479 | | .02482 | | .03485 | .03995 | | .04997 | | .06000 |

### Examples of Use of Table

**Example 1:**

The date claim is to be paid by the State Controller is June 24th — .02877

The 61st day is January 15th — -.00247

Interest Factor — .02630

Amount of Claim — x $1,000.00

Interest Due — $ 26.30

**Example 2:**

The end of the year is December 31st — .06000

The 61st day is November 20th — -.05326

— .00674

The date claim is to be paid by the State Controller is March 12th — +.01167

Interest Factor — .01841

Amount of Claim — x $1,000.00

Interest Due — $ 18.41

* Add an additional day in leap year when the interest period includes February 29.

SAM—DISBURSEMENTS

Table of Interest Between Two Dates For
Periods of Less Than One Year

(Stated in the decimal equivalent of the proper percentage at
an annual rate of 7%)

| Day | January | February | March | April | May | June | July | August | September | October | November | December |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0.00019 | 0.00614 | 0.01151 | 0.01745 | 0.02321 | 0.02915 | 0.03490 | 0.04085 | 0.04679 | 0.05255 | 0.05849 | 0.06425 |
| 2 | 0.00038 | 0.00633 | 0.01170 | 0.01764 | 0.02340 | 0.02934 | 0.03510 | 0.04104 | 0.04699 | 0.05274 | 0.05868 | 0.06444 |
| 3 | 0.00058 | 0.00652 | 0.01189 | 0.01784 | 0.02359 | 0.02953 | 0.03529 | 0.04123 | 0.04718 | 0.05293 | 0.05888 | 0.06463 |
| 4 | 0.00077 | 0.00671 | 0.01208 | 0.01803 | 0.02378 | 0.02973 | 0.03548 | 0.04142 | 0.04737 | 0.05312 | 0.05907 | 0.06482 |
| 5 | 0.00096 | 0.00690 | 0.01227 | 0.01822 | 0.02397 | 0.02992 | 0.03567 | 0.04162 | 0.04756 | 0.05332 | 0.05926 | 0.06501 |
| 6 | 0.00115 | 0.00710 | 0.01247 | 0.01841 | 0.02416 | 0.03011 | 0.03586 | 0.04181 | 0.04775 | 0.05351 | 0.05945 | 0.06521 |
| 7 | 0.00134 | 0.00729 | 0.01266 | 0.01860 | 0.02436 | 0.03030 | 0.03605 | 0.04200 | 0.04795 | 0.05370 | 0.05964 | 0.06540 |
| 8 | 0.00153 | 0.00748 | 0.01285 | 0.01879 | 0.02455 | 0.03049 | 0.03625 | 0.04219 | 0.04814 | 0.05389 | 0.05984 | 0.06559 |
| 9 | 0.00173 | 0.00767 | 0.01304 | 0.01899 | 0.02474 | 0.03068 | 0.03644 | 0.04238 | 0.04833 | 0.05408 | 0.06003 | 0.06578 |
| 10 | 0.00192 | 0.00786 | 0.01323 | 0.01918 | 0.02493 | 0.03088 | 0.03663 | 0.04258 | 0.04852 | 0.05427 | 0.06022 | 0.06597 |
| 11 | 0.00211 | 0.00805 | 0.01342 | 0.01937 | 0.02512 | 0.03107 | 0.03682 | 0.04277 | 0.04871 | 0.05447 | 0.06041 | 0.06616 |
| 12 | 0.00230 | 0.00825 | 0.01362 | 0.01956 | 0.02532 | 0.03126 | 0.03701 | 0.04296 | 0.04890 | 0.05466 | 0.06060 | 0.06636 |
| 13 | 0.00249 | 0.00844 | 0.01381 | 0.01975 | 0.02551 | 0.03145 | 0.03721 | 0.04315 | 0.04910 | 0.05485 | 0.06079 | 0.06655 |
| 14 | 0.00268 | 0.00863 | 0.01400 | 0.01995 | 0.02570 | 0.03164 | 0.03740 | 0.04334 | 0.04929 | 0.05504 | 0.06099 | 0.06674 |
| 15 | 0.00288 | 0.00882 | 0.01419 | 0.02014 | 0.02589 | 0.03184 | 0.03759 | 0.04353 | 0.04948 | 0.05523 | 0.06118 | 0.06693 |
| 16 | 0.00307 | 0.00901 | 0.01438 | 0.02033 | 0.02608 | 0.03203 | 0.03778 | 0.04373 | 0.04967 | 0.05542 | 0.06137 | 0.06712 |
| 17 | 0.00326 | 0.00921 | 0.01458 | 0.02052 | 0.02627 | 0.03222 | 0.03797 | 0.04392 | 0.04986 | 0.05562 | 0.06156 | 0.06732 |
| 18 | 0.00345 | 0.00940 | 0.01477 | 0.02071 | 0.02647 | 0.03241 | 0.03816 | 0.04411 | 0.05005 | 0.05581 | 0.06175 | 0.06751 |
| 19 | 0.00364 | 0.00959 | 0.01496 | 0.02090 | 0.02666 | 0.03260 | 0.03836 | 0.04430 | 0.05025 | 0.05600 | 0.06195 | 0.06770 |
| 20 | 0.00384 | 0.00978 | 0.01515 | 0.02110 | 0.02685 | 0.03279 | 0.03855 | 0.04449 | 0.05044 | 0.05619 | 0.06214 | 0.06789 |
| 21 | 0.00403 | 0.00997 | 0.01534 | 0.02129 | 0.02704 | 0.03299 | 0.03874 | 0.04468 | 0.05063 | 0.05638 | 0.06233 | 0.06808 |
| 22 | 0.00422 | 0.01016 | 0.01553 | 0.02148 | 0.02723 | 0.03318 | 0.03893 | 0.04488 | 0.05082 | 0.05658 | 0.06252 | 0.06827 |
| 23 | 0.00441 | 0.01036 | 0.01573 | 0.02167 | 0.02742 | 0.03337 | 0.03912 | 0.04507 | 0.05101 | 0.05677 | 0.06271 | 0.06847 |
| 24 | 0.00460 | 0.01055 | 0.01592 | 0.02186 | 0.02762 | 0.03356 | 0.03932 | 0.04526 | 0.05121 | 0.05696 | 0.06290 | 0.06866 |
| 25 | 0.00479 | 0.01074 | 0.01611 | 0.02205 | 0.02781 | 0.03375 | 0.03951 | 0.04545 | 0.05140 | 0.05715 | 0.06310 | 0.06885 |
| 26 | 0.00499 | 0.01093 | 0.01630 | 0.02225 | 0.02800 | 0.03395 | 0.03970 | 0.04564 | 0.05159 | 0.05734 | 0.06329 | 0.06904 |
| 27 | 0.00518 | 0.01112 | 0.01649 | 0.02244 | 0.02819 | 0.03414 | 0.03989 | 0.04584 | 0.05178 | 0.05753 | 0.06348 | 0.06923 |
| 28 | 0.00537 | 0.01132 | 0.01668 | 0.02263 | 0.02838 | 0.03433 | 0.04008 | 0.04603 | 0.05197 | 0.05773 | 0.06367 | 0.06942 |
| 29 | 0.00556 | | 0.01688 | 0.02282 | 0.02858 | 0.03452 | 0.04027 | 0.04622 | 0.05216 | 0.05792 | 0.06386 | 0.06962 |
| 30 | 0.00575 | | 0.01707 | 0.02301 | 0.02877 | 0.03471 | 0.04047 | 0.04641 | 0.05236 | 0.05811 | 0.06405 | 0.06981 |
| 31 | 0.00595 | | 0.01726 | | 0.02896 | | 0.04066 | 0.04660 | | 0.05830 | | 0.07000 |

