Revision bars are not inserted for format changes, non-substantial technical changes, and fully rewritten chapters. Revision bars appear on the right sides of all pages. Vertical (addition) bars indicate added and rewritten matter, and horizontal (deletion) bars indicate deleted matter.

***** Click on the Chapter Number to be taken to the actual SAM Chapter *****

ITEM	SUMMARY
CHAPTER 1	
Section 20	Updated “Revising SAM”
CHAPTER 100	
Section 130-170	Reviewed and still current
CHAPTER 1700	
Chapter 1700	Revised
CHAPTER 1800	
Chapter 1800	Creation of New Chapter: SUSTAINABLE OPERATIONS AND PRACTICES
CHAPTER 3400	
Section 3400	Changed “approved lenders” to “approved lenders or lessors”. Replaced “financial marketplace” with “State Financial Marketplace”. Added hyperlinks to the State Contracting Manual Volume 2 and 3.
Section 3420.20	Changed minimum amounts from $100,000 to $50,000. Replaced “financial marketplace”
Entire Chapter	Removed copyright symbol of all mentions of GS $Mart and Lease $Mart.
CHAPTER 4800	
Sections: 4800, 4810, 4815, 4819.2, 4819.3, 4819.31, 4819.32, 4819.41, 4819.42, 4832, 4846.2, 4854	Per TL 14-04, this policy was updated to consistently reference the name change from the “California Technology Agency” to the “California Department of Technology”.
Section: 4819.2	Per TL 14-04, this policy was updated to include definitions related to Cloud Computing; these definitions include Cloud Software as a Service (Saas), Cloud Platform as a Service (Paas), and Cloud Infrastructure as a Service (Iaas).

ITEM	SUMMARY
Sections: 4819.34, 4819.37	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology. Any reference to Disaster Recovery Plan was changed to Technology Recovery Plan to reflect changes to security and privacy policy.
Section: 4819.35	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology. This policy was also updated to reflect the migration of delegated procurement responsibilities from the Department of General Services' Procurement Division to the Department of Technology's Statewide Information Technology Procurement Division. The Statewide Information Technology Procurement Division is now responsible for reviewing procurement planning information in the FSR, as applicable, to evaluate the proposed IT procurement strategy.
Sections: 4819.36, 4819.38, 4819.39, 4819.40,	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology.
CHAPTER 4900	
Sections: 4920, 4921, 4922, 4924, 4927, 4928, 4930, 4940, 4941, 4942, 4989.2	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology.
Section: 4923	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology. Minor changes were made to clarify program management and staff responsibly for feasibility study development.

ITEM	SUMMARY
Sections: 4989, 4989.3	Per TL 14-02, this policy was updated to consistently reference Agency/state entities and reflect the name change of the California Department of Technology. Any reference to Disaster Recovery Plan was changed to Technology Recovery Plan to reflect changes to security and privacy policy.
Sections: 4900.2, 4900.3, 4900.5, 4903.1, 4903.2, 4906, 4941, 4943, 4944, 4945, 4945.2, 4946, 4947, 4947.2, 4982, 4982.1, 4982.1, 4982.2	Per TL 14-04, this policy was updated to consistently reference the name change from the “California Technology Agency” to the “California Department of Technology”.
Sections: 4983, 4983.1	Per TL 14-04, this new section was created to describe California’s Cloud Computing Policy and direct all agencies/state entities to shift to the “Cloud First” policy for all new reportable and non-reportable IT projects.
Section 4989.8	Per TL 14-04, this policy was updated to consistently reference the name change from the “Statewide Workgroup Computing Policy” to the “Desktop and Mobile Computing Policy”.
CHAPTER 7600	
Section 7670	Correct capitalization and spelling errors
CHAPTER 7900	
Section 7900	Added FI$Cal Reference
Section 7901	Added “All reconciliations will show the preparer’s name, reviewers name, date prepared, and date reviewed.”
Section 7905	New section to add information regarding FI$Cal
Section 7908	Deleted. Information added to section 7901

ITEM	SUMMARY
Section 7951	Revised illustration to remove requirement of Report 20 for Governmental Cost Funds and Bond Funds, correct SAM reference from section 7971 to 7974 for Report 13, update SCO website for access to year-end reports, change STO mailing address, and minor edits.
Section 7974	Revised to clarify "year-end financial reports," remove ARRA, update Report 13 illustration, and minor edits.
CHAPTER 8300	
Section 8362	Deleted reference to the Schedule of Bills Filed, STD. form 210, form is no longer used.
CHAPTER 8400	
Section 8422.3	Correct capitalization and spelling errors. Correct SCO name, Form Std. 404 number and remove reference to Dot Matrix Printer.
Section 8422.4	Correct SCO name and spelling errors. Update "Central Stores, Office of Procurement" to "Fulfillment Services Unit, Office of State Publishing."
Section 8422.6	Deleted reference to the Schedule of Bills Filed, STD. Form 210, form is no longer used and minor edits.
Section 8422.23	Deleted SAM section. The Schedule of Bills Filed, STD. Form 210 is no longer used.
CHAPTER 8600	
Section 8600	Minor edits for consistency
Section 8603	Updated to include guidance for sensitive and high risk items + other minor edits.
CHAPTER 8700	
Section 8712	Corrected department name to California Victim Compensation and Government Claims Board and minor edits.
Section: 8755.2	Corrected Account Type in Illustration
Section: 8776.6	To clarify $25.00 or less per account (debtor) not transaction
CHAPTER 10500	
Sections: 10503 & 10505	Deleted reference to the Schedule of Bills Filed, STD. Form 210, form is no longer used and minor edits.

REVISING SAM **0020**
(Revised 7/2014)

Responsibility for Revising SAM

Responsibility for updating SAM content is assigned to authoring state departments. The SAM Section 0030 lists authoring departments for each SAM section and provides telephone numbers of individuals who can direct SAM Users to authors to assist with content information. The departmental director or his/her designee is responsible for certifying that any revisions to their SAM sections are legal and consistent with overall state policies.

Anyone can recommend revisions to SAM. To recommend SAM revisions, contact the author's office listed in SAM Section 0030 or contact the SAM Unit. When the author determines that SAM revisions are necessary, the SAM Unit can provide process information and timetables. The author may designate an author contact to write and coordinate revisions through the SAM Unit.

Posting Revisions to SAM

As section changes are needed, SAM Authors submit a SAM Revision Package to the SAM Coordinator for posting to the SAM Website. A SAM Revision Package consists of the following:

1. Author Revisions
2. Revision Summary
3. Author Checklist
4. Author Approval Letter

Process:

1. SAM Authors work with the SAM Coordinator to finalize the revising process of SAM Chapters/Sections.
2. SAM Authors will certify that all SAM revisions are properly cross-referenced with Management Memorandums (MMs), Budget Letters (BLs), Technology Letters (TLs) and other mentioned agencies, departments and sections.
3. The SAM Coordinator will post all received Final Author Revisions and Summary to the SAM website within two (2) business days of receipt.
    a. *SAM Coordinator will communicate with the SAM Author if unexpected delays occur.*
4. The SAM Coordinator issues notification to the SAM Subscribers of a new SAM Revision and Summary posted to the SAM website at the end of each quarter. The quarterly schedule will reflect the actual date within that quarter that SAM sections were updated.

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REVISING SAM **0020** (Cont. 1)
(Revised 7/2014)

Notation for Changes in Revision Packages

Vertical bars on pages indicate additions or overall changes. Revised pages in chapter rewrites do not contain bars. Section and subsection titles in the text are followed by information indicating whether the section is new, revised, or renumbered.

Immediate Changes

The SAM should be immediately updated or revised when content is out-dated, procedures, guidelines, laws or code changes dictate.

APPROVAL OF PROPOSALS FOR REORGANIZING A DEPARTMENT 0130
(Reviewed 8/2014)

The director of each department may reorganize the department. This includes arranging and classifying the work of the department and consolidating, abolishing or creating divisions.

Except as provided by law, all organizational plans and changes at the division level or higher require the approval of the Governor. These plans and changes must be submitted through the agency Secretary and DOF. They will make their comments and recommendations to the Governor. It is best to have DOF review a reorganizational proposal as early as possible. In this way problems can be spotted and addressed promptly.

All reorganizations that may change the level of expenditures, including those below the division level, must be reflected in the Governor's budget. They must also be compatible with the programs authorized by the Legislature and with legislative intent. If new or revised programs are proposed, the Legislature must be informed. This can be done by a revised presentation in the Governor's budget, a DOF Letter, or a Section 28 Letter.

This SAM Section covers only reorganizations initiated by the director of a department. Other types of reorganizations are Executive Reorganizations pursuant to Government Code Sections 12080 through 12081.2, and those resulting from changes in laws.

REPORTS TO DEPARTMENT OF FINANCE AND/OR DEPARTMENT OF GENERAL SERVICES 0150
(Reviewed 8/2014)

DOF and DGS are authorized to require State agencies to submit operating reports. The reports required, forms used, and time and method of submittal are discussed in other sections of this manual. See Government Code Sections 13291, 13292, 14618 and 14746.

REQUESTS FOR APPROVAL 0170
(Reviewed 8/2014)

DOF and DGS are responsible for generally supervising all matters concerning the financial and business policies of the State. Unless exempted, all State agencies must have their contracts and agreements approved by DGS. Changes in financial and business policies must be approved before negotiations are started. See SAM Section 1200.

PROGRAM SUMMARY, RESOURCES, AND CONTACTS **1700**
(Revised July 2014)

Government Code Section 14771 establishes the State Forms Management Program (SFMP) for all state agencies to facilitate the statewide standardization of all agencies' forms and forms management programs.

The SFMP is administered by the Forms Management Center (FMC) which is located within the Department of General Services, Office of Strategic Planning, Policy and Research, 707 Third Street, West Sacramento, California 95605. For inquires, telephone the FMC at (916) 375-4895, (916) 376-9931, or fax (916) 376-6340.

This chapter provides major policy for the SFMP, which includes, but is not limited to, criteria for forms design, inventory control systems, terms and definitions, review processes, agencies' responsibilities and reporting requirements. Procedures for complying with this policy are contained in handbooks available from the FMC.

The Forms Management and Forms Design handbooks are part of the FMC's resource documents and are based on 'best business practices' for forms programs. They contain guidelines, procedures, instructions, recommended readings, and other detailed information relating to state and departmental forms management programs.

The departmental forms coordinator (DFC) and/or other staff involved in the forms management responsibilities should contact the FMC for detailed information See SAM Section 0030 for contact names and telephone numbers.

STATUTORY AUTHORITY 1701

(Reviewed July 2014)

Government Code Section 14770 requires the director of the Department of General Services (DGS) to “. . . establish and staff an activity within the department to be known as the ”forms management center" for the orderly design, implementation and maintenance of a statewide forms management program.” This activity includes the study, development, coordination, and initiation of state standard (STD.) forms (forms of interagency and common administrative usage) which is required by Government Code Section 14771(a)(2).

Government Code Section 14771(a)(9) requires the director of the Department of General Services (DGS), through the Forms Management Center (FMC) to “…develop and promulgate rules and standards to implement the [State Forms Management Program].” These rules and standards include responsibilities of the FMC, State agencies, and departmental forms coordinators (DFCs).

Government Code Section 14771(a)(14) requires the director of the Department of General Services (DGS), through the FMC, to “. . . provide notice to state agencies, forms management representatives, and departmental forms coordinators, that in the usual course of reviewing and revising all public-use forms that refer to or use the terms spouse, husband, wife, father, mother, marriage, or marital status, that appropriate references to state-registered domestic partner, parent, or state- registered domestic partnership are to be included.”

The term” agency” refers to appropriate state departments, offices, boards, commissions, etc.

RESPONSIBILITIES OF THE FORMS MANAGEMENT CENTER 1702

(Revised July 2014)

The Forms Management Center (FMC) is responsible for carrying out the provisions of Government Code Section 14771 on behalf of the director of the Department of General Services. These responsibilities include:

a. Establishing standards, policies and procedures to carry out the state’s forms management program.
b. Assisting agencies in developing programs for the effective management, analysis and design of forms.
c. Establishing basic design and specification criteria for the state forms.
d. Maintaining a central cross-index of state agency forms, eliminating redundant forms while providing a central source of information for users.
e. Establishing a program for the management of the state standard (STD.) forms.
f. Studying, developing, designing, revising, coordinating, and managing the state’s STD. forms in cooperation with the agencies responsible for their content.
g. Obtaining information and reports from agencies as required administering the program and evaluating its progress.

ESTABLISHING THE AGENCY PROGRAM 1705

(Revised July 2014)

Government Code Section 14750(a) requires the head of each agency to "…establish and maintain an active, continuing program for the economical and efficient management of the records and information collection practices of the agency. The program shall ensure that the information needed by the agency shall be obtained with a minimum burden upon individuals and businesses…"

Government Code Section 14771(a)(4) requires the director of the Department of General Services (DGS), through the Forms Management Center (FMC), to "…provide assistance, training, and instruction in forms management techniques to state agencies, forms management representatives, and departmental forms coordinators . . ."

The forms management program is mandatory. Its effectiveness depends on a clear understanding of the responsibilities of the operating agencies, DGS and the FMC. The responsibilities, derived from the statutes cited here are formulated from good business practices and gathered from forms professionals and forms associations.

Forms management is a staff activity. The program should be housed at a level high enough to give the perspective and authority needed for across-the-board improvements and to provide technical guidance and department-wide coordination between functions. The program should be centralized and needs backing, upper-level support, and stature in the organization to be successful.

