

## SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

### CENTRAL SERVICE COSTS

8753

(Revised 07/2016)

Central service costs are those amounts expended by central service departments and the Legislature for overall administration of state government and for providing centralized services to state departments. These functions are necessary for state operations and are centralized to provide efficient and consistent statewide policy and services. Central service departments are:

<a href="#">California State Auditor's Office</a>	<a href="#">Legislative Counsel Bureau</a>
<a href="#">California State Library</a>	<a href="#">Legislature</a>
<a href="#">California Department of Technology</a>	<a href="#">Office of Administrative Law</a>
<a href="#">Department of Finance</a>	<a href="#">Office of Planning and Research</a>
<a href="#">Department of Human Resources</a>	<a href="#">Secretary of the California Health and Human Services Agency</a>
<a href="#">Department of Justice</a>	
<a href="#">Department of Financial Information System for California</a>	<a href="#">State Controller's Office</a>
<a href="#">Governor's Office</a>	<a href="#">State Personnel Board</a>
Health Benefits for Annuitants (Retired) Dental Benefits for Annuitants (Retired) Health Benefits for Annuitants (Retired CSU)	<a href="#">State Treasurer's Office</a>

Central service costs are funded by the General Fund and the Central Service Cost Recovery Fund appropriations made to each central service department. The central services benefit most funds/departments. For equity, Government Code sections [11270–11275](#) and [22883](#) provide for the sharing of central service costs by funds other than the General Fund and the Central Service Cost Recovery Fund. This cost sharing process is titled formally as "General Administrative Costs" but is known more commonly as "Pro Rata." See explanation in SAM section 8754.

In addition to administering the Pro Rata central service costs sharing, the Department of Finance, Fiscal Systems and Consulting Unit (FSCU), prepares a Statewide Cost Allocation Plan (SWCAP) each year. SWCAP is a cost allocation plan which apportions federally allowable central service costs to departments. Therefore, differences exist in the central service costs contained in the two plans.

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**8753 (Cont. 1)**

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The central service functions included in Pro Rata and SWCAP are listed below:

Central Service Function	Central Service Plans		
	Pro Rata Only	SWCAP Only	Both
Department of Finance:			
<i>Audits</i>			X
<i>Budgets</i>			X
<i>Fiscal Systems and Consulting Unit (FSCU)</i>			X
Department of Technology			X
State Controller's Office:			X
<i>Accounting and Reporting</i>			X
<i>Audits - Claim Audits</i>			X
<i>Disbursements</i>			X
<i>Audits – Field Audits</i>			X
<i>Personnel/Payroll Services Division and Information Systems Division</i>			X
State Treasurer's Office:			
<i>Investment</i>	X		
<i>Item Processing</i>			X
<i>Centralized Treasury and Security Management Division and Public Finance Division</i>			X
Department of Financial Information System for California (FI\$Cal)			X
State Personnel Board			X
Department of Human Resources (CalHR)			X
Office of Administrative Law			X
California State Library			X
Health Benefits for Annuitants (Retired)			X
Dental Benefits for Annuitants (Retired)			X
Health Benefits for Annuitants (Retired CSU)			X
Secretary of the California Health and Human Services Agency			X
California State Auditor's Office			X
Department of Justice:			
<i>Legal Costs</i>		X	
<i>Tort Liability</i>		X	
Legislature	X		
Legislative Counsel Bureau	X		
Governor's Office	X		
Office of Planning and Research	X		

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(Continued)

### **CENTRAL SERVICE COSTS**

**8753** (Cont. 2)

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The costs of the above central services are allocated on the basis of services provided. To do this, FSCU determines the most appropriate workload base for each central service. Actual workload units are accumulated for each department. Then, central service costs are charged to the funds on the basis of these workload units.