## PENALTY FOR LATE PAYMENT ON CONSTRUCTION CONTRACT CLAIMS 8473.1

(New 3/1991)

Section 10261.5 of the Public Contract Code provides for the payment of interest on construction contracts at an annual rate of 10% (i.e., the rate set forth in subdivision (a) of Section 685.010 of the Code of Civil Procedure) when a State agency fails to pay a contractor's properly submitted and undisputed payment request within 30 days of receipt of such request by the State agency.

Section 10261.5 of the Public Contract Code also provides as follows:

1. Any State agency which independently calculates the amount due on a progress payment and fails to make the progress payment within 30 days of the first submittal of the estimate by the contractor shall pay interest to the contractor at the rate specified above.
2. A State agency shall pay interest to the contractor at the rate specified above when the payment is not made within 30 days of receipt of a properly submitted and undisputed request for payment and the State Controller processes the payment within 14 days of receipt of the payment claim filed by the contracting State agency.
3. The State Controller shall pay interest to the contractor at the rate specified above when the payment is not made within 30 days of a properly submitted and undisputed request for payment and the contracting State agency has filed and the State Controller has accepted the payment claim within 16 days after receipt of the contractor's request for payment by the State agency.

## LATE PAYMENT PENALTIES 8474

(Revised 6/2015)

Chapter 927 of the Government Code, also known as the California Prompt Payment Act (the Act), requires state departments to automatically calculate and pay late payment penalties if they fail to make payments by the date required in the Act for the following:

- Properly submitted, undisputed invoices
- Grant claims for victim services or prevention programs
- Refunds or other undisputed payments due to individuals

The payment due date required in the Act is 45 calendar days after receipt of a properly submitted, undisputed invoice, unless otherwise specified in the contract or grant. In the case of refunds, the payment due date is 45 calendar days after notification of the refund to the payee or other payments due to individuals. Payment is defined as the issuance of a warrant or a registered warrant by the State Controller's Office (Controller) or the issuance of a revolving fund check by a department. Late payment penalties shall not be paid when payees elect to return registered warrants to the state.

State departments shall pay penalties if a correct claim schedule is not submitted to the Controller within 30 calendar days and payment is not issued within 45 calendar days. The Controller shall pay penalties if payment is not issued with 15 calendar days of receipt of a correct claim schedule and payment is not issued within 45 calendar days. On an exception basis, departments may avoid late payment penalties by making payments through the Office Revolving Fund or utilizing the Controller's claim schedule expedites service.

The Department of General Services (DGS) will not approve contracts with invoice payment terms exceeding 45 days.

**ADDITIONAL INFORMATION AND PROVISIONS** **8474.1**
(Revised 6/2015)

**a. No Additional Invoice Required for Penalty Amount**: State departments shall pay the applicable penalties without requiring a vendor invoice for the penalty amount.

**b. Penalty Shall not be Waived**: Except for the 30-day extensions granted in the event of emergencies during a declared fire season (see paragraph [h] below), the late payment penalties specified in the Act may not be waived, altered, or limited by a state department that acquires property or services pursuant to a contract or that awards a specific grant or by any person or business that contracts with a state department to provide property or services or that is a recipient of a grant for victim services and prevention programs.

**c. Nonprofit Organizations**: A nonprofit organization shall only be eligible to receive a penalty payment if it has been awarded a contract or grant for victim services and prevention programs in an amount less than five hundred thousand dollars ($500,000).

**d. No Additional Appropriation**: State departments shall not seek any additional appropriation to pay late payment penalties. Any state department that requests a deficiency appropriation from the Legislature shall identify the portion, if any, of the requested amount attributable to penalties incurred.

**e. Subcontractors**: State departments shall encourage contractors to promptly pay their subcontractors and suppliers, especially those that are small businesses. State departments shall utilize expedited payment processes to enable faster payment by prime contractors to their subcontractors and suppliers, and shall promptly respond to any subcontractor or supplier inquiries regarding the status of payments made to prime contractors.

**f. Fire Season Emergencies**: Except in the case of a contract with a certified small business, a nonprofit organization, or a nonprofit public benefit corporation, if an invoice from a business under a contract with the Department of Forestry and Fire Protection would become subject to late payment penalties during the annually declared fire season, then the required payment approval date shall be extended by 30 calendar days.

**g. Budget Enactment Delays**: During a budget impasse, late payment penalties continue to accrue until the payment is made, except for penalties incurred to nonprofit public benefit corporations, or for refunds, or other payments due to individuals.