Government Code Sections 14771(a) and 14775 require the director of each state agency to fulfill legislative requirements needed to effectively implement the State Forms Management Program. Such requirements may involve submitting various reports to the DGS FMC.

RESPONSIBILITIES OF THE DEPARTMENTAL FORMS MANAGEMENT REPRESENTATIVE (FMR) AND FORMS COORDINATOR (DFC) 1706
(Revised July 2014)

Government Code Section 14772 requires the director of each State agency to ". . . appoint a forms management representative (FMR) and provide necessary assistance to implement the State Forms Management Program (SFMP) within the agency." FMR usually has a level of responsibility equivalent to a staff services manager position.

The FMR appoints and works with the departmental forms coordinator (DFC) to manage and maintain the forms management program within the agency. The DFC usually has a level of responsibility equivalent to that of a staff services analyst position.

These appointments are made using the form FMC 105 – *State Forms Management Program Appointments*, signed by the department director, and submitted to the Forms Management Center (FMC).

The primary responsibility of the DFC is to serve as liaison between the agency and the FMC. The DFC of an agency responsible for the content of a state standard (STD.) form works closely with the FMC to coordinate the development, design and publication of the form; including ensuring the proof review and approval cycle is prompt between authors and the FMC. Responsibilities for DFCs also include maintaining a list of forms distinguished by business- and public-use categories and keeping contact information about their authors current.

Agencies may also staff their forms management program with forms program managers, forms analysts, forms designers, forms authors, forms programmers, and proofreaders to assist their FMR and DFC in carrying out the forms management responsibilities of the agency.

Classifications commonly used to staff the forms management program have been staff services managers, associate governmental program analysts, staff services analysts, digital composers, information officers, and information systems analysts. Staff should possess the skills, knowledge, and abilities to carry out the duties detailed in SAM Chapter 1700 and the FMC's handbooks.

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RESPONSIBILITIES OF THE DEPARTMENTAL FORMS MANAGEMENT REPRESENTATIVE (FMR) AND FORMS COORDINATOR (DFC) **1706** (Cont. 1)
(Revised July 2014)

On behalf of the agency, the DFC is responsible for:

a. Coordinating the agency forms management program.
b. Delegating duties to other appropriate personnel.
c. Acting as the contact between the agency and the FMC.
d. If the agency is responsible for the content of any STD. form, providing timely response to requests for information from the FMC.
e. Inventorying and establishing an ongoing system of controls for the forms ordered and maintained by the agency.
f. Providing safeguards in all forms management activities for the protection of individual privacy and confidentiality of information.
g. Reviewing and approving requests for printing or creation of electronic versions of forms for the agency or delegating those responsibilities in the way that is most effective for the agency.
h. Determining that only necessary forms are ordered or established in electronic media and that those forms meet the standards set forth in the Forms Design Handbook.
i. Ensuring that the new or revised forms meet the standards set forth in the Forms Design Handbook and the Forms Management Handbook.
j. Ensuring discontinuance of obsolete forms from the agency system.
k. Conducting research into forms management problems.
l. Conducting forms analysis for designing or redesigning the agency's forms.
m. Being responsible for reports required by the FMC for administration of the program. These include, but are not limited to, reports on the agency Public Use Forms Program and the Business Use Forms/Reports Program.
n. Distributing information on forms management activities.
o. Coordinating with the agency training office to provide and make arrangements for appropriate training of forms management personnel.

TERMS AND DEFINITIONS **1710**

(Revised July 2014)

Forms – Any preprinted or electronic documents containing fixed messages or requests that are used repeatedly. Variable data or fill-in spaces may or may not be included. This definition applies to all temporary or permanent forms. It applies whether a form is printed by the Office of State Publishing or on agency duplicating equipment. It includes such items as form letters, tags, labels, continuous forms, tab cards and envelopes. Data entry screens and reports from databases are included in this definition.

Business – A business is any partnership, corporation, organization, business trust, or any person or nongovernmental entity or representative thereof, which supplies the state with information by filling out a form**.**

Business-Use Forms/Reports – State forms and/or reports used to collect and/or solicit information, including signatures,from businesses. See Government Code Sections 14771(c) and 14775.

Public-Use Forms – State forms used to obtain or solicit facts, opinions, or other information from the public or private citizens, etc. See Government Code Section 14741(1).

State Standard (STD.) Forms – State forms developed for use by all agencies to carry out common statewide administrative functions. See Government Code Sections 14771(a)(2-6).

Agency / Departmental Forms – State forms created and used specifically by an agency to carry out the agency's administrative functions. The term 'agency' refers to appropriate departments, offices, boards, commissions, etc.

Forms Management Representative (FMR) – An individual appointed by the department's director to implement the agency's forms management program. See Government Code Section 14772.

Departmental Forms Coordinator (DFC) – An individual appointed by the department's FMR to serve as liaison between the agency and the Forms Management Center.

FORMS MANAGEMENT TRAINING AND GUIDELINES 1715

(Revised July 2014)

As required by Government Code Section 14771(a)(4), the Forms Management Center (FMC) provides training and assistance in all aspects of establishing and implementing the State Forms Management Program.

Due to advances in technology, many state government agencies use diverse software to produce forms, both paper and electronic such as data entry screens used to process data on a variety of information-processing systems. To ensure uniformity, the FMC offers training classes and holds user group meetings. During classroom training, instructors educate students in forms design techniques and forms management strategies such as effective layout presentation and organization, naming convention guidelines and file management methods. At user group meetings, problems and resolutions as well as industry trends are discussed. The FMC also provides manuals that include topics such as forms design, forms management and forms analysis.

State agencies may contact the FMC to coordinate and schedule training sessions.

FORMS DESIGN STANDARDS **1720**

(Revised July 2014)

Forms can be filled out and designed on paper or by electronic media. Agencies should follow the forms design standards, criteria, and techniques presented in the Forms Design Handbook. All agency forms and all State Standard (STD.) forms must contain the term "State of California", the authoring department's name, a form title, a form number, and a form creation or revision date. Contact the Forms Management Center (FMC) for information about forms design standards and software.

Refer to SAM Section 1710 for agency forms and STD. forms definitions.

Forms not included in the STD. Forms Program may not carry "'STD."' or any variation of that designation as a prefix to the form number. If a form is removed from coordination as an STD. form and returned to management of the generating agency, the agency must change the number and identification at the next printing. These forms may carry a statement such as "Formerly STD. XXX"'.

All agency forms must show certain identifying information. If there is space, you should place this information together on the form. The Forms Design handbook shows formatting for this information.

Form Titles – Form titles must describe both the form's subject and function. See the Forms Management handbook for help with titling forms.

Form Numbers – Ideally, form numbers should be prefixed by the initials of the agency, i.e., FTB, WRCB, etc. The numbers may follow any plan or scheme that works for your agency but must not duplicate a number already in use by the agency. An exception is allowed if a number is differently prefixed or suffixed. A form used by an office or division within an agency may carry a sub-prefix. An example is "GS-OAS" for the DGS, Office of Administrative Services. Suffixes are often helpful to show field office versions with different mailing addresses or close relationship to another form, such as FTB 1000-LA, or DOJ 1000B.

Creation or Revision Dates – The date, if the form is new, must be the month and year in which the form was created or first distributed, such as "'NEW 1-96"'. If it is revised, the date will be the month and year in which the form was revised, such as "'Rev. 1-96"'. The notation "TEMP"' may be used instead of 'NEW' or 'Rev.' on a form intended to be temporary, such as a form used in a short-term project. "'TEST"' or "'PILOT"' may be used on forms being tested before release to all users.

It is not advisable to preprint names of employees on forms unless there are compelling reasons to do so. An exception may be made for names of elected or appointed officials.

FORMS REVIEW PROCESSES 1725

(Reviewed July 2014)

Proposed changes to paper and electronic forms should be reviewed for legal impact, workflow processes and routed for review by the appropriate departmental staff. Coordinating this review and approval process is the responsibility of the departmental forms coordinator (DFC).

STATE STANDARD (STD.) FORMS 1730

(Reviewed July 2014)

State standard (STD.) forms are state forms developed for use by all agencies to carry out common statewide administration functions. The Forms Management Center (FMC) is responsible for the orderly design, implementation, management and maintenance of STD. forms, including STD. electronic forms (eForms) and integrated STD. eForms systems.

In accordance with Government Code Section 14771, state government agents and entities doing business with the state should use STD. forms disseminated by the FMC rather than reproduce their own.

The FMC ensures the most current versions are available either online or in hard-copy paper format. STD. eForms are available for online use on the FMC's website. Certain paper forms are available through the Office of State Publishing in prepackaged quantities and minimum print quantities.

Using STD. forms managed by the FMC ensures that the most cost-effective, economical and efficient solution is provided to the state.

These compliance practices reduce costs associated with reproduction, dissemination, storage, and destruction, eliminating redundancy by serving as a centralized location for management of STD. forms. Observing these compliance practices avoids the probability of using an expired form revision or a bootlegged form. Bootlegged forms and expired form revisions have been found to increase administrative costs and cause legality problems.

If a state agency has a suggested revision to an STD. form, but is not the author of the form, it may submit the revision proposal to the FMC. The FMC will review the proposal and coordinate review by the form's authoring agency for approval.

Note: Customizing department forms for anyone other than the authoring agency will not be performed by the FMC.

STATE STANDARD (STD.) FORMS IDENTIFICATION 1731

(Revised July 2014)

To ensure accuracy in tracking the author of a state standard (STD.) form, the originating department's name must be placed near the location of the title, number and date of the form after or opposite the "State of California" line.

The Forms Management Center (FMC), in order to enforce forms identification standards state-wide, reserves the right to modify the information contained in the "'State of California"' line, department's name, title, number, and date of any STD. form. Modification of this information may not be made without the consent of the FMC. The positioning of this information on a form is left to the discretion of the FMC and may be modified by the FMC to fit space limitations.

Forms not included in the STD. Forms Program may not carry "STD."' or any variation of that designation as a prefix to the form number. If a form is removed from coordination as an STD. form and returned to management of the authoring agency, the agency must change the number and identification at the next printing. These forms may carry a statement such as "'Formerly STD. XXX".

STATE STANDARD (STD.) FORMS SECURITY 1732

(Revised July 2014)

To ensure compliance, security technology will be applied and enforced on all state standard (STD.) electronic forms (eForms) and integrated STD. eForms systems the Forms Management Center (FMC) disseminates.

These security practices include locking of STD. eForms to reduce unauthorized possession and unapproved altering of the content, design and form field properties, and disabling of menu options for STD. eForms deployed on the FMC's website. The FMC's purpose for deploying STD. eForms on its website is to ensure that a cost-effective, economical and efficient solution is provided to the state, and to enable entities, public and private, to conduct administrative transactions for state business.

STD. eForms should not be downloaded. This non-downloadable aspect ensures that the current revision of an STD. form is used.

MODIFIED STATE STANDARD (STD.) FORMS 1733

(Revised July 2014)

Modified state standard (STD.) forms – If your agency has a significant and compelling need for a modification of an STD. form for your agency only, you must request approval in writing from the Forms Management Center (FMC). This request must first be reviewed and approved by your agency department forms coordinator (DFC). Explain the need for the change and the benefits expected and attach a mock-up or draft of the modified form. If the FMC finds the request is reasonable, they will then ask the responsible agency if the modification can be accepted. If the request is granted, a copy of the FMC's approval must be attached to any request for printing. No approval will be valid for more than one year unless specifically stated in the approval by the FMC. This is to ensure that you are not reprinting forms that have been revised.

STD. forms modified by an agency with approval of the FMC will carry the STD. number and the naming convention of the generating agency, such as "STD. 15 (Rev. 6-95) DGS 210 (Rev. 1/2002)."'

Overprinted STD. forms – If your agency purchases STD. forms in their original paper form and wishes to overprint with agency information, you must request pre-approval from the FMC. Send the FMC a written request with a copy of the form as you wish it overprinted. The Office of State Publishing will not overprint STD. forms without approval from the FMC. Overprinted forms do not need special identification of the using agency if it is identified in the material overprinted.

Electronic STD. form – You must also request approval for your agency to use an electronic version of an STD. form that was not distributed by the FMC. The procedure is the same as the request for a modified STD. form. The form must carry the STD. number and the naming convention of the generating agency, such as "STD. 15 (Rev. 6-95) DGS 210 (Rev. 1/2002)."

State government agencies may opt to have STD. forms developed in-house by state government union employees such as digital composers or may coordinate development with FMC. Whichever the case, STD. forms must adhere to the FMC's forms design principles and practices. As a result, the FMC has final approval of the layout and design of STD. forms, including STD. eForms and integrated STD. eForms systems. The final management and dissemination of STD. forms must occur from FMC or from its centralized resource centers. Compliance with these guidelines minimizes the chance of errors associated with bootlegged forms and maximizes state resources.

BUSINESS-USE INVENTORY 1735

(Reviewed July 2014)

Government Code Sections 14771(c) and 14775 require the development, maintenance, and review of a statewide inventory of non-tax business-use forms and reports used by state agencies to collect and/or solicit information from businesses.

This inventory is known as the Business-Use Inventory (BUI) which is comprised of the forms your department has created in order to conduct its daily business and reports that it requests of businesses. For the purpose of this inventory, a business is defined as any partnership, corporation, organization, business trust, or any person or non-governmental entity or representative thereof which supplies the state with information by filling out a form.

Government Code Section 14771(c) requires the director of the Department of General Services (DGS), through the Forms Management Center (FMC), to develop and maintain the statewide Business-Use Inventory, and notify state agencies of their annual review requirements.