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**ADDITIONAL INFORMATION AND PROVISIONS** **8474.1** (Cont. 1)
(Revised 6/2015)

**h. Calamities, Disasters, and Criminal Acts**: If the Department of Finance (Finance) determines that a state department or the Controller is unable to promptly pay an invoice, as required, due to a major calamity, disaster, or criminal act, the otherwise applicable late payment penalty provisions shall be suspended except as they apply to a claimant which is either a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program. The suspension shall remain in effect until Finance determines that the suspended late payment penalty provisions of this section should be reinstated.

**i. Liquidated Claims**: Government Code section 926.10, regarding interest on liquidated claims filed against public entities, shall not apply to any contract covered by the Act. See SAM section 8473.

**j. Invoice Dispute Notification:** A state department may dispute an invoice for reasonable cause. To dispute an invoice, the state department must notify the claimant within 15 working days from receipt of the invoice, or delivery of the property or services, whichever is later. State employees shall not dispute an invoice based upon minor or technical defects in order to avoid late payment penalties. The latest Invoice Dispute Notification form, STD. 209, is on the DGS website at **http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std209.pdf.**

**k. Notice of Refund Dispute:** A State department may dispute a refund request for reasonable cause. To dispute a refund, the State department must notify the claimant within 15 working days after the department receives notice from the individual that the refund is due.

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**ADDITIONAL INFORMATION AND PROVISIONS** **8474.1** (Cont. 2)
(Revised 6/2015)

**l. Medi-Cal program**: Late payment penalty provisions shall not apply to claims for reimbursement of health care services provided under the Medi-Cal program, unless the Medi-Cal health care services provider is a small business or nonprofit organization. In applying these provisions to claims submitted to the state or its fiscal intermediary, by providers of services or equipment under the Medi-Cal program, payment for claims shall be due 30 calendar days after a claim is received by the state or its fiscal intermediary, unless reasonable cause for nonpayment exists. With regard to Medi-Cal claims, reasonable cause shall include review of claims to determine medical necessity, review of claims from providers who are subject to special prepayment fraud and abuse controls, and review of claims by the fiscal intermediary or the Department of Health Care Services (DHCS) due to special circumstances. Claims requiring special review as specified above shall not be eligible for a late payment penalty.

**m. Reporting Requirement**: State departments shall annually report to DGS, by September 30, the amount of late payment penalties paid during the preceding fiscal year. The report shall separately identify the total number and dollar amount of late payment penalties paid to small businesses, other businesses, and refunds or other payments to individuals. State departments may, at their own initiative, provide DGS with other relevant performance measures. DGS shall prepare a report separately listing the total number and dollar amount of all late payment penalties paid to small businesses, other businesses, and refunds and other payments to individuals by each state department during the preceding fiscal year, together with other relevant performance measures, and shall make the information available to the public. Inquiries regarding additional information on this reporting requirement should be directed to the Prompt Payment Coordinator, DGS, Procurement Division, at osdshelp@dgs.ca.gov.

**n. Other Penalties**: State departments will pay other legally authorized late payment penalties. These include the Public Utilities Commission (PUC) approved late payment charges in invoices from utilities operating under the authority of the PUC. However, when state departments pay other authorized penalties, they must take care to do so in lieu of the penalties authorized in the Act.

**PENALTY REQUIREMENTS** **8474.2**
(Revised 06/2016)

A. **Small Businesses and Nonprofits**

If the claimant is a certified small business, a nonprofit organization, a nonprofit public benefit corporation, or a small business or nonprofit organization that provides services or equipment under the Medi-Cal program, the state department or Controller shall pay the claimant a penalty at a rate of 10 percent above the United States Prime Rate on June 30 of the prior fiscal year. However, a nonprofit organization shall only be eligible to receive a penalty payment if it has been awarded a contract or grant for victim services and prevention programs in an amount less than five hundred thousand dollars ($500,000). If the amount of the penalty is ten dollars ($10) or less, the penalty shall be waived and not paid by the state department or Controller.

It is the responsibility of each state department to determine whether or not a claim has been submitted by a qualified small business.

It is the responsibility of the DGS Office of Small Business and Disabled Veteran Business Enterprise Services (OSDS) to verify which firms qualify as "small business" under the general provisions, California Code of Regulations, Title 2, Division 2, Chapter 3, Subchapter 8, section 1896 et seq. Any questions regarding whether a particular vendor contractor or service firm is a certified small business should be directed to OSDS at osdshelp@dgs.ca.gov. This information may also be accessed by using the OSDS search engine located on the DGS web site at: https://www.dgs.ca.gov/pd/Programs/caleprocure.aspx.

It is the responsibility of DHCS to verify/certify which providers under the Medi-Cal program qualify as a "small business." See SAM section 8474.4, paragraph (n).

B. **Other Businesses and Defined Grantees**

For all other businesses and victim services and prevention program grantees, the state department or the Controller shall pay a penalty at a rate of one percent above the Pooled Money Investment Account daily rate on June 30 of the prior fiscal year, not to exceed a rate of 15 percent. However, if the amount of the penalty is one hundred dollars ($100) or less, the penalty shall be waived and not paid by the state department or Controller.

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**PENALTY REQUIREMENTS** **8474.2** (Cont. 1)
(Revised 6/2016)

C. **Refunds and Other Payments to Individuals**

For refunds or other payments due to individuals, the state department or the Controller shall pay a penalty at a rate equal to the Pooled Money Investment Account daily rate on June 30 of the prior fiscal year minus one percent. However, if the amount of the penalty is ten dollars ($10) or less, the penalty shall be waived and not paid by the state department or Controller.

This section requires:

1. No penalty shall accrue on any refund or payment due to individuals that is the result of a federally mandated program or directly depends upon the receipt of federal funds.

This section does not apply to:

1. Late payments for goods and services covered under SAM sections 8473 and 8473.1.
2. Income tax payments, refunds, or credits.
3. Reimbursement for health care services or mental health services provided under the Medi-Cal program, pursuant to the Welfare and Institutions Code section 14000 et seq.
4. Benefit payments to participants of public social service or public health programs.
5. Claims to the Department of General Services.
6. Payments made by the Commission on State Mandates.
7. Department of Human Resources payments pursuant to Government Code section 19823.