Government Code Section 14775(b) requires each state agency, commencing on December 31, 1995, to review one-third of its Business-Use Inventory on an annual basis.

The reporting period has been changed to alleviate other workloads that exist due to the closing of fiscal years. The new reporting period is January 1 through December 31. Reports for that calendar year are due on December 31.

Initially, the reporting requirement is met by submitting a complete listing of all the business-use forms created by your agency, along with other information such as revision date, form type, and associated statutory code. The FMC will combine all agency lists into a statewide master list. For very specific instructions for formatting your data please contact the FMC.

As part of the annual review requirements, each state agency is to eliminate those forms and/or reports that are not mandated by statute. However, an agency head may certify the continued use of a form and/or report if the information provided on the form and/or report meet specific requirements detailed in Government Code Section 14775(b).

Government Code Section 14775(c) states that a business may contest an agency head's certification of the continued use of a form and/or report.

PUBLIC-USE FORMS INVENTORY **1740**

(Reviewed July 2014)

Government Code Section 14771(a)(12) requires that forms to be used by the public (including businesses) have assigned control numbers. The agency form number serves this purpose and must appear on the form as part of the identification. See SAM Section 1720.

An agency may not ask for or require members of the public to supply information to the state on a form not so identified. This applies whether the information is submitted voluntarily, required to gain or retain a benefit or service, or mandatory (a penalty will be assessed for failure to provide the information).

Agencies have been given the responsibility by the Forms Management Center (FMC) to identify all forms used by the public to maintain a current index and inventory of forms. Upon request, agencies must report changes to their inventory to the FMC.

Government Code Sections 14771 – 14775 and SAM Chapters 1700 – 1750 give the FMC ruling authority concerning the disposition of public-use forms. During the FMC's analytical review of public-use forms, the FMC may create a state standard (STD.) form in order to eliminate duplicate forms and duplicate form authoring efforts by state departments.

When weighing the effect that a form's disposition has on interagency and common administrative usage, consideration of management and maintenance criteria shall include, but is not limited to, costs associated with publication, distribution and availability.

The FMC will make every effort to meet the needs of the authoring agency. However, an authoring agency must understand that the needs of the state supersede the needs of an agency. FMC expects full cooperation and objectivity from an authoring agency and expects abidance by and compliance with the FMC's decisions, policies, and procedures.

PRIVACY AND DISCLOSURE 1745

(Reviewed July 2014)

State and federal laws protect people's privacy and confidential information. An agency must obey these laws when gathering or disclosing information about an individual. These laws include requirements concerning:

1. The kind of information a form can request;
2. The information that is provided by the individual;
3. How to store the forms and their information; and
4. Disclosing the data on the forms.

You can find out more about the privacy and disclosure laws and regulations from the following:

1. Federal Privacy Act, Public Law 93-579;
2. Freedom of Information Act, 5 U.S.C. 552(b)(6);
3. Information Practices Act, California Civil Code Section 1798 et seq.; and
4. California Public Records Act, Government Code Section 6250 et seq.

DISPOSAL OF UNUSED ACCOUNTABLE FORMS 1750

(Revised July 2014)

Each agency is responsible for the appropriate disposal of unused (blank) accountable forms. Accountable forms are unused pre-numbered forms used to record or transfer money. Examples are checks, receipts, meal tickets, and licenses.

Destruction of accountable forms should be witnessed by a member of your agency's internal audit unit. If there is no such unit, it must be witnessed by an agency employee who is not directly responsible for handling or accounting for the documents or the fees for which the documents are issued.

INTRODUCTION **3400**
(Revised 8/2014)

The State Financial Marketplace (SFM) established by the Department of General Services, provides financing and payment programs that serve California State and local government entities. Tax-exempt rates are established with lenders for the purpose of financing both purchases and leases. The GS $Mart (pronounced "G S Smart") is the program to use to finance a purchase. The Lease $Mart (pronounced "Lease Smart") is the program to use to finance a lease.

Only approved lenders or lessors participate in the programs. The SFM provides negotiated contractual terms and conditions. The result is financial security regarding such issues as tax-exempt qualifications, financial health of the lender, and the financing's effect on the state's credit rating.

State departments contemplating financing a transaction are advised to contact a SFM representative early in the acquisition planning process. Proposed use of a source other than the financial marketplace may require advanced approval from the Department of Finance.

SMF representatives can:

1. Provide program information.
2. Guide governmental entities through the financial marketplace process to create a financed contract.
3. Assist with refinancing contracts.
4. Assist with assignment (or novation) of financial marketplace contracts.

Information regarding the SFM is provided on the Procurement Division web site at the following address:

State Financial Marketplace:
http://www.dgs.ca.gov/pd/programs/StateFinancialMarketplace.aspx

For more detailed procedures please see Chapter 9 of:

State Contracting Manual Volume 2 for Non-IT Goods

State Contracting Manual Volume 3 for IT Goods and Services

INSTALLMENT PURCHASES 3420

(Revised 8/2014)

For the purpose of financing purchases, California government entities are permitted to use the Department of General Services' (DGS) Golden State Financial ($) Marketplace (GS $Mart, pronounced "G S Smart") to enter into installment purchase agreements (commonly referred to in the industry as "lease purchases"). Installment Purchases must be structured to comply with Internal Revenue Service (IRS) tax code. Approved lenders, financing plans, and tax-exempt rates (which are usually less costly than commercial lending rates and financed leases) are listed on the GS $Mart Internet site.

Certain budgetary conditions defined by the Department of Finance (DOF) apply to the use of the GS $Mart program. Advanced DOF approval will be required on all transactions $10 million and over, and may be required for other transactions. Contact a SFM representative prior to initiating a purchase that involves financing or prior to initiating an assignment of an installment purchase that was financed using the GS $Mart program.

PURCHASED TANGIBLE ASSETS 3420.10

(Revised 8/2014)

Purchased tangible assets that may be financed through GS $Mart include:

1. Vehicles
2. Information technology equipment and necessary pre-integrated software (including mainframes, personal computers, printers, network equipment, and storage)
3. Software licenses
4. Software development and integration (on a case-by-case basis with Department of Finance (DOF) support unit approval)
5. Select services included with the procurement of assets (e.g., warranty, installation, training)
6. Copy machines
7. Laboratory equipment
8. Medical equipment
9. Furniture (including modular)
10. Video conferencing systems
11. Mailing equipment
12. Telephone systems
13. Most energy efficiency and sustainability equipment and systems (see “Capital Outlay” below)

Tangible assets that may **not** be financed through GS $Mart include:

1. Consultant and other services
2. Real property including:

    a. Land
    b. Structures
    c. Easements
    d. Rights-of-way
    e. Other forms of legal entitlements to use or dictate the use of real property

3. Capital outlay projects

    Capital outlay projects are those that alter the purpose or capacity of real property. Projects that keep real property functioning at its designed level of service, or improve the efficiency of its operating systems – such as repair projects and most energy efficiency projects – are not capital outlay. Note, however, that some energy efficiency projects (e.g., photovoltaics) can involve significant facility engineering issues that make them capital outlay in nature or could be limited by covenants on debt-financed buildings. Such projects must receive prior approval by the DOF before securing financing.

INSTALLMENT PURCHASE CONDITIONS **3420.20**
(Revised 8/2014)

Installment purchases can be used for:

1. Orders for applicable items placed against Leveraged Procurement Agreements including, but not limited to the California Multiple Award Schedules (CMAS), unless otherwise stated in user instructions,
2. Competitive acquisitions, or
3. Noncompetitive acquisitions.

Conditions for entering into an installment purchase include, but are not limited to, the following:

1. Generally, the financed portion of an acquisition is a minimum of $50,000. This includes the cost of the tangible asset and, if applicable, sales tax. Financing an amount smaller than $50,000 may not be cost-effective. Contact the SFM for additional information regarding finance of lower dollar-value transactions.
2. The term duration of the installment purchase may not exceed the projected useful life of the asset being financed.
3. No GS $Mart financed contract may be signed without prior written approval by the Department of General Services.
4. Acquisitions conducted under delegated purchasing authority that include financing must subscribe to the requirements identified in the State Contracting Manual (SCM), Volume 2 or SCM Volume 3. For determination of whether the transaction is within a department's delegated purchasing authority limit, the finance cost associated with the purchase is not included.

If a department wishes to consider a lender that is not participating in the GS $Mart program, then prior to proceeding contact a SFM representative to learn how the lender can qualify to participate. Requirements to become a lender are located on the GS $Mart Internet site.

All state departments that use the GS $Mart program and are subject to the Department of General Services' oversight must send a copy of each financed agreement to the SFM. The contract is reviewed to ensure compliance with IRS tax code requirements. The SFM also files the necessary IRS tax forms and reports on behalf of the department.

ENERGY EFFICIENCY PROJECTS **3420.30**

(Revised 8/2014)

GS $Mart financing may be used for energy efficiency and sustainability projects. GS $Mart may not be used on buildings with bond financing unless prior approval has been received from the DOF. However, the approval of these projects is based on a cost-benefit analysis to substantiate there is enough energy savings derived to repay all associated project costs, including financing. A Life Cycle Cost (LCC) analysis model to conduct this evaluation is available from the Department of General Services (DGS). The LCC model **must** be used for this analysis. The DGS will not approve any GS $Mart financing for such projects unless the applicant department certifies that the model has been applied and the results justify the acquisition of the asset on a cost-benefit basis.

REFINANCING **3420.40**
(Revised 8/2014)

The GS $Mart Internet site is frequently updated with the latest market information, including approved lenders and finance rates. State departments are advised to review GS $Mart information periodically for refinancing opportunities and, if advantageous, to execute a **refinancing** contract to realize the cost savings. To ensure refinancing is executed properly, departments should contact a SFM representative before proceeding.

FINANCED LEASES **3440**

(Revised 8/2014)

California government entities are permitted to enter into financed leases as described in the Uniform Commercial Code, Section 2A, (commonly referred to as “operating leases”) using the Lease $Mart program. Approved lessors, leasing plans, and lease factor rates are listed on the Lease $Mart Internet site. Contact a SFM representative prior to initiating a procurement that involves a lease or prior to initiating an assignment of a lease that was financed using the Lease $Mart© program.

SAM 3700 requires that a lease/purchase analysis be performed prior to entering into a lease. This requirement is also applicable for leases completed using the Lease $Mart program.

If there is any chance that an entity may want to own equipment at the end of a lease, it is strongly recommended to either purchase the equipment outright or utilize the GS $Mart program to make an installment purchase. The Lease $Mart Internet site provides a payment calculator that can help to determine the most cost-effective financing method.

For more detailed procedures please see Chapter 9 of:

State Contracting Manual Volume 2 for Non-IT Goods

State Contracting Manual Volume 3 for IT Goods and Services

LEASED TANGIBLE ASSETS **3440.10**
(Revised 8/2014)

Leased tangible assets that may be financed through Lease $Mart includes:

1. Information technology equipment (including mainframes, personal computers, printers, network equipment, and storage),
2. Laboratory Equipment,
3. Copy machines, and
4. Vehicles.

Contact a representative of the SFM if there is a need to establish a financed lease for any other items. A determination of applicability will be made on a case by case basis.

LEASING CONDITIONS **3440.20**

(Revised 8/2014)

Financed leases can be used for:

1. Orders for applicable items placed against Leveraged Procurement Agreements such as the California Multiple Award Schedules (CMAS), unless otherwise stated in user instructions,
2. Competitive acquisitions, or
3. Noncompetitive acquisitions.

Conditions for entering into a financed lease include, but are not limited to, the following:

1. The term duration of the financed lease may not exceed the projected useful life of the asset being financed.
2. Acquisitions conducted under delegated purchasing authority that include leasing must subscribe to the requirements identified in the State Contracting Manual (SCM), Volume 2 or SCM Volume 3. For determination of whether the transaction is within a department's delegated purchasing authority limit, the finance cost associated with the lease is not included.
3. State departments subject to Department of General Services' (DGS) oversight that use the SFM must send a copy of each financed lease agreement to the Lease $Mart Administrator. No financed lease may be signed by a department without prior written approval by the DGS.

If a department wishes to consider a lessor that is not participating in the Lease $Mart program, then prior to proceeding contact a SFM representative to learn how the lessor can qualify to participate. Requirements to become a lessor are located on the Lease $Mart Internet site.

PROJECT APPROVAL AUTHORITY 4819.34

(Revised 9/14)

Authority for approval of information technology (IT) projects lies with the Department of Technology, but it is the intention of the State's Chief Information Officer to delegate approval authority to Agency/state entity directors to the maximum extent practicable. When an Agency/state entity's proposed expenditures on IT are consistent with established policies and when the Agency/state entity has consistently adhered to those policies and successfully implemented IT projects, the Department of Technology will consider delegating authority for the approval of resources to Agency/state entity directors, as defined below.

The Department of Technology will establish an Agency/state entity-specific cost delegation level, i.e., the project cost level above which the Agency/state entity must obtain the Department of Technology's approval of a Feasibility Study Report (FSR) or Feasibility Study Report - Reporting Exemption Request (FSR-RER) (see SAM Section 4819.37) before the Agency/state entity is authorized to initiate the project.

The Department of Technology's delegations fall into one of three general groups:

Group 1 – Desktop and Mobile Computing Delegations – Agencies/state entities that have established and currently maintain an acceptable Technology Recovery Plan and plan for the appropriate application of desktop and mobile computing will be delegated authority for the acquisition of equipment and software to support their desktop and mobile computing activities. See SAM Section 4989.2.