**PENALTY CALCULATION** **8474.3**
(Revised 6/2015)

Whenever a state department or the Controller determines a penalty is due, the rate for small businesses and nonprofits shall be a rate of 10 percent above the United States Prime Rate on June 30 of the prior fiscal year. The rate for all other businesses including grantees that provide victim services or prevention programs shall be one percent above the Pooled Money Investment Account (PMIA) daily rate on June 30 of the prior fiscal year, not to exceed 15 percent. The rate for refunds or other payments due to individuals is one percent below the PMIA daily rate on June 30 of the prior fiscal year. These rates change annually; therefore, the PMIA rate is communicated to state departments via a Budget Letter (BL). For the latest BL on late payment penalty rates, refer to the Finance website at: http://www.dof.ca.gov/budget/Budget_Letters/.

The penalty will be calculated as follows:

| | |
|---|---|
| Step 1:<br>Determine the Payment Due Date | The payment due date is 45 calendar days after receipt of a properly submitted, undisputed invoice, unless otherwise specified in the contract or grant.<br><br>In the case of refunds, the payment due date is 45 calendar days after notification of the refund to the payee or other payments due to individuals |
| Step 2:<br>Amount Subject to Penalty | The gross amount of the invoice less taxes or the “refund or other payment due” amount. |
| Step 3:<br>Penalty Amount Per Day | Multiply the amount subject to penalty (as determined in Step 2) by the applicable daily penalty rate (based on the payment due date) as specified in the BL. |
| Step 4:<br>Number of Days Penalized: | Calculate the number of calendar days between the payment due date (as determined in Step 1) and the date payment is issued. |
| Step 5:<br>Late Payment Penalty Amount | Multiply the penalty amount per day (as determined in Step 3) by the number of days penalized (as determined in Step 4). The result is late payment penalty amount due the claimant; except that penalty amounts of $10 or less shall not be paid to small businesses, nonprofit and refunds or other payments due to individuals. For all other businesses, penalty amounts of $100 or less shall not be paid |

(Continued)

(Continued)
**PENALTY CALCULATION** **8474.3** (Cont. 1)
(Revised 6/2015)

See Illustration 1 below for samples of late payment penalty calculations.

When a late payment penalty is incurred, a completed Penalty Calculation Worksheet, STD. 208 must be attached to the related invoice submitted to the Controller. The latest Penalty Calculation form, STD. 208, can be found on the DGS website at http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std208.pdf.

Any invoice included in a claim schedule the Controller determines is subject to a claim correction shall be deemed to be improperly submitted and the state department shall be responsible for the penalty incurred on the invoice.

| | FACTS | PAYMENT DUE DATE SET FORTH IN CONTRACT AS DEFINED IN SAM 8474.4 (c) | PAYMENT DUE DATE NOT SET FORTH IN CONTRACT |
|---|---|---|---|
| **A** | Date Agency Receives Invoice | 3/1/XX | 3/1/XX |
| **B** | Payment Due Date Per Contract | 4/1/XX | N/A |
| **C** | Payment Issue Date | 4/6/XX | 4/30/XX |
| **STEP** | **Completing Penalty Calculation Form (STD. 208) – Part A** | | |
| **1** | Required payment approval date ***/1*** | 4/1/XX | 3/31/XX |
| **2** | Amount subject to penalty ***/2*** | $30,000 | $30,000 |
| | Daily Penalty Rate | | |
| | • Small Business | .000363 | .000363 |
| | • Other Business | .000034 | .000034 |
| **3** | Penalty per day *(multiply amount by daily penalty rate as shown in Step 3)* | 10.89 | 10.89 |
| | | 1.02 | 1.02 |
| **4** | Number of days penalized ***/3*** | 5 | 15 |
| **5** | Penalty amount *(multiply amount by the number of days as shown in Steps 4 & 5)* ***/4*** | | |
| | • Small Business | $10.89 x 5 = $54.45 | $10.89 x 15 = $163.35 |
| | • Other Business | $1.02 x 5 = $5.10 | $1.02 x 15 = $15.30 |

1/ The payment date specified in the contract, or 30 calendar days after the date the department receives an undisputed invoice.

2/ Use the current penalty interest factor per day provided annually in a Finance budget letter available at http://www.dof.ca.gov/budget/Budget_Letters/.

3/ Count the number of days from required payment approval date to date claim schedule submitted to SCO.

4/ Minimum late penalty payments: Small business - $10 / Other business - $100

**DEFINITION OF TERMS** **8474.4**
(Reviewed 6/2015)

a. **Claim:** A bill, invoice, or written request for payment provided by the claimant. Written request includes contract as defined in paragraph c. below.

b. **Claim schedule** (STD. 218 (Continuous)): A schedule of invoices prepared and submitted by a state department to the Controller for payment to the named claimants.

c. **Contract:** Any enforceable agreement, including purchase orders, sub-purchase orders, delegated purchase orders, service agreements, or rental and lease agreements of real and personal property.

d. **Grant:** A signed final agreement between any state department and a local government agency or organization authorized to accept grant funding for victim services or prevention programs administered by any state department.

e. **Invoice:** A bill or claim that requests payment on a contract under which a state department acquires property or services, or a claim pursuant to a grant for victim services and prevention programs.

f. **Disputed Invoice:** An improperly executed invoice or an invoice that requires additional evidence of its validity. The state department must notify the claimant in writing of a disputed invoice within 15 working days of receipt of the invoice using Invoice Dispute Notification, STD. 209.

g. **Undisputed Invoice:** An invoice executed by the claimant and for which additional evidence is not required to determine its validity. Undisputed invoices include:

1. A once disputed invoice which has been corrected or for which additional evidence of its validity has been provided and received by the state department.

2. An improper invoice where goods and services have been received by the contracting state department, but the state department fails to notify the claimant that the invoice is improper within 15 working days of receipt of the invoice.

h. **Medi-Cal program:** The program established pursuant to Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code.

(Continued)
**DEFINITION OF TERMS** **8474.4** (Cont. 1)
(Reviewed 6/2015)

i. **Nonprofit public benefit corporation:** A corporation, as defined by subdivision (b) of Section 5046 of the Corporations Code that has registered with the DGS as a small business.

j. **Reasonable cause:** A determination by a state department that any of the following conditions are present:
   1. A discrepancy exists between the invoice or claimed amount and the provisions of the contract.
   2. A discrepancy exists between the invoice or claimed amount and either the claimant's actual delivery of property or services to the state or the state's acceptance of those deliveries.
   3. Additional evidence supporting the validity of the invoice or claimed amount is required to be provided to the state department by the claimant.
   4. The invoice has been improperly executed or needs to be corrected by the claimant.
   5. A discrepancy exists between the refund or other payment due as calculated by the person to whom the money is owed and by the state department.

k. **Received by a State department:** The date an invoice is delivered to the state location or party specified in the contract or, if a state location or party is not specified in the contract, wherever otherwise specified by the state department.

l. **Revolving fund:** A fund established pursuant to Article 5 (commencing with GC section 16400) of Division 4 of Title 2.

m. **Small business:** A business certified in accordance with requirements of subdivision (c) of GC section 14837.

n. **Small business and nonprofit organization Medi-Cal providers:**
In reference to providers under the Medi-Cal program, a business or organization that meets all of the following criteria:

   1. Principal office is located in California.
   2. Officers, if any, are domiciled in California.
   3. If a small business, it is independently owned and operated.
   4. Business or organization is not dominant in its field of operation.
   5. Together with any affiliates, the business or organization has gross receipts from business operations that do not exceed three million dollars ($3,000,000) per year, except that the Director of the DHCS may increase this amount if the Director deems that this action would be in furtherance of the intent of the Act.

(Continued)

(Continued)
**DEFINITION OF TERMS** **8474.4** (Cont. 2)
(Reviewed 6/2015)

o. **State department:** State department refers to all state departments, offices, boards, commissions, institutions, colleges, and special organizational entities within state government.

p. **Payment:** The issuance of a warrant or a registered warrant by the Controller, or the issuance of a revolving fund check by a state department, to a claimant in the amount of an undisputed invoice.

**PRISON INDUSTRY AUTHORITY** **8476**
(Revised 5/1979)

Prison Industry Authority, at its discretion, may collect for the items it sells and delivers to state agencies by requesting SCO to transfer the applicable amount of charges from the agencies' appropriation to the Prison Industries Revolving Fund.
Requisitions from Prison Industry Authority will be made with a Purchase Order, STD. 65. Agencies need submit only one copy of the contract/delegation form to the Sacramento Office of Prison Industry Authority. In the lower part of the form on the line marked "FUND," agencies will show the fund and appropriation (item and chapter number) to which the order is to be charged. The "FISCAL YEAR" box will also be filled in with the year of the appropriation to be charged. (The fund, appropriation, and fiscal year figures should correspond with the figures which would be recorded if an agency was to file a claim schedule to pay for the order.)

## RELEASE OF FUNDS AND PROPERTY OF DECEASED PERSONS

### GENERAL 8477.1

(Revised 5/79)

State employees may designate an individual who upon the death of the employee will be entitled to receive and negotiate SCO's warrants payable to the deceased employee. See Government Code Section 12479. Instructions relating to this procedure are presented in SAM Section 8477.2. The Probate Code also provides for the release of funds and property of deceased persons. Instructions relating to this procedure are presented in SAM Section 8477.32.

## RELEASE OF WARRANTS OF A DECEASED STATE EMPLOYEE TO A PERSON DESIGNATED BY THE EMPLOYEE 8477.2

(Renumbered from 8429.3 12/1989)

Section 12479 of the Government Code reads as follows:

"Any person now or hereafter employed by the state may file with his appointing power a designation of a person who, notwithstanding any other provision of law, shall, on the death of the employee, be entitled to receive all warrants that would have been payable to the decedent had he survived. The employee may change the designation from time to time. A person so designated shall claim such warrants from the appointing power. On sufficient proof of identity, the appointing power shall deliver the warrants to the claimant. A person who receives a warrant pursuant to this section is entitled to negotiate it as if he were the payee."

This law permits state employees to designate an individual who, on the death of the employee, shall be entitled to receive and negotiate SCO's warrants payable to that employee had the employee survived. Agencies will assure that employees are advised of this right and are afforded an opportunity to make such a designation. SCO's warrants for payment of death benefits and refunds of employee retirement contributions cannot be released pursuant to this designation. This law relates only to SCO's warrants and does not authorize agencies to release agency checks. Agency questions regarding the legality of the release of SCO's warrants to a designee shall be referred to the agency's attorney or the Office of the Attorney General. Single persons with minor dependents shall seek legal advice in order to release final warrants to a minor.

**DESIGNATION** **8477.21**
(Revised and Renumbered from 8429.31 12/1989)

Employees will be advised that a designation made pursuant to this law will remain in effect throughout their employment with the State unless the designation is superseded by the filing of a new designation (SAM Section 8477.22) or the designation is revoked (SAM Section 8477.23) and that the designation automatically will terminate on the date of the employee's separation from state employment.

Designations will be obtained on Designation of Person Authorized to Receive Warrants, STD. 243. Instructions for completion are on the form. The agency immediately will review the completed STD. 243 for correctness and write the date reviewed by the agency and the name of the reviewing agency employee on both copies. The agency will retain the original copy of STD. 243 and return the duplicate copy to the employee.

**CHANGE OF DESIGNEE** **8477.22**
(Revised and Renumbered from 8429.32 7/1988)

A designation made on a Designation of Person Authorized to Receive Warrants, STD. 243, may be changed by receipt of a new STD. 243 showing thereon the name of the new designee. The agency will review and route the form in the same manner shown above in SAM Section 8477.21.

In addition, the agency will draw a diagonal line across the face of the revoked STD. 243 and write thereon "Superseded by STD. 243 received (date)." The duplicate copy of the new STD. 243, together with the original of the superseded STD. 243, will be returned to the employee.

**REVOCATION OF DESIGNATION** **8477.23**
(Renumbered from 8429.33 7/1988)

A designation made on a Designation of Person Authorized to Receive Warrants, STD. 243, can be revoked by receipt of a new STD. 243. The word "NONE" will be shown in the space provided for the designee name and will be processed in the same manner as in a change of designee.

A STD. 243 designation may also be revoked by letter to the employee's current appointing power and signed by the employee. Upon the receipt of such a letter, the agency will draw a diagonal line across the face of the revoked STD. 243, write thereon "Revoked by letter dated _____ ," retain the original of the letter, and return the revoked STD. 243 together with the duplicate of the letter to the employee.