Group 2 – Agency/state entity Delegation for Non-Reportable Projects – Approval authority for projects which are not classified as reportable is delegated to the Agency/state entity director. Agencies/state entities undertaking delegated projects are expected to employ appropriate project review, approval, and reporting procedures as specified in SAM Sections 4819.35 and 4819.36. See SAM Sections 4819.37 and 4819.39 for a list of reportable project criteria and a definition of delegated cost threshold.

Group 3 - Requested Delegation for Reportable Projects – An Agency/state entity with an acceptable Technology Recovery Plan and an Agency Information Management Strategy that has been approved by the Department of Technology may submit a Feasibility Study Report - Reporting Exemption Request (see SAM Section 4819.38) to the Department of Technology prior to the encumbrance or expenditure of funds, including the use of staff resources, on the project beyond the feasibility study stage. The Department of Technology will review the form and notify the Agency/state entity whether it has been delegated approval authority for the proposed project. If delegation is not granted, the Agency/state entity must submit the project FSR to the Department of Technology for approval.

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PROJECT APPROVAL AUTHORITY **4819.34** (Cont. 1)
(Revised 9/14)

1. Among the factors considered by the Department of Technology in determining whether a project should be delegated are:
   a. The apparent adequacy of the Agency/state entity's planning process;
   b. The cost, scope, and complexity of the IT project;
   c. The size and composition of project staff;
   d. The Agency/state entity executive staff's project management experience;
   e. The level of complexity and completeness of prior FSRs prepared by the Agency/state entity;
   f. The number and complexity of previous IT projects attempted by the Agency/state entity;
   g. The demonstrated ability of Agency/state entity project management staff to successfully monitor, control, and report progress during a complex undertaking; and
   h. The Agency/state entity's past success in applying IT to attain goals on time and within budget and to realize expected objectives.

   Delegation of approval authority will NOT normally be given for projects which:
   a. Have significant statewide, interdepartmental, or intergovernmental impact;
   b. Involve the establishment or use of nonstandard or extensive communication facilities;
   c. Propose software or equipment acquisition expenditures that are large in relation to the Agency/state entity's IT budget;
   d. Have the potential for involving new or unfamiliar technology;
   e. Produce revenue for the state, such as licensing fees, tax collection, etc.;
   f. Have a high potential risk associated with the security and confidentiality of the information being processed or
   g. Depend upon decisions to be made during the development or enactment of the Governor's Budget, such as approval of a Budget Change Proposal or Budget Revision.

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PROJECT APPROVAL AUTHORITY **4819.34** (Cont. 2)
(Revised 9/14)

2. Splitting a project into smaller projects to avoid either fiscal or procedural controls is prohibited.
3. Agencies/state entities undertaking delegated projects are expected to employ appropriate project review, approval, and reporting procedures as specified in SAM Sections 4819.35 (Feasibility Study Report) and 4819.36 (Project Reporting/Oversight) below.
4. All IT projects are subject to audit. Documentation supporting project decisions must be kept by the Agency/state entity for a minimum of two years following approval of the Post-Implementation Evaluation Report (PIER). See SAM Sections 4947-4947.2.
5. The Department of Technology, at its discretion, may rescind previously delegated approval authority for individual projects or for all IT activities in progress or proposed by an Agency/state entity. The Department of Technology may require that project planning, design or implementation be halted or redirected.

The decision to rescind delegation will typically be based on review (audit) of the Agency/state entity's information management practices; review of a specific project; redefinition of the project; significant increases in project cost projections; major cost overruns; specific control language placed on expenditures through legislation (i.e., the Budget Act); identification of significant unresolved technical issues; or a change in the direction of state policy.

FEASIBILITY STUDY REPORT **4819.35**
(Revised 9/14)

1. The mechanism for approving IT projects is the Feasibility Study Report (FSR). The FSR establishes the business case for investment of state resources in the project by setting out the reasons for undertaking the project and analyzing its costs and benefits.
2. An FSR, prepared in accordance with SAM Section 4928, must be approved for every IT project prior to the encumbrance or expenditure of funds on the project, including the use of staff resources, beyond the feasibility study stage. The only exception to this requirement is that the feasibility studies for projects whose costs fall below a specified level may be documented by means of a Project Summary Package (see SAM Section 4930 and SIMM Section 20). Agencies/state entities are required to follow the SIMM Section 20 instructions for preparing and submitting the FSR.
3. If, during project development or implementation, the Agency/state entity finds that program requirements cannot be adequately satisfied by the course of action described in the approved FSR and that an alternative course of action is more appropriate, a Special Project Report (SPR) (SAM Sections 4945-4945.2 and SIMM Section 30) shall be prepared. No encumbrance or expenditure of funds, including the use of staff resources, shall be made to implement such change or alternative course of action until approval has been received from the Department of Technology, or from the Agency/state entity director if the Department of Technology has delegated approval of the project to the director and the project remains within the limitations of the agency's delegated authority. SPRs that must be submitted to the Department of Technology must be transmitted within 30 days after recognition of the situation that necessitates preparation of the SPR. Agencies are required to follow the SIMM Section 30 instructions for preparing and submitting the SPR.
4. Projects subject to approval by the Department of Technology (non-delegated projects) require submission of an FSR to the Department of Technology and to the Office of the Legislative Analyst. See SIMM Section 20.

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FEASIBILITY STUDY REPORT **4819.35** (Cont. 1)
(Revised 9/14)

5. The Department of Technology is responsible for policies and processes for IT procurement. The Department of Technology's Statewide Information Technology Procurement Division will review the procurement planning information in the FSR, as applicable, to evaluate the proposed IT procurement strategy.
   - For all projects that contain a procurement and the cost of which exceeds the Agency/state entity's DGS delegated purchasing authority, Agencies/state entities must send a copy of the FSR to the Department of Technology to enable the evaluation of the proposed IT procurement strategy.
6. Projects whose approval has been delegated to the Agency/state entity's director normally require an FSR prepared in accordance with SAM Section 4928 and approval of the FSR by the Agency/state entity director (SAM Sections 4921 and 4926). A copy of the report, including the Project Summary Package, and a signed document indicating approval by the Agency/state entity director must be on file in the Agency/state entity.
7. The Department of Technology may decide to review specifications in procurement documents before they are advertised to ensure that the specifications are consistent with the functional specifications and system design in the FSR or SPR for the projects. See SAM Section 5211.

PROJECT REPORTING/OVERSIGHT **4819.36**
(Revised 9/14)

1. **Projects Approved by the Department of Technology**–Project reporting documentation submitted to the Department of Technology usually will require:
   a. Submission of a Special Project Report (SPR) (SAM Sections 4945-4945.2) to the Department of Technology and the Office of the Legislative Analyst, if:
      1) The total IT project costs deviate or are anticipated to deviate by ten percent (higher or lower) or more, or by more than a specifically designated amount as determined by the Department of Technology, from the last approved estimated IT project budget (to be measured against the combined total of each fiscal year's One-time Project Costs plus Continuing Project Costs);
      2) The last approved overall project development schedule falls behind or is anticipated to fall behind by ten percent or more;
      3) The total program benefits deviate or are anticipated to deviate by ten percent (higher or lower) or more from the last approved estimated total program benefits (to be measured against the combined total of each fiscal year's Cost Savings and Cost Avoidances);
      4) A major change occurs in project requirements or methodology;
      5) Any conditions occur that require reporting to the Department of Technology as previously imposed by the Department of Technology; or
      6) A significant change in state policy draws into question the assumptions underlying the project.
   b. Submission of the Independent Project Oversight Report (IPOR), (see SIMM Section 45, Appendix G), on a monthly basis for projects classified by the Department of Technology as high criticality projects and on a quarterly basis for projects classified as medium criticality. The Department of Technology may modify the IPOR reporting frequency based on project performance. The Department of Technology may also validate the content of the IPORs for reportable projects as needed.
   c. Submission of a Project Status Report (PSR), (see SIMM Section 17A and 17D.2) on a monthly basis for projects classified by the Department of Technology as high criticality, quarterly for medium criticality, and semi-annually for low criticality projects unless the Department of Technology has specified a more frequent reporting period. Please see SIMM Section 05A for the PSR submittal schedule.

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PROJECT REPORTING/OVERSIGHT **4819.36** (Cont. 1)
(Revised 9/14)

d. Submission of a baselined and current Microsoft Project schedule with the submission of each PSR.

e. Submission of a Post-Implementation Evaluation Report (PIER) (SAM Sections 4947-4947.2) to the Department of Technology and the Office of the Legislative Analyst at the conclusion of the project.

f. The Department of Technology **MAY** require submission of periodic project reports (SAM Section 4944) to the Department of Technology and the Office of the Legislative Analyst.

The Department of Technology may require Agencies/state entities to submit an SPR under other circumstances, such as the Agency/state entity's failure to meet a critical milestone or a significant increase in the project's cost in any fiscal year relative to the costs that were forecast when the project was approved by the Department of Technology. Additionally, the Department of Technology may require periodic reviews be conducted at any point during the project.

2. **Projects Approved by the Agency/state entity Director**–Projects for which reporting was delegated to the Agency/state director require at a minimum:

   a. Appropriate project oversight and project reporting to the Agency/state entity director in lieu of the Department of Technology, and maintenance of documentation in support of Agency/state entity decisions on the project. Documentation should be sufficient to meet the needs of outside auditors and to prepare the PIER.

   b. Approval of a PIER (SAM Sections 4947-4947.2) by the Agency/state entity director at the conclusion of the project.

   c. Submission of an SPR (SAM Sections 4945-4945.2) to the Department of Technology and the Office of the Legislative Analyst if:

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PROJECT REPORTING/OVERSIGHT **4819.36** (Cont. 2)
(Revised 9/14)

1) Any criteria listed in SAM Section 4819.37, other than the project's cost exceeding the level the Department of Technology may have delegated to the Agency/state entity, arise during the development or implementation of the project;

2) A significant change in state policy draws into question the assumptions underlying the project; or

3) The project costs exceed or are estimated to exceed the cost level the Department of Technology may have delegated to the Agency/state entity AND one or more of the following conditions are true:

   1. The total IT project costs deviate or are anticipated to deviate by ten percent (higher or lower) or more from the estimated IT project budget (to be measured against the combined total of each fiscal year's One-time Costs plus Continuing Costs);
   2. The overall project development schedule falls behind or is anticipated to fall behind by ten percent or more;
   3. The total program benefits deviate or are anticipated to deviate by ten percent (higher or lower) or more from the estimated total program benefits (*to be measured against the combined total of each fiscal year's Cost Savings and Cost Avoidances*); or
   4. A major change occurs in project requirements or methodology.

Based on the Department of Technology’s review of the Agency Information Management Strategy (see SAM Sections 4900-4900.6) and its assessment of the Agency/state entity's project management capabilities, the Department of Technology **MAY** require one or more of the following additional project reporting/oversight responsibilities for projects subject to oversight by the Agency/state entity director:

1. Submission of the FSR and/or approval document, signed by the Agency/state entity director, to the Department of Technology and the Office of the Legislative Analyst.
2. Submission to the Department of Technology of a detailed project schedule showing key milestones during the life of the project;
3. Submission of periodic project reports (SAM Section 4944) or SPRs (SAM Sections 4945-4945.2) to the Department of Technology and the Office of the Legislative Analyst; or

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PROJECT REPORTING/OVERSIGHT **4819.36** (Cont. 3)
(Revised 9/14)

4. Submission of a PIER (SAM Sections 4947-4947.2) to the Department of Technology and the Office of the Legislative Analyst at the conclusion of the project.

Responsibilities and Tasks

California Department of Technology

1. The Department of Technology is responsible for developing and maintaining the state-level IT Project Oversight Framework (see SIMM Section 45), which provides the minimum requirements for IT project management, risk management, project oversight, and project reporting activities at the Agency/state entity and control agency levels.
2. The Department of Technology is responsible for assessing Agency/state entity IT project management and oversight activities to ensure compliance with state-level IT policies and standards. The Department of Technology will assess IT projects to determine the degree to which projects are on costs, schedule, and scope as compared to the approved project plan.
3. The Department of Technology will recommend and pursue prescriptive measures and corrective actions to minimize risk to the state and help ensure that IT projects achieve expected outcomes in accordance with the approved project plan.

Agencies/state entities

1. Agencies/state entities are responsible for developing IT strategic plans that are aligned with their business plans and ensuring that IT plans are updated as their business needs and requirements change.
2. Agencies/state entities have ultimate responsibility and accountability for the successful implementation of their IT initiatives and must implement processes and procedures to facilitate success, including appropriate project management and quality assurance processes and methodologies.
3. Agencies/state entities are responsible for establishing the required project management and oversight activities and functions defined in the IT Project Oversight Framework (see SIMM Section 45). Each Agency/state entity must update its project management and oversight practices to reflect changes in state policy, processes, and the IT Project Oversight Framework.

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PROJECT REPORTING/OVERSIGHT **4819.36** (Cont. 4)
(Revised 9/14)

4. Agencies/state entities are responsible for ensuring that projects consistently follow state-level IT oversight policies and requirements, legislative mandates, and applicable laws.
5. Agencies/state entities are responsible for providing project status information sufficient to allow the Department of Technology to meet its oversight reporting and full disclosure responsibilities.