## TRANSFER OF DESIGNATION FOR EMPLOYEE ACCEPTING EMPLOYMENT WITH ANOTHER STATE AGENCY 8477.24

(Renumbered from 8429.34 12/1989)

Designation made on a Designation of Person Authorized to Receive Warrants, STD. 243, filed by an employee will continue in effect until revoked by the employee or the employee leaves State service. Therefore, a designation on file from an employee that transfers to or accepts employment with another State agency will be forwarded with the employee's other personnel documents to the new employing agency.

## RELEASE OF WARRANTS TO DESIGNEE 8477.25

(Renumbered from 8429.35 12/1989)

Upon the death of an employee for which the agency has on file an unrevoked Designation of Person Authorized to Receive Warrants, Std. 243, the agency immediately will:

1. Initiate a "stop request" with the State Controller's Audit Division (SAM Section 8422.6) for any requested warrants payable to the deceased employee that otherwise the State Controller would mail directly to the employee, and request that these warrants be delivered to the agency.

2. Initiate reasonable efforts to contact the designee in order to deliver the warrants due the deceased employee to the designee.

Warrants will be released to a designee only if an unrevoked designation, Std. Form 243, is on file in the agency and only in accordance with the designation. Agencies will not release warrants to a purported designee on the basis of a Std. Form 243 presented by the designee which the agency does not have in its official files.

Warrants due a deceased employee can be released only to a designee or claimant who is 18 years of age or over.

Warrants requested from the State Controller for amounts due a deceased employee which are to be released to a designee will name the deceased employee as payee. Amounts owed an employee who would have been paid, or for whom pay checks already are prepared, from the agency revolving fund must be claimed from the State Controller and paid by the State Controller's warrants.

Agencies, under circumstances prescribed herein, may release warrants payable to a deceased employee:

1. To the designee if the designee is located within 60 days following the death of the employee and if no other claim or request for delivery of these warrants is made orally or in writing to the agency.

2. To a proper claimant under the provisions of the Probate Code (SAM Section 8477.32) if the agency is not able to locate the individual designated by the employee within 60 days following the death of the employee or if the employee did not designate an individual to receive the warrants.

(Continued)

(Continued)
**RELEASE OF WARRANTS TO DESIGNEE** **8477.25** (Cont. 1)
(Renumbered from 8429.35 12/1989)

3. To the designee or another claimant if the individual designated by the deceased employee to receive the employee's warrants is located within the required 60-day period but another individual orally or in writing also has requested the warrants under the provisions of the Probate Code (SAM Section 8477.32) provided either the designee or the other claimant agrees to this release of the warrants to the other individual by signing the following statement:

CONSENT AND WAIVER

I hereby consent to the delivery of California State Controller's Warrant(s) numbered _____ to (Recipient) , and I hereby waive and release any and all of my right, title, and interest in and to said warrants.

(Signature) Date

(Witness)

(Address)

This signed statement will be retained by the State agency and filed in the deceased employee's personnel folder. Under all other circumstances, warrants due a deceased employee will be released only upon receipt of instructions from the agency's attorney or the Office of the Attorney General.

Warrants of a deceased employee will be released to the designee only upon receipt by the agency of a completed Request for Delivery of Warrants of a Deceased Employee. (See 8477.25 Illustration.) This form is not available from Materials Services, Office of Procurement, Department of General Services, and will be typewritten by the agency as needed. If the request will be signed in person by the designee at the agency's office, the request will be typewritten in duplicate by the agency as illustrated in 8477.25 Illustration. If the request will not be signed in person by the designee at the agency's office, the request will be typewritten by the agency as illustrated except that the following notary public's acknowledgment will be typed on the form in lieu of the "DESCRIPTION OF IDENTIFICATION OF DESIGNEE" section of the form:

(Continued)

(Continued)
**RELEASE OF WARRANTS TO DESIGNEE** **8477.25** (Cont. 2)
(Renumbered from 8429.35 12/1989)

NOTARY PUBLIC'S ACKNOWLEDGMENT

State of )

County of )

On this day of 19 , before me, the undersigned notary public, personally appeared , known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he (she) executed the same. In witness whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

Notary Public in and for the (City and) County
(NOTARIAL SEAL) of , State of

All spaces provided on the Request for Delivery of Warrants of Deceased Employee form must be completed. The original completed and signed copy of the form will be retained by the agency in the deceased employee's personnel file as the agency's record of and authority for release of the warrants. The duplicate copy of the form may be given to the designee.

Upon the release of warrants to the designee, the agency will note on the request for delivery of warrants form the dates, numbers, and amounts of the warrants released.

STATE ADMINISTRATIVE MANUAL

DISBURSEMENTS

State of California

REQUEST FOR DELIVERY OF WARRANTS OF A DECEASED EMPLOYEE

| | |
|---|---|
| Name of Deceased Employee | Employee Number |
| Division and Department | Location of Employment |
| Home Address | |

| | | |
|---|---|---|
| Name of Designee | Relationship | Designation (Form 243) Dated |
| Street Address | City and State | |

(State Department and Address)

TO:

Pursuant to the provisions of Section 12479 of the Government Code of California, I, the undersigned, hereby request that any State of California warrants payable to the above-named deceased employee be delivered to me. I state the following facts in connection with this request:

THAT said employee died on or about _____, 19 _____, at _____
(location)

_____ .

THAT I am the designee named above and designated in the designation Form 243 as above set forth, to receive such warrants.

THAT I am an adult.

I certify under the penalty of perjury that the foregoing is true and correct.

Executed at _____, California, this _____ day of _____ 19 _____ .

_____
Signature of Designee

_____
Present Address

DESCRIPTION OF IDENTIFICATION OF DESIGNEE

_____

_____

_____

_____

**IDENTIFICATION OF DESIGNEE** **8477.26**
(Renumbered from 8429.36 12/1989)

Sufficient identification must be presented by the designee to assure the agency reasonably that the applicant is the named designee.

If the designee submits the form by mail, or other than in person, at the agency's office, the notary public's acknowledgment identifying the designee will be sufficient identification of the designee.