PROJECT REPORTING CRITERIA **4819.37**

(Revised 9/14)

Before encumbering or expending funds on, or dedicating staff resources to, any of the following reportable projects, the Agency/state entity must:

(1) obtain the California Department of Technology's (Department of Technology) approval of a Feasibility Study Report (FSR) for the project; or

(2) obtain the Department of Technology's approval of a Feasibility Study Report - Reporting Exemption Request (FSR-RER), with the subsequent approval of an FSR by the Agency/state entity director:

1. Projects whose initiation depends upon decisions to be made during the development or enactment of the Governor's Budget, such as approval of a Budget Change Proposal or Budget Revision to increase the Agency/state entity's existing IT activities related to the project;
2. Projects that involve a new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation;
3. Projects that have a cost that exceeds the Agency/state entity's delegated cost threshold assigned by the Department of Technology and do not meet the criteria of a desktop and mobile computing commodity expenditure (see SAM Section 4989 – 4989.3);
4. Projects that meet previously imposed conditions by the Department of Technology.

Agencies/state entities that seek exemption from project reporting to the Department of Technology for a project meeting any of the above criteria must submit an FSR-RER (see SAM Section 4819.38) to the Department of Technology. An Agency/state entity with an acceptable Technology Recovery Plan and an Agency Information Management Strategy that has been approved by the Department of Technology may submit an FSR-RER.

**PREPARING THE FEASIBILITY STUDY REPORT-
REPORTING EXEMPTION REQUEST** **4819.38**

(Revised 9/14)

SIMM Section 40 provides instructions for completing the Feasibility Study Report - Reporting Exemption Request (FSR-RER). Agencies/state entities are required to follow the SIMM instructions for preparing and submitting the FSR-RER.

DELEGATED COST THRESHOLD **4819.39**

(Revised 9/14)

The California Department of Technology (Department of Technology) assigns each Agency/state entity a minimum total project development cost threshold for reporting purposes. See SIMM Section 15. The Department of Technology delegates to the Agency/state entity the resource approval authority for any IT proposal with an estimated total development cost equal to or less than the Agency/state entity's assigned cost threshold, provided the proposal does not meet any other Department of Technology established reporting criteria defined in Section 4819.37.

The total development cost is synonymous with one-time cost and is defined as all estimated or projected costs associated with the analysis, design, programming, verification and validation services, staff training, data conversion, acquisition, and implementation of an information technology investment. Excluded from development costs are estimated costs of continued operations and maintenance.

EXPENDITURES FOR ONGOING INFORMATION TECHNOLOGY ACTIVITIES **4819.40**

(Revised 9/14)

Expenditures in support of an ongoing IT activity will normally not require the Department of Technology approval of a new Feasibility Study Report (FSR) providing:

The activity meets the definition of previously approved project/effort as defined in SAM Section 4819.2:

Applicable activities include meeting modified needs, improving the effectiveness of the activity, program or system maintenance, or extension of existing services to new or additional users performing essentially the same functions as those that the project was designated to support. A previously approved effort/project must use substantially the same equipment, facilities, technical personnel, supplies and software to meet substantially the same requirements or to meet normal workload increases.

Qualification of an IT activity as a previously approved effort requires an approved FSR and a completed and submitted Post Implementation Evaluation Report (PIER) in accordance with SAM section 4819.35.

Notes:

1. "Substantially the same equipment" does not include the addition, upgrade or replacement of a Mainframe.
2. Minor changes in functionality and/or equipment will normally meet the definition of previously approved effort/project. Significant changes in functionality and/or equipment that require budget actions do not meet the definition of previously approved effort/project.

Example: The Department of Justice maintains a system to enable the ownership registration of handguns. New legislation requires the addition of rifle registration to the system. This added functionality would not require a new FSR.

Expenditures in support of activities not meeting the above criteria are considered to be new projects, not ongoing IT activities.

PURPOSE 4920

(Revised 7/2014)

The feasibility study represents the first opportunity for Agency/state entity's management to assess the full implications of a proposed IT project. The feasibility study is also the means of linking a specific IT project to the Agency/state entity's strategic business plans and IT plans, and to ensure that the proposed project makes the best use of the Agency/state entity's IT infrastructure. The purposes of the feasibility study are to:

1. Determine whether there is a business case for a proposed project, e.g., whether the expenditure of public resources on the project is justified in terms of the project's:
    1. Being responsive to a clearly-defined, program-related problem or opportunity;
    2. Being the best of the possible alternatives;
    3. Being within the technical and managerial capabilities of the Agency/state entity; and
    4. Having benefits over the life of the solution that exceed development and operations costs. Project benefits typically include reduced program costs, avoidance of future program cost increases, increased program revenues, or provision of program services that can be provided only through the use of IT.
2. Provide a means for achieving agreement between Agency/state entity's executive management, program management, and project management as to:
    a. The nature, benefits, schedule, and costs of a proposed project; and
    b. Their respective management responsibilities over the course of the project.
3. Provide Executive Branch control agencies and the Legislature with sufficient information to assess the merits of the proposed project and determine the nature and extent of project oversight requirements.

FEASIBILITY STUDY BASIC POLICY 4921

(Revised 7/2014)

A feasibility study must be conducted prior to the encumbrance or expenditure of funds on any IT project. For most projects, the feasibility study must be conducted in conformance with SAM Sections 4922 through 4927. The only exception to this requirement is the acquisition of desktop and mobile computing commodities under the Desktop and Mobile Computing Policy. (See SAM Section 4989.) In addition, a Feasibility Study Report (FSR), which documents the feasibility study, must be approved by the Department of Technology prior to the encumbrance or expenditure of funds, including the use of staff resources, on any IT project beyond the feasibility study stage. For most projects, the FSR must be prepared in accordance with SAM Section 4928. For projects that have been delegated to the Agency/state entity director and whose costs fall below a specified level, the feasibility study must be documented by means of a Project Summary Package. See SAM Section 4930 and SIMM Section 20.

The FSR must be reviewed and approved in accordance with the general requirements of SAM Sections 4819.3-4819.42 (State Information Management Authority and Responsibility), as well as the specific requirements of Sections 4926-4930.1. See SIMM Section 20 for FSR Preparation Instructions.

FEASIBILITY STUDY SCOPE 4922

(Revised 7/2014)

The scope of the feasibility study must be commensurate with the nature, complexity, risk, and expected cost of the proposed use of information technology.

The study must provide sufficient information to assure the Agency/state entity's program management that the proposed response meets program requirements. The study also must provide sufficient information to allow Agency/state entity executive management to make a sound decision as to the merits of the proposed response as an investment of public resources.

FEASIBILITY STUDY PARTICIPATION 4923

(Revised 7/2014)

The feasibility study must be based on an understanding of the needs, priorities, and capabilities of: (1) the users of the information that is to be provided; and (2) the Agency/state entity's unit or program that will have operational responsibility for the information technology application. Representatives of program management and staff must be the business owners and drive the feasibility study development process. Refer to SIMM Section 20.

FEASIBILITY STUDY DOCUMENTATION 4924

(Revised 7/2014)

The SAM Section 4928 and instructions and guidelines published by the California Department of Technology (see SIMM Section 20) specify the content of the Feasibility Study Report (FSR), which must provide a complete summary of the results of the feasibility study. In addition to the FSR, the Agency/state entity must maintain sufficient documentation of each study to ensure that project participants, Agency/state entity management, and control agency personnel can resolve any questions that arise with respect to the intent, justification, nature, and scope of the project.

FEASIBILITY STUDY PROCESS 4927

(Revised 7/2014)

Each Agency/state entity must follow a systematic, analytical process for evaluating and documenting the feasibility of information technology projects, as defined in SAM Section 4819.2. This process must include:

1. Developing an understanding of a problem (or opportunity) in terms of its effect on the Agency/state entity's mission and programs;
2. Developing an understanding of the organizational, managerial, and technical environment within which a response to the problem or opportunity will be implemented;
3. Establishing programmatic and administrative objectives against which possible responses will be evaluated;
4. Preparing concise functional requirements of an acceptable response;
5. Identifying and evaluating possible alternative responses with respect to the established objectives;
6. Preparing an economic analysis for each alternative that meets the established objectives and functional requirements;
7. Selecting the alternative that is the best response to the problem or opportunity;
8. Preparing a management plan for implementation of the proposed response; and
9. Documenting the results of the study in the form of a Feasibility Study Report (FSR), as specified in SAM Section 4928.

FEASIBILITY STUDY REPORT 4928

(Revised 7/2014)

The Feasibility Study Report (FSR) must provide an accurate summary of the results of the feasibility study. As with the study itself, the scope of the FSR must be commensurate with the scope and complexity of the problem or opportunity being addressed. Enough technical detail must be included in the FSR to show that the proposed response to the problem or opportunity is workable and realistic. The FSR must provide a basis for understanding and agreement among project management, executive management and program management, as well as satisfy the information requirements of state-level control agencies.

The FSR must be submitted to the California Department of Technology (Department of Technology), and to the Office of the Legislative Analyst. FSRs must be submitted in a format specified by the Department of Technology and signed by the Agency/state entity director or his/her designee. The Department of Technology publishes detailed instructions and guidelines for Agencies/state entities' use in preparing FSRs. A copy of the instructions, guidelines, and required forms is available in SIMM Section 20. The instructions and guidelines specify the MINIMUM amount of information necessary for the Department of Technology's approval of the FSR.

The FSR must provide a complete summary of the results of the feasibility study and establish the business case for investment of state resources in a project by setting out the reasons for undertaking the project and analyzing its costs and benefits. Documentation provided by the Agency/state entity must contain at least the following information:

1. A description of the business problem or opportunity the project is intended to address.
2. The project objectives; i.e., the significant results that must be achieved for an alternative to be an effective response to the problem or opportunity being addressed.
3. A thorough description of the selected alternative, including the hardware, software and personnel that will be used.
4. A discussion and economic analysis of each of the alternatives considered in the feasibility study that meets the established objectives and functional requirements, and the reasons for rejecting the alternatives that were not selected.
5. A complete description of the information technology capabilities and the conditions that must exist in order to satisfy each defined objective.
6. An economic analysis of the life cycle costs and benefits of the project and the costs and benefits of the current method of operation during the life cycle of the project.

(Continued)

7. The source of funding for the project.
8. A detailed project schedule showing key milestones during the project's life.

A Project Summary Package (SAM Section 4930) must be prepared and included in the FSR.

The Agency/state entity must maintain sufficient documentation of each study to ensure that project participants, Agency/state entity management, and control agency personnel can resolve any questions about the intent, justification, nature, and scope of the project.

PROJECT SUMMARY PACKAGE **4930**

(Revised 7/2014)

A Project Summary Package must be prepared and included in each Feasibility Study Report and Special Project Report. In addition, the Project Summary Package may be used to document the feasibility study for projects with a total development cost equal to or less than ten percent of the Agency/state entity's cost delegation threshold. See SAM Section 4819.39.

See SIMM Section 20 and/or 30 for instructions for completing the Project Summary Package.

PROJECT OVERSIGHT AND PROJECT IMPLEMENTATION AND EVALUATION POLICY **4940**

(Revised 7/2014)

Agencies/state entities must establish project reporting and evaluation procedures for each approved information technology project. The scope of these procedures must be commensurate with the overall scope of the project's associated risk to the state.

The fundamental requirements for project oversight and evaluation are specified in SAM Sections 4819.30-4819.42. All projects, including projects delegated by the California Department of Technology to the Agency/state entity director, are subject to those review, reporting and evaluation requirements. Projects that have been delegated to the Agency/state entity director in accordance with SAM Section 4819.36 require appropriate project reporting by the project manager to the Agency/state entity director.

OVERVIEW **4941**

(Revised 7/2014)

Once the Feasibility Study Report (FSR) for an information technology (IT) project has been approved the project may proceed, contingent upon any conditions imposed by the California Department of Technology (Department of Technology). Throughout the project phases, Agency/state entity management must follow the IT Project Oversight Framework (see SIMM Section 45) to provide the appropriate level of independent project oversight, project management practices and project risk assessments to ensure the success of the project.

Post-Implementation Evaluation Report. Following completion of each IT project, a post-implementation evaluation must be carried out by the Agency/state entity. The evaluation should:

1. Measure the benefits and costs of a newly-implemented IT application or system against the most recently approved project objectives; and
2. Document projected operations and maintenance costs over the life of the application or system.

COMPLIANCE REVIEW 4942

(Revised 7/2014)

Specific projects or Agencies/state entities as a whole may be subject to compliance reviews conducted by the California Department of Technology (Department of Technology). The purposes of a compliance review are to verify Agency/state entity adherence to statewide IT policies as well as approved Agency/state entity policies, and to determine Agency/state entity fulfillment of approved plans. The Department of Technology will review project reporting documentation in conjunction with its compliance review and oversight responsibilities.

The Department of Technology may impose sanctions, such as a reduction or elimination of an Agency/state entity's delegated cost threshold for reporting and approval of IT projects by the Department of Technology, or other sanction deemed appropriate by the Department of Technology, upon finding that an Agency/state entity is consistently and/or willfully out of compliance with state policies.

DESKTOP AND MOBILE COMPUTING POLICY 4989

(Revised 7/2014)

In lieu of a Feasibility Study Report submitted to the California Department of Technology (Department of Technology), the Department of Technology delegates authority to acquire desktop and mobile computer commodities to Agencies/state entities that have submitted acceptable Technology Recovery Plans or Technology Recovery Plan certifications, maintain compliance with all applicable state IT security provisions as defined in SAM Sections 5300-5399, and have appropriate plans for the use of desktop and mobile computing commodities.

Under the Desktop and Mobile Computing Policy, Agencies/state entities may acquire desktop and mobile computing commodities necessary to support the Agency/state entity's programmatic functions and business needs. This includes acquiring desktop and mobile computing commodities to support increased staffing, as well as the ongoing replacement of obsolete or nonfunctioning desktop and mobile computing commodities. Desktop and mobile computing configurations are expected to make use of proven, "off-the-shelf" hardware and software. Specific exclusions from this policy are listed in Section 4989.2 below.

Replacement of desktop and mobile computing commodities acquired as part of a previously approved IT project, as defined in SAM Section 4819.2, may be included in this policy as such commodities are incorporated into and are no longer distinguishable from the Agency/state entity's IT infrastructure.

EXCLUSIONS 4989.2

(Revised 7/2014)

The following activities are excluded from the Desktop and Mobile Computing Policy and must be treated in accordance with SAM Sections 4819.3 through 4819.42**.**

IT Projects – As defined in SAM Section 4819.2, beyond the acquisition, installation, and operation of **Desktop and Mobile Computing Policy** commodities as defined in this policy. The acquisition of desktop and mobile computing commodities required for an IT project, whether reportable or delegated, must be included within the project scope and acquired under the approved project's authority. Use of this policy to circumvent IT project reporting requirements or to make an otherwise reportable project fall within delegated thresholds is expressly prohibited.

Budget Actions – Any acquisition, maintenance, or support of desktop and mobile computing commodities which requires a Budget Change Proposal, a Budget Revision, or other budget action is not covered by the Desktop and Mobile Computing Policy. However, this policy may be used to acquire the standard complement of desktop and mobile computing commodities as approved by the Department of Finance for new positions.

Specialized or Single-Purpose Systems – Acquiring any specialized, single-purpose, non-modifiable system, such as computer-aided design systems, desktop publishing systems, programmer workbench systems, or artificial intelligence systems is excluded from the policy. However, software-based applications used on a general-purpose personal computer may be covered by the policy. For example, desktop publishing employing word processing, graphics, and page layout software packages on a general-purpose personal computer falls within this policy; desktop publishing employing a specialized computer system that has been developed and marketed for the sole purpose of doing desktop publishing does not. A specialized, single-purpose system that allows some connectivity to an Agency/state entity's existing systems, such as electronic mail, is still considered a specialized or single-purpose system for the purposes of this policy.

Infrastructure or Platform Migration – Acquisitions associated with or mandated by a change in an Agency/state entity's standard technical architecture for servers, desktops and/or mobile computing platforms are excluded from the policy. Migrating to a newer version within the existing standard's product family is not considered an infrastructure or platform migration.

(Continued)

(Continued)
EXCLUSIONS **4989.2**
(Revised 7/2014)

Wide Area Networks (WAN) – The acquisition, maintenance, or support of desktop and mobile computing commodities specifically to install or operate a WAN are excluded from the policy. These activities for WANs are considered IT projects, or components of IT projects, for the purposes of this policy. However, upgrading the capacity of a previously approved WAN project may fall within the definition of a previously approved project. (See SAM Section 4819.2: “Previously Approved Effort/Project”.)

While the acquisition of desktop and mobile computing commodities specifically for or required by the above-mentioned activities is specifically prohibited under this policy, existing desktop and mobile computing commodities purchased under this policy may be used for some of these purposes. For example, existing desktop computers purchased under this policy may be used in the development of a reportable IT project.

Whenever an Agency/state entity is uncertain as to whether a proposed use of desktop and mobile computing commodities falls within the scope of this policy, it should seek a determination from the California Department of Technology.

AGENCY ROLES AND RESPONSIBILITIES **4989.3**
(Revised 7/2014)

Management. Day-to-day management responsibility for desktop and mobile computing configurations resides with the manager who has supervisory responsibility for the individual or individuals who use the products. The manager must ensure that the acquisition and use of desktop and mobile computing commodities support the accomplishment of Agency/state entity objectives and that the individual or individuals who will be using the products are trained in their use.

Each Agency/state entity must have a plan for the appropriate application of desktop and mobile computing. Each Agency/state entity must ensure that its plans are consistent with the Agency/state entity's information management standards, policies, and procedures and its information technology infrastructure. Agency/state entity plans for implementing desktop and mobile computing must not preclude the implementation of other Agency/state entity's applications on the same configuration. Agencies/state entities are responsible for establishing desktop and mobile computing standard configurations, ensuring each acquisition made under this policy is consistent with those standards, and accurately tracking the costs associated with such acquisitions. In addition, Agencies/state entities are responsible for the creation and maintenance of IT assets inventories for commodities purchased under this policy.

Agency/state entity's management has a responsibility to establish standards of technical assistance in support of Local Area Network activities such as installation, configuration, problem-determination, maintenance, backup, recovery, and required activities beyond those normally associated with stand-alone desktop or mobile computers. Agencies/state entities are expected to maintain internal processes to ensure that any IT commodities acquired under the authority of this policy are compliant with all applicable hardware, software, and security standards for the Agency/state entity.

Agency/state entity management is responsible for taking appropriate action in the event of employee misuse of desktop and mobile computing technology or employee failure to comply with State and Agency/state entity policy governing the use of desktop and mobile computing.

(Continued)

(Continued)
AGENCY ROLES AND RESPONSIBILITIES **4989.3** (Cont. 1)
(Revised 7/2014)

Security. Desktop and mobile computing environments owned by Agencies/state entities involve the risk of property loss, threats to privacy, and threats to the integrity of state operations. Accordingly, Agencies/state entities must be in compliance with all applicable provisions of the SAM and must implement appropriate safeguards to secure the Agency/state entity's desktop and mobile computing infrastructure.

Use of personally owned smartphones is restricted to devices that are compatible with the CA.Mail or the California Email Service, and are consistent with the Statewide Enterprise Architecture.

Current agency Technology Recovery Plans or acceptable Technology Recovery Plan certifications must be on file at the Department of Technology. Agencies/state entities that do not demonstrate effective compliance with the State's IT security policy and Disaster Recovery policy are not authorized to make any expenditures for desktop or mobile computing commodities until the Agency/state entity has complied. See SAM Sections 5300-5399.

Desktop and Mobile Computing Coordinator. In order to ensure ongoing IT asset management practices are followed, Agencies/state entities employing desktop and mobile computing should designate a unit or individual employee of the Agency/state entity as the Agency/state entity's Desktop and Mobile Computing Coordinator or equivalent function. The coordinator must be knowledgeable about (a) desktop and mobile computing configurations; (b) state-level and Agency/state entity policies for the use of desktop and mobile computing commodities; and (c) the relationship between desktop and mobile computing and other uses of information technology within the Agency/state entity.

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(Continued)
AGENCY ROLES AND RESPONSIBILITIES **4989.3** (Cont. 2)
(Revised 7/2014)

The responsibilities of the coordinator should include:

1. Maintaining current specifications for the Agency/state entity's desktop and mobile computing commodity standards;

2. Assisting in the completion and review of any Desktop and Mobile Computing (DMCP) documents if required by the Agency/state entity's policies and procedures;

3. Coordinating the acquisition of desktop and mobile computing commodities;

4. Informing desktop and mobile computing users of available training and technical support capabilities; and

5. Maintaining continuing liaison with Agency/state entity IT management to ensure that: (a) proposed desktop and mobile computing applications are consistent with the Agency/state entity's established information management strategy and information technology infrastructure, and (b) desktop and mobile computing configurations can support the implementation of other Agency/state entity applications.

USES OF FINANCIAL RESOURCES **7670**

(Revised 8/2014)

ACCOUNT NO. 9000, Appropriation Expenditures or Operating Expenditures and Expenses

A summary account that shows expenditures of governmental funds and expenses of proprietary funds (Accounts 9010 through 9090). For governmental funds, expenditures are chargeable to appropriations and executive orders available for expenditure during the fiscal year. For proprietary funds, operating expenses relate directly to the fund's primary service activities. These funds are accounted on an expense rather than expenditure basis.

The following 9000 series accounts are used to classify expenditures and expenses by character, category, and object. Departments may use subsidiary accounting techniques to report the detail category and object classifications while maintaining the general ledger itself at the 9000 account level. For example, the general ledger may include only summary account balance (Account No. 9000). A supplemental report of category and object expenditures can be produced to fulfill other reporting requirements.

ACCOUNT NO. 9010, State Operations

A summary account that shows the expenditure categories of personal services, operating expenses and equipment, and special items of expense (Account 9011 through 9013). State operations reflect the costs of activities conducted at the state level to benefit the current fiscal period. Exceptions to this fiscal year matching are (1) the inclusion of debt service costs which presumably benefit prior fiscal periods as well as current and future periods; and (2) the use of support categories for costs associated with capital outlay appropriations.

ACCOUNT NO. 9011, Personal Services

The category of personal services includes payments for salaries, wages, and staff benefits. Included also are merit suggestions awards and retroactive pay adjustments. Excluded from personal services are salaries paid under contract and payments for health and welfare benefits for prevailing rate employees as authorized by Government Code section 18853.5.

ACCOUNT NO. 9012, Operating Expenses and Equipment

This category broadly includes expenditures for goods and/or services except for personal services and expenditures designated as special items of expense.

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(Continued)
USES OF FINANCIAL RESOURCES **7670** (Cont. 1)
(Revised 8/2014)

ACCOUNT NO. 9013, Special Items of Expense

Special items of expense are those large expenditures or special purpose expenditures that normally require a separate appropriation, present a clearer fiscal picture if reported separately, or do not conform easily to the uniform expenditure objects.

ACCOUNT NO. 9020, Local Assistance

A summary account which shows resources provided to counties, cities, special districts, etc. (Accounts 9021 through 9023). Typically, these resources are used to maintain, enhance, or implement objectives or goals of a particular program, element, component, or task. Also included are reimbursements for legislative and executive mandated program increases.

ACCOUNT NO. 9021, Local Mandated Programs

Reimbursement of costs for legislative or executive mandated programs at the local level. Also includes reimbursements for local administrative costs when the local entity is not the primary recipient.

ACCOUNT NO. 9022, Loans

Funding made available to primary recipient for particular purpose which creates a repayment liability for the recipient.

ACCOUNT NO. 9023, Other Local Assistance

Funding made available to a primary recipient for a particular purpose which creates no repayment liability for the recipient.

(Continued)

(Continued)
USES OF FINANCIAL RESOURCES **7670** (Cont. 2)
(Revised 8/2014)

ACCOUNT NO. 9030, Capital Outlay

This account includes purchase of:

1. Land and related costs, including court costs, condemnation costs, legal fees, title fees, etc.

2. Construction projects, including preliminary plans and working drawings. Construction projects include new construction, alteration, or extension or betterment of existing structures.

3. Equipment related to a construction project regardless of costs or timing.

4. Minor capital outlay projects which consists of construction or equipment projects whose estimated cost is $100,000 or less.

For additional information regarding Capital Outlay, see SAM sections 1303, 1450–1460, 6103, 8343, and 8363.

ACCOUNT NO. 9040, Retirement Outlay

A summary account which shows benefit expenditures and contribution refunds (Accounts 9041 and 9042). The account is used by retirement funds (Fiduciary Funds Group) and accounted separately due to materiality.

ACCOUNT NO. 9041, Benefit Expenditures

Shows payments made to system members who have retired from active service or to their survivors.

ACCOUNT NO. 9042, Contribution Refunds

Shows contributions returned to persons who have withdrawn from the system and have requested the return of their equity in the system.

(Continued)

(Continued)
USES OF FINANCIAL RESOURCES **7670** (Cont. 3)
(Revised 8/2014)

ACCOUNT NO. 9050, Federal Flow through Money

Shows federal funding passed to a sub-recipient where the state department is the recipient of federal funds.

ACCOUNT NO. 9060, Taxes Collected for Local Government

Shows taxes collected by the state for local governments.

ACCOUNT NO. 9090, Other Trust and Agency Expenditures

Shows trust and agency uses of financial resources not otherwise classified.

CHAPTER 7900 INDEX

(Continued)

INTRODUCTION TO RECONCILIATIONS AND REPORTS CHAPTER 7900
(Revised 7/2014)

The reconciliations and reports chapter provides general information, reporting requirements, and deadlines for preparing financial reconciliations and reports. It also provides instructions and standard formats for preparing the year-end financial reports. More detailed instructions for preparing the year-end financial reports are issued annually to departments by the State Controller's Office (SCO). Additionally, departments that use the California State Accounting and Reporting System (CALSTARS) will refer to the CALSTARS Procedures Manual. Departments that use the Financial Information System for California (FI$Cal) will refer to FI$Cal's website: http://www.fiscal.ca.gov/

RECONCILIATIONS - GENERAL **7901**
(Revised 7/2014)

The accuracy of a department's accounting records may be proved partially by making certain reconciliations and verifications. Departments will reconcile the account balances to supporting documentation such as invoices, receipts, etc. to ensure the accuracy and completeness of transactions posted to the departmental accounts. Departments will also compare department accounts with records other than those prepared by the department such as bank statements used in a bank reconciliation.

In addition to the above reconciliation processes, reconciliations must be completed between the department accounts and the accounts maintained by the SCO to disclose errors as they occur. Departments will analyze differences and make corrections to their accounts or request correction to SCO accounts so that information between both systems is complete and accurate. Corrections to errors should be made before financial reports are prepared to ensure the accuracy of a department's financial reports.

State Administrative Manual (SAM) sections 7921-7924 provide some common reconciliations. However, each department is responsible for completing any reconciliation necessary to safeguard the state's assets and ensure reliable financial data. All reconciliations will show the preparer's name, reviewer's name, date prepared, and date reviewed. All reconciliations will be prepared monthly within 30 days of the preceding month, with the exception of property reconciliations. See SAM section 7924.