If the designee personally appears at the agency's office, the agency will complete the "Description of Identification of Designee" section of the form, describing therein the identification presented. The form normally need not be notarized. Two or more documents such as a social security card, driver's license, credit cards, etc., normally should be sufficient for identification. The designee's signature on such documents may be compared with the designee's signature on the request for delivery of warrants. Also, the designee's stated age and relationship may be compared to that shown on the designation form and that address compared with the designee's address included by the deceased employee on the designation form. A statement by a current employee or any known person affirming the designee's identification is adequate and, if obtained, will be noted in the "Description of Identification of Designee" section of the request for delivery of warrants form. If the agency is not satisfied that reasonable identification of the designee has been presented, the agency may require the designee to obtain the notary public's acknowledgment required of designees not appearing in person.

## ENDORSEMENT OF WARRANTS TO BE RELEASED TO DESIGNEE 8477.27

(Renumbered from 8429.37 12/1989)

Warrants payable to a deceased employee can be negotiated by a designee only if the agency releasing the warrants to the designee provides a special endorsement on each such warrant. This endorsement may be typed on the reverse side of each warrant if care is taken to assure that the holes punched in the warrant are not damaged. The endorsement will read:

> The undersigned agency hereby certifies that pursuant to Section 12479 of the Government Code of California, the payee has designated
>
> (Name of Designee)
>
> to receive and negotiate this warrant, and that said designation is filed with this agency
>
> (Name of Agency)
>
> by: (Signature of Agency Representative)
>
> Title:

The agency will insert the full name of the designee and the name of the agency in the spaces indicated. The authorized agency representative, whose title will be included in the endorsement, personally must sign each such endorsed warrant. The designee will be instructed to endorse the warrant at the time of negotiation exactly as shown in the agency's endorsement of the warrant.

## RELEASE OF PERSONAL PROPERTY OF DECEASED PERSONS PURSUANT TO THE PROBATE CODE

### GENERAL 8477.3

(Renumbered from 8429.71 12/1989)

State Controller's warrants due to deceased State employees, which are not released under authority and procedure described in Government Code Section 12479 and the SAM Section 8477.2, and other personal property of deceased persons may be released to the successor of the decedent's estate (SAM Section 8477.32).

**RELEASE OF PERSONAL PROPERTY PURSUANT TO PROBATE CODE SECTION 13100** **8477.31**
(Renumbered from 8429.72 12/1989)

Probate Code Section 13100 provides for the collection or transfer of a decedent's personal property without the administration of the estate or probate of the will. To effect the transfer of the decedent's personal property, the successor of the decedent must furnish an affidavit or declaration, under penalty of perjury under the laws of this State (declaration), to the holder of the decedent's personal property.

Departments may prepare a request form similar to SAM Section 8477.32 Illustration l that, when completed by the successor of the decedent, may serve as the declaration. The final form is left up to the department as long as the form is typewritten and includes, as a minimum, the information in Probate Code Section 13101.

The State department holding a decedent's personal property will verify that the affidavit or declaration is in accordance with Probate Code Section 13101 and that a copy of the inventory and appraisement of the decedent's real property is attached (Probate Code Section 13103).

Disposition of the original affidavit or declaration and necessary copies will be as follows:

1. Retain the original as the department's record of and authority for releasing the decedent's personal property;
2. Attach a copy to checks or warrants payable to the decedent when released; and
3. Attach a copy to each claim schedule submitted to the State Controller's Office requesting issuance of a warrant payable to the successor of the decedent.

Funds due a decedent may be released to the successor of the decedent in the form of checks or warrants made payable (l) to the successor of the decedent or (2) to deceased employees or other deceased persons. Departments will not release funds due a deceased State employee pursuant to this section when the department has on file an unrevoked Designation of Person Authorized to Receive Warrants, STD. 243, except as provided for in SAM Section 8477.25.

(Continued)

(Continued)
**RELEASE OF PERSONAL PROPERTY PURSUANT TO PROBATE CODE SECTION 13100** **8477.31** (Cont. 1)
(Renumbered from 8429.72 12/1989)

Checks drawn or warrants claimed that are to be made payable to the successor of the decedent will show the payee as follows:

(Name of Successor of Decedent)–Successor of Decedent

(Name of Decedent)–Deceased

Before the decedent's personal property is released, the successor shall present to the department:

1. reasonable proof of his or her identity (Probate Code Section 13104); and
2. evidence of the decedent's ownership in the property, if available (Probate Code Section 13102).

Questions regarding the submission of affidavits or declarations may be referred to the State Treasurer's Office. However, questions regarding the decedents ownership or interest in real or personal property, for the purpose of this law, should be referred to an attorney.

## RELEASE OF FUNDS AND PROPERTY OF DECEASED PERSONS PURSUANT TO LETTERS OF TESTAMENTARY OR LETTERS ADMINISTRATION 8477.32

(Renumbered from 8429.73 12/1989)

Funds and property of deceased persons may be released to the executor or administrator of the estate of a decedent upon receipt of certified copies of letters testamentary, or letters of administration. Departments will:

1. retain a copy of the certified letters testamentary, or letters of administration as the department's record of authority for releasing funds and property of deceased persons;
2. attach to each claim schedule submitted to the State Controller's Office a copy of the letters testamentary, or letters of administration in addition to the other documentation normally required to support payments claimed. A reproduced copy of the letter will be sufficient; and
3. note, on the department's copy of the letters testamentary, or letter of administration, the dates, numbers, and amounts of any check(s) or warrant(s) drawn to the decedent as payee and the description of any property released.

Funds due a decedent may be released to persons designated in letters testamentary, or letters of administration in the form of checks or warrants made payable (1) to the persons designated in the certified copies of letters testamentary, or letters of administration or (2) to the deceased employee or other deceased person as payee.