All reconciliations will be retained at least two years with the exception of federal reconciliations. For more information on the recommended general retention schedule, see the Department of General Services website.

DEPARTMENTS USING FI$CAL **7905**
(New 7/2014)

Departments that use FI$Cal will refer to job aids and other materials at FI$Cal's website (http://www.fiscal.ca.gov/access-fiscal/FISCalJobAidsandTrainingTips.html) together with the guidelines and instructions presented within SAM.

LIST OF REQUIRED YEAR-END FINANCIAL REPORTS

(Revised 09/14)

No.	Year-end Report d/	Form or CALSTARS Report	Governmental Cost Funds and Bond Funds	Non-Governmental Cost Funds (excludes Bond Funds)	Distribution g/ DOF	Distribution g/ SCO	Distribution g/ STO	SAM Section
1	Report of Accruals to Controller's Accounts	571 c/	X			X		7952
2	Accrual Worksheet	a/	X			X		7953
3	Adjustments to Controller's Accounts	576 c/	X	X		X		7955
4	Statement of Revenue (includes reconciliation with Controller's Accounts	Q26 b/	X			X		7956
5	Final Reconciliation of Controller's Accounts with Final Budget Report	573 c/	X			X		7957
6	Final Budget Report	B06 b/	X	X h/		X f/		7961
7	Pre-Closing Trial Balance	G02 b/	X	X		X		7962
8	Post-Closing Trial Balance	G02 b/	X	X		X		7962
9	Analysis of Change in Fund Balance (Statement of Operations)	G04 b/		X		X		7963
10	Analysis and Reconciliation Revolving Fund Accountability	a/	X	X				7965
11	Bank Reconciliation	a/	X	X				7967
13	Report of Expenditures of Federal Funds	Q34 b/		X	X	X		7974
14	Report of Accounts Outside the State Treasury (1 report per department)	STD. 445	X	X		X	X	7975
15	Reconciliation of Agency Accounts with Transactions per State Controller	a/	X			X		7976
18	Statement of Changes in Capital Assets Group of Accounts (1 report per fund)	G05 b/	X	X		X		7977
19	Statement of Capital Assets Group of Accounts (1 report per department)	G05 b/	X	X		X		7978
20	Statement of Financial Condition	G04 b/		X		X		7979
22	Statement of Contingent Liabilities	a/	X	X e/		X		7980

a/ If a standard form/report is not listed, refer to SAM for illustrations of the suggested format.
b/ Listed reports are produced by CALSTARS. Non-CALSTARS departments should refer to SAM for illustrations of the suggested format.
c/ These reports are available from the SCO website at http://www.sco.ca.gov/ard_reporting.html. Departments may produce these forms by personal computer, if prior approval has been received from the SCO.
d/ See SAM section 7951 for required certification.
e/ For non-Treasury Trust Funds, Report No. 22 is not submitted.
f/ For CALSTARS departments that have successfully submitted electronic year-end financial reports to SCO.
g/ Mailing address and Interagency Mail & Messenger Service (IMS) Code.
h/ To support Past/Prior Year expenditures during the budget development process.

A-15
Department of Finance
Fiscal Systems & Consulting Unit
915 L Street, 7th Floor
Sacramento, CA 95814

B-08
State Controller's Office
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

C-15
State Treasurer's Office
Collateral Management Section
P.O. Box 942809
Sacramento, CA 94209-0001

Department Name and Organization Code
REPORT OF EXPENDITURES OF FEDERAL FUNDS – REPORT NO. 13
As of June 30, 20__

FUND: 0890 FEDERAL TRUST FUND

CFDA No.	Program Title 1/	Expenditures **-1-**	Encumbrances **-2-**	Total Budgetary Expenditures **-3-**
10.500	Cooperative Extension Service	$100,000,000.00	$100,000,000.00	$200,000,000.00
20.205	Highway Planning and Construction	35,000,000.00	15,000,000.00	50,000,000.00
93.778	Medical Assistance Program	320,000,000.00	30,000,000.00	350,000,000.00
	Totals 2/	$455,000,000.00	$145,000,000.00	$600,000,000.00

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that I have not violated any of the provisions of Article 4, Chapter 1, Division 4, Title 1, Government Code (commencing with Section 1090).

Subscribed and executed this ____ day of ______________, 20 _____ at ______________________, California.

____
Signature of Officer

Report as of June 30 includes year-end accruals in accordance with State Administrative Manual instructions

____
Type or print name of Officer

____
Title of Officer

1/ Catalog of Federal Domestic Assistance (CFDA) and program title of each federally funded program.
2/ Columns 1 + 2 = Column 3.

OPERATING EXPENSES AND EQUIPMENT 8362

(Revised 9/2014)

All items scheduled for payment will be posted to appropriate allotments from the amounts shown on the Claim Schedule, STD. 218 (Continuous) or duplicate copies of invoices.

Expenditures resulting from Controller's transfer will be recorded from individual journal entries.

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.

(Continued)

(Continued)
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 123 Russell Drive London W1p6HQ ENGLAND	Or	Ms. J. Smith Apartado 3068 46807 Puerto Vallarta Jalisco, 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.

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.

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) form, 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.

(Continued)

(Continued)
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.

~~MASTER COPIES OF CLAIM SCHEDULES 8422.23~~
~~(Revised 12/89)~~

~~The Schedule of Bills Filed, Std. Form 210, will be prepared as a carbon copy of the Claim Schedule, Std. Form 218. An additional copy of the Std. Form 218 may be used in lieu of the Std. Form 210 by agencies that do not use the Std. Form 210 for expenditure distribution. Agencies analyzing expenditures on the Std. Form 210 will summarize the expenditures by allotment for posting to the Allotment-Expenditure Ledger, and if desired, by estimate number for posting to the individual estimates.~~

PURPOSE AND OBJECTIVE OF PROPERTY ACCOUNTING 8600

(Revised 8/2014)

Property accounting procedures are designed to maintain uniform accountability for state property. These standard procedures are used to provide accurate records for the acquisition, maintenance, control, and disposition of property. A combination of accurate accounting records and strong internal controls must be in place to prevent and detect the unauthorized use of state property.

Departments that purchase property with federal funds should consider federal pre-approval of the state property accounting procedures, if state procedures are significantly different than federal regulations.

NON-CAPITALIZED PROPERTY **8603**

(Revised 8/2014)

Non-capitalized property consists of items which do not meet all three requirements in SAM section 8602, Capital Assets. Acquisition of non-capitalized property will be recorded in the property register and accounted as an expenditure. Record keeping, identifying, and tagging of non-capitalized property shall be in accordance with SAM sections 8650 and 8651

Departments will maintain adequate control over sensitive and high risk items which are prone to theft/loss, misuse, and may contain sensitive data. Examples of sensitive and high risk items are:

- Computers, printers, scanners
- Smartphones, tablets, other hand held devices
- Device or media capable of storing or processing information
- TVs, audio visual equipment, cameras
- GPS device
- Weapons, power tools
- Works of art
- Software

Departments will determine if additional items should be designated and tracked as sensitive and high risk items.

TORT LIABILITY PAYMENT PROCEDURE 8712

(Revised 9/2014)

This section describes procedures related to tort liability arising from other than motor vehicles. Procedures related to motor vehicle insurance, accidents, and suits are described in SAM sections 2440 through 2464.

Chapter 1681, Statutes of 1963, added Division 3.6-Claims and Actions Against Public Entities and Public Employees- to the Government Code. This law provides broad guidelines by which the state shall administer and pay tort liability claims.

In general, as the law pertains to the State of California, claims are presented to the California Victim Compensation and Government Claims Board (VCGCB) and, if approved, are paid by the Department of Justice (DOJ). If a claim is not approved, the claimant may bring court action against the state department involved or its officers or employees to obtain settlement. If such action is brought, the head of the state department concerned, upon recommendation of the Attorney General or other attorney authorized to represent the state, may settle, adjust, or compromise the claim under provisions of Government Code section 948. The claim will then be paid by the DOJ. Similarly, tort liability judgments against the state are also paid by the DOJ.

Each year, the Budget Act includes support for the administration, investigation, adjustment, defense, and payment of tort liability claims, settlements, compromises, and judgments against the state, its officers and employees or for the purchase of insurance protecting the state, its officers, and employees against such tort liability claims. Judgments and/or costs of suits are not to be paid out of feeder funds. A specific amount is appropriated from the General Fund to be available to the DOJ for departments supported from that fund. Unspecified amounts are also appropriated to each special fund sufficient for departments supported from those funds.

The appropriation is made to the Department of Finance (Finance) for expenditure or allocation at its discretion. Accordingly, it has established the following concerning tort liability payments:

General Fund

DOJ pays claims approved by the VCGCB, and pursuant to Government Code section 948 DOJ also pays claims that have been denied by the VCGCB but have been settled by the Attorney General and approved by the department. DOJ is authorized to pay claims and judgments up to $35,000 in principal amounts without Finance approval.

(Continued)

(Continued)

TORT LIABILITY PAYMENT PROCEDURE **8712** (Cont. 1)

(Revised 9/2014)

Finance approval is required for all claims that exceed $35,000 in principal amount which have been approved by the VCGCB, claims settled pursuant to Government Code section 948, or judgments awarded by the courts. The $35,000 limitation applies to the principal only. Court awarded interest and court costs, if any, are additional. Each approved settlement or judgment whose principal exceeds $70,000 shall be paid from special appropriation legislation.

Special Funds

DOJ shall pay claims and judgments under the following conditions for all special fund departments, except the Department of Transportation.

1. Up to $35,000 in principal amount for settlements made by the VCGCB. Advance approval is given by Finance.

2. Settlements under Government Code section 948 up to $35,000 in principal amount. Advance approval is given by Finance.

3. Finance approval will be required for each settlement in excess of $35,000 in principal amount. Prior to Finance approval, DOJ will have obtained assurance from the department that funds are available.

4. Each approved settlement or judgment whose principal exceeds $70,000 shall be paid from special appropriation legislation.

Each special fund department shall forward to DOJ written authorization to pay tort liability claims. These authorizations shall be effective until revoked. They should be submitted in duplicate and should be in the following format:

(Continued)

(Continued)
TORT LIABILITY PAYMENT PROCEDURE **8712** (Cont. 2)
(Revised 9/2014)

AUTHORIZATION TO PAY TORT LIABILITY CLAIMS
AGAINST SPECIAL FUND

The (Department, Board or Commission) hereby authorizes the Attorney General to file a claim schedule with the State Controller requesting payment of all claims approved by the California Victim Compensation and Government Claims Board arising under Chapter 1681,Statutes of 1963 and of all settlements, adjustments, compromises of any pending actions concluded pursuant to Government Code section 948, or judgments pertaining to the activities of said department and payable from the ___________ Fund; provided that prior to the filing of claims schedules the (Department, Board or Commission) will certify that funds are available.

(Department Head) (Date)

The Department of Justice (DOJ) will retain one copy of the authorization and forward the second to the State Controller.

DOJ shall forward the claim schedule to the State Controller and retain an extra copy in a holding file. Upon receipt of the Notice of Claim Paid, the DOJ will forward a copy of the claim schedule , along with a copy of the Notice of Claim Paid, to the department involved as notification that a claim has been filed and paid.

Upon receipt of the claim schedule and Notice of Claim Paid the department will record the claim as if the department had filed it and account for the payment of the claim. This accounting entry will be a consolidation of Standard Entries 4 and 6 (Debit 9000 Appropriation Expenditure and Credit 1140 Cash in State Treasury or 5570 Fund Balance–Clearing Account).

An account titled -Tort Liability Claim Expenditures- will be established in the subsidiary Allotment-Expenditure Ledger at the same time the above entry is made. Since no specific appropriation was made to the department, no entries will be made in the allotment, unliquidated encumbrances, or unencumbered balances. The expenditure will be entered as an expenditure to keep the Allotment-Expenditure Ledger in balance with the General Ledger account.

Tort Liability Claim Expenditures will be shown as a separate item at the end of a department's budget reports. Totals of all columns will precede this item and will be followed by a grand total in the expenditure column.

INDIRECT COST RATE RECOVERIES **8755.2**

(Revised 9/2014)

Government Code sections 13332.01-13332.02 require departments to recover SWCAP costs from the federal government and to transfer the SWCAP recoveries to the General Fund within 30 days after the end of each quarter. In order to meet this objective, departments must prepare an ICRP and/or CAP or PACAP. SAM sections 8756 and 8756.1 describe this process in more detail.

To transfer the SWCAP recoveries, departments must complete a Transaction Request (TR), form CA 504 and submit to the State Controller's Office (SCO) for processing. On the TR, departments must identify the SWCAP amount to be transferred by quarter and fiscal year. The original TR is submitted to the SCO and a copy is sent to Finance, FSCU and the department's Finance budget analyst. A sample TR is shown in the 8755.2 Illustration.