Checks drawn or warrants claimed that are to be made payable to the person designated in the certified copies of letters testamentary, or letters of administration will show the payee as follows:

1. Where payee is the executor

   (NAME OF EXECUTOR) EXECUTOR OF THE LAST WILL AND TESTAMENT OF (NAME OF DECEDENT) DECEASED

2. Where the payee is the administrator

   (NAME OF ADMINISTRATOR) ADMINISTRATOR OF THE ESTATE OF (NAME OF DECEDENT) DECEASED

(Continued)

(Continued)
**RELEASE OF FUNDS AND PROPERTY OF DECEASED PERSONS PURSUANT TO LETTERS OF TESTAMENTARY OR LETTERS ADMINISTRATION** **8477.32** (Cont. 1)
(Renumbered from 8429.73 12/89)

Agencies will instruct recipients of checks or warrants drawn to deceased employees or other deceased persons as payees to endorse such checks and warrants as follows:

(NAME OF PAYEE)

by: (SIGNATURE OF EXECUTOR OR ADMINISTRATOR)

(USE APPLICABLE TITLE*)

* (EXECUTOR OF THE LAST WILL AND TESTAMENT OF DECEASED PAYEE)

* (ADMINISTRATOR OF THE ESTATE OF THE DECEASED PAYEE)

REQUEST FOR FUNDS AND/OR PROPERTY OF A DECEDENT

Pursuant to Chapter 3 Section 13100, amended July 1, 1987 of the Probate Code of the State of California, I the undersigned, an adult, hereby request the State Treasurer to pay and deliver to me the money and/or other personal property on deposit as described below.
= = = = = = = = = == = = = I state the following facts within this request:

1. _____ died in the City of _____ in the State of _____, on or about the _____ day of _____, 19___;

2. At least 40 days have elapsed since the death of the decedent, as shown in a certified copy of the decedent's Death Certificate attached to this affidavit or declaration.

3. No proceeding is now being or has been conducted in California for administration of the decedent's estate.

4. The gross value of the decedent's real and personal property in California, excluding the property described in Section 13050 of the California Probate Code (see reverse), does not exceed sixty thousand dollars ($60,000).

5. Check one:

   I am the successor of the decedent (as defined in Section 13006 of the California Probate Code) (See reverse) to the decedent's interest in the described property.

   I am authorized under Section 13051 of the California Probate Code (See reverse) to act on behalf of the successor of the decedent (as defined in Section 13006 of the California Probate Code) with respect to the decedent's interest in the described property.

6. No other person has a right to the interest of the decedent in the described property.

7. Please complete A or B:

   A. At the time the decedent died, said decedent had funds held in trust in the sum of $_____ or property as follows:

   ---

(Continued)

(Continued)

B. At the time the decedent died, said decedent was the owner of certain warrant/s issued by the State of California;

| | | |
|---|---|---|
| No. | Dated | Amount $ |
| No. | Dated | Amount $ |

= = = =

SECTION 13006—PROBATE CODE, AS ENACTED JULY 1, 1987

Successor of the decedent means:

(a) If the decedent died leaving a will, the sole beneficiary or all of the beneficiaries who succeeded to a particular item of property of the decedent under the decedent's will. For the purposes of this part the trustee of a trust created during the decedent's lifetime is a beneficiary under the decedent's will if the trust succeeds to the particular item of property under the decedent's will.

(b) If the decedent died without a will, the sole person or all of the persons who succeeded to the particular item of property of the decedent under Sections 6401 and 6402.

SECTION 13050—PROBATE CODE, AS ENACTED JULY 1, 1987

(a) For the purposes of this part:

(1) Any property or interest or lien thereon which, at the time of the decedent's death, was held by the decedent as a joint tenant, or in which the decedent had a life or other interest terminable upon the decedent's death, or which was held by the decedent and passed to the decedent's surviving spouse pursuant to Section 13500, shall be excluded in determining the property or estate of the decedent or its value.

(2) A multiple-party account to which the decedent was a party at the time of the decedent's death shall be excluded in determining the property or estate of the decedent or its value, whether or not all or a portion of the sums on deposit are community property, to the extent that the sums on deposit belong after the death of the decedent to a surviving party, P.O.D. payee, or beneficiary. As used in this paragraph, the terms "multiple-party account," "party," "P.O.D. payee," and "beneficiary" have the same meaning as given those terms by Section 5101.

(b) For the purposes of this part, all of the following property shall be excluded in determining the property or estate of the decedent or its value:

(1) Any vehicle registered under Division 3 (commencing with Section 4000) of the Vehicle Code or titled under Division 16.5 (commencing with Section 38000) of the Vehicle Code.

(2) Any vessel numbered under Division 3.5 (commencing with Section 9840) of the Vehicle's Code.

(Continued)

(Continued)

(3) Any manufactured home, mobile home, commercial coach, truck camper, or floating home registered under Part 2 (commencing with Section 18000) of Division 13 of the Health and Safety Code.

(c) For the purposes of this part, the value of the following property shall be excluded in determining the value of the decedent's property in this state:

(1) Any amounts due to the decedent for services in the armed forces of the United States:

(2) The amount, no exceeding five thousand dollars ($5,000), of salary of other compensation, including compensation for unused vacation, owing to the decedent for personal services from any employment.

SECTION 13051—PROBATE CODE, AS ENACTED JULY 1, 1987

For the purposes of this part:

(a) A guardian or conservator of the estate of a person entitled to any of the decedent's property may act on behalf of the person without authorization or approval of the court in which the guardianship or conservatorship proceeding is pending.

(b) A trustee of a trust created during the decedent's lifetime may act on behalf of the trust.

(c) If the decedent's will nominates a custodian to receive a devise to a beneficiary under the Uniform Gifts to Minors Act or the Uniform Transfer to Minors Act of any state and the nomination has not been revoked, the custodian may act on behalf of the beneficiary until such time as the custodianship terminates.

INSTRUCTIONS

1. The Request for Personal Property of a Decedent is the suggested from to be completed by claimants under Section 13100 of the Probate Code. This form is to be used only if applicable under the provisions of this section of law.

2. A certified copy of the decedent's Death Certificate must be attached to the request form.

3. Claimants must certify under penalty of perjury to the facts included on the request form.

(Continued)

(Continued)

4. The original of the request form and copy of the Death Certificate should be presented with the warrant to support the endorsement of the warrant. Endorsement of the warrant should be substantially as follows:

_____
(Name of Payee)

_____
(Beneficiary(ies)
*"As per Section 13100 of the Probate Code"*

If there is more than one beneficiary, all should join in certifying the request form, and in the endorsement of the warrant. The warrant should be deposited in your local bank in the usual manner along with all attachments. When it is presented to the State Treasurer through the usual channels, if found to be in order, it will be paid.

## CLAIMS FOR PAYMENT OF TORT LIABILITIES 8478

(Renumbered from 8430 12/1989)

See SAM Section 8712.