8755.2 Illustration (Sample TR, CA 504)

8775.2 ILLUSTRATION

STATE CONTROLLER'S USE ONLY		
DOCUMENT NO.	DATE C C C C M M D D	MSG Code

STATE OF CALIFORNIA
OFFICE OF THE STATE CONTROLLER
TRANSACTION REQUEST

STATE CONTROLLER'S USE ONLY	
TC Code	VERIFIED BY:
	DATE:

PAGE 1 OF 1

Agency:	Address:	Agency Document Number:
STATE DEPARTMENT (1234)	1000 BROADWAY OAKLAND, CA 94512	XXXX

FUND	AGY	FY	M	REF / ITEM	FED CAT	P/N	C	CAT	PGM	ELE	COMP	TASK	ACCT	SCO USE	REV / OBJ	AMOUNT	D C	A	SCO USE T	O	B	SOURCE FUND
0890	1234	20XX		XXX					XX							1,000.00	D	D				
DESCRIPTION: SWCAP 2ND QTR TO GF 9910					(DNKP) CHAPTER NUMBER/YEAR/ITEM: CHAPTER XX/XX, Item 1234-XXX-0890											PROGRAM DESCRIPTION: PROGRAM DESCRIPTION						
0001	9910	20XX		XXX											999000	1,000.00	C	R				
DESCRIPTION: SWCAP 2ND QTR FR FTF 1234					(DNKP) CHAPTER NUMBER/YEAR/ITEM:											PROGRAM DESCRIPTION: SWCAP RECOVERIES						
0890	1234	20XX		XXX					XX							1,000.00	D	D				
DESCRIPTION: SWCAP 3RD QTR TO GF 9910					(DNKP) CHAPTER NUMBER/YEAR/ITEM: CHAPTER XX/XX, Item 1234-XXX-0890											PROGRAM DESCRIPTION: PROGRAM DESCRIPTION						
0001	9910	20XX		XXX											999000	1,000.00	C	R				
DESCRIPTION: SWCAP 3RD QTR FR FTF 1234					(DNKP) CHAPTER NUMBER/YEAR/ITEM:											PROGRAM DESCRIPTION: SWCAP RECOVERIES						
DESCRIPTION:					(DNKP) CHAPTER NUMBER/YEAR/ITEM:											PROGRAM DESCRIPTION:						
DESCRIPTION:					(DNKP) CHAPTER NUMBER/YEAR/ITEM:											PROGRAM DESCRIPTION:						

TYPE OF TRANSACTION: SWCAP TRANSFER

LEGAL AUTHORITY AND REASON FOR REQUEST:
SWCAP TRANSFER FOR 2ND QTR OF FY 20XX AND 3RD QTR FOR FY 20XX IN ACCORDANCE WITH GC 13332.01 AND 13332.02

I hereby certify under penalty of perjury that I am the 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, Federal Regulations, or other statute pertaining to the particular appropriation.

AUTHORIZED SIGNATURE:

CONTACT PERSON:	PHONE FOR CONTACT:
E-MAIL FOR CONTACT:	DATE: MM/DD/YYYY

NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE

CA 504 PC VERSION (03/2006)

8755.2 Illustration

NONEMPLOYEE ACCOUNTS RECEIVABLE **8776.6**
(Revised 9/2014)

Each department will develop collection procedures that will assure prompt follow-up on receivables. Departments will use the following procedures and guidelines for the collection of amounts owed to the state from nonemployees. These procedures are in accordance with the Accounts Receivable Management Act as provided in Government Code (GC) sections 16580-16586.

Locating Debtor

When the address of the debtor is unknown, departments will attempt to obtain a current address. Departments may use Internet search engines and/or a data research service. Departments should perform a cost benefit analysis to determine if procuring services to locate debtors would be cost beneficial. Another alternative is to request the debtor's address from the Department of Motor Vehicles by completing a Gov't Agency Request for Driver License/Identification Record Information form, INF 254. For this alternative, the debtor's date of birth or driver's license/identification number is required.

Collection Letters

Departments are advised to use collection practices that are cost effective and consistent with their program goals and legal authority. Three documented letters should be made to collect on nonemployee delinquent accounts. However, departments have the option of making one documented letter before proceeding to the discharge of accountability process for nonemployee accounts receivable of $25 and under. This threshold applies to the total amount owed by the debtor, not to each invoice. The Discharge of Accountability section below provides more information regarding this process.

For the collection letter process, the department will send a sequence of three collection letters at a minimum of 30 day intervals. If a reply or payment is not received within 30 days after sending the first letter, the department will send a second letter. This follow-up letter will reference the original request for payment letter and will be stated in a stronger tone. If a response is still not received from the debtor, a third letter will be sent 30 days later. This last letter will include references to prior letters and will state what further actions, including collection fees, may be taken in the collection process.

(Continued)

(Continued)
NONEMPLOYEE ACCOUNTS RECEIVABLE **8776.6** (Cont. 1)
(Revised 9/2014)

Collection Fee

GC section 16583.1 allows departments to charge a reasonable fee, not to exceed the actual costs incurred by the department, to recover the department's collection costs on past due ARs.

If a department plans to recover costs pursuant to this section, departments should consider actual costs incurred, including, but not limited to, staff time to send out collection letters, postage, equipment costs, and contingency fees for private collectors.

Departments will record this fee as revenue, Source Code 162100, Delinquent Receivables – Cost Recoveries.

Collection Actions Review

If the three collection letters are unsuccessful, departments will prepare a cost benefit analysis to determine the most efficient and effective collection method by initiating one or more of the following actions:

1. Offset Procedures—An offset, is the interception and collection from amounts owed by other state departments to the debtor. For more offset information, see SAM section 8790.

2. Court Settlements—There may be instances where it would be cost effective for departments to seek court judgments against debtors. Departments should consider the possibility of filing action in small claims courts. For larger sums, department counsel should be consulted for advice.

(Continued)

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NONEMPLOYEE ACCOUNTS RECEIVABLE **8776.6** (Cont. 2)

(Revised 9/2014)

1. Collection Agencies—Departments may consider contracting with another department that has a collection unit or with an outside collection agency.

   The State Contracting Manual, the Public Contract Code section applicable to contracts for services, and GC section 19130 should be reviewed when a department is considering contracting with a collection agency. Any contract made with a collection agency must specify that all funds collected on behalf of a department will be remitted to that department. The collection agency can then be paid in one of several ways for its services - by a set fee per collection, on an hourly basis, or on a percentage basis, in arrears, based on services rendered.

   Prior to assigning the debt to a collection agency, departments are required by law to notify the debtor in writing at the address of record that the alleged AR debt will be turned over for private collection unless the debt is paid or appealed within a specified time period.

   Sale of ARs—Departments are authorized to sell ARs to private persons or entities. Departments will record the net income from the sale in their accounting records. Specific accounting entries for the sale of ARs are detailed in SAM section 10536, Standard Entry No. 36.

   Prior to selling the debt, departments are required by law to notify the debtor in writing, at the address of record, that the alleged AR debt will be turned over for private collection unless the debt is paid or appealed within a specified time period.

Departments will select the collection actions that are likely to generate the highest net income and do not compromise future state income collections. In addition, departments should consult with the Franchise Tax Board or any other state department that has successfully established an effective AR collection system to develop methods for improving their collection rate.

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NONEMPLOYEE ACCOUNTS RECEIVABLE **8776.6** (Cont. 3)

(Revised 9/2014)

Discharge from Accountability

If all reasonable collection procedures do not result in payment, departments may request discharge from accountability of uncollectable amounts due from private entities. Departments will review their AR, no less than quarterly, to identify receivables for discharge. If departments have identified receivables for discharge, departments will file an Application for Discharge from Accountability form, STD. 27, with the SCO, Division of Accounting and Reporting. Applications for Discharge from Accountability of uncollectable amounts of more than $10,000 will be filed separately from applications for amounts of $10,000 or less. The $10,000 amount applies to the total of all amounts owed by the debtor, not to each invoice. The application for discharge shall include:

1. Statement of the nature of the amount due
2. Name(s) of the person(s) liable
3. Estimated cost of collection
4. Any other fact(s) supporting the request, including offset attempts (See SAM section 8790)
5. If the discharge from accountability is due to bankruptcy, the supporting documentation must include a copy of the court's final discharge of the debtor and evidence that the specific department is included in the petition for bankruptcy.
6. Signature, phone number, printed name, and title of person completing the STD. 27
7. Signature, printed name, and title of manager authorizing the STD. 27

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NONEMPLOYEE ACCOUNTS RECEIVABLE **8776.6** (Cont. 4)
(Revised 9/2014)

The individual authorizing the Application for Discharge from Accountability should be at a level at least equivalent to that of manager of the accounting office.

For accounts receivable amounts of $500 or less, GC section 13943.2 provides that upon written authorization by the California Victim Compensation and Government Claims Board (VCGCB), state departments may refrain from collecting amounts of $500 or less. The $500 limitation applies to the total of all amounts owed by the debtor, not to each invoice.

Departments must request approval from the VCGCB for the authorization to discharge from accountability for collecting accounts receivable of $500 or less. When requesting approval from the VCGCB, departments must certify the following in their letter:

1. Attempts to collect these ARs are in accordance with SAM section 8776.6
2. Will discharge only those debts that have been determined uncollectible or it is not cost beneficial to continue pursuing collection
3. Understands the discharge from accountability does not release the debtor from the debt owed to the state

An example of what should be included in the request letter is available on the Accounts Receivable Toolkit at: http://www.dof.ca.gov/accounting/fscu/. Questions regarding this authorization should be directed to the VCGCB, Government Claims Program, at (916) 491-3700 or toll free (800) 955-0045. Departments who do not obtain approval from the VCGCB shall apply for discharge from accountability with the SCO, as indicated above.

The California State Universities must refer to Education Code section 89750.5 for application limitations.

ENTRY NO. 3 **10503**
(Revised 9/2014)

Nature of Transaction:

Claims are filed with the State Controller's Office for payment.

Journal Entry for General Ledger Accounts:

Debit:

3410	Revenue Collected in Advance	a/
5350	Reserve for Encumbrances	b/
8000	Revenue	c/
9000	Appropriation Expenditures	d/
9893	Prior-Year Appropriation Adjustments	e/

Credit:

3020	Claims Filed	f/
6150	Encumbrances	b/

a/ amount of claims filed for refunds of revenue collected in advance.

b/ amount of encumbrances liquidated by claims filed.

c/ amount of claims filed for refunds of revenue.

d/ amount of claims filed against appropriations currently available for encumbrance.

e/ amount of claims filed against prior-year appropriations that are no longer available for encumbrance.

f/ total amount of claims filed less claim corrections as recorded in the Claims Filed Register.

(Continued)

(Continued)
ENTRY NO. 3 **10503** (Cont. 1)
(Revised 9/2014)

Source:

Documents:
Claim Schedule, STD. 218 (Continuous)
Notice of Claim Corrections

Register:
Claims Filed Register

Explanation:

The amount of claims filed less claim corrections received is summarized in this entry. From this summary (1) expenditures and refunds of revenue with the accompanying liability for claims filed are recorded and (2) currently outstanding encumbrances are liquidated.

(Continued)

(Continued)
ENTRY NO. 3 **10503** (Cont. 2)
(Revised 9/2014)

CLAIMS FILED REGISTER

Date 19__	Warrants Issued	Schedule Number	Total of Schedule 1.	Appropriation Expenditures 2.	Prior-Year Expenditures Debit 3.	Encumbrances Liquidating* 4.	Encumbrances Not Liquidating 5.
4-28	X	1426	3600.00	3600.00		2100.00	1500.00
		27	50.00		50.00		
	X	28	21420.00	21420.00		21420.00	
		(cc-1) 1419**	-2900.00	-2900.00			-2900.00
		29	450.00	450.00			450.00
		30	1200.00		1200.00		
4-29	X	30	2900.00	2900.00			2900.00
		31	650.00	650.00		650.00	
	X	33	300.00		300.00		
		34	200.00	200.00			200.00
	X	35	350.00		350.00		
4-30		36		800.00		500.00	300.00
		37	800.00	800.00		600.00	200.00
		(cc-2) 1421**	-50.00	-50.00			-50.00
			29770.00	27870.00	1900.00	25270.00	2600.00
			Cr. 3020	Dr. 9000	Dr. 9893	Dr. 5350 Cr. 6150	(Included in Column 2)

* The illustration shows the amount liquidated always to be the amount of the related expenditure. (Column 2 equals Column 4 plus Column 5). Under this procedure adjustments between amounts encumbered and expended are recorded in the Estimates Register (See Entry No. 2). Agencies, however, will use the alternate procedure herein described if for their operations it is more efficient. Alternate procedure: Under this procedure the amount liquidated is the amount of the related expenditure only where the expenditure relates to furnishing a part of the goods or services for which an encumbrance was established. The amount liquidated is the remaining amount encumbered if there have been partial liquidations and the payment is the final one. The amount liquidated is the total amount originally encumbered if there have been no partial liquidations and the payment is the final one.

** Notices of claim corrections will be entered in chronological sequence. Column totals are the net of new claims filed and claim corrections received. As Notices of Claims Paid, Form CD-102, are received from the State Controller's Office, original claims and related and claim corrections will be checked in the warrants issued column of this register. Unchecked items will represent the detail of outstanding claims filed and related claim corrections.

ENTRY NO. 5 **10505**
(Revised 9/2014)

Nature of Transaction:

Notices of Claims Paid, CD–102 (CD–102) form, are received from the State Controller's Office (SCO) for warrants issued in payment of claims. The warrants are either (1) centrally mailed to payees by the SCO or (2) delivered for distribution to payees to the department that submitted the claim schedule. (This entry is made as a transaction of the month in which the Controller's Warrants were issued as indicated on the CD–102.) See SAM section 10515 for entry to record settlement of "NO WARRANT" claims.

Journal Entry for General Ledger Accounts:

Debit:

3020 Claims Filed

Credit:

1140 Cash in State Treasury

Source:

Document:

Notice of Claims Paid, CD–102

Register:

None. Use the monthly CD–102 report

Explanation:

This entry is made at the close of each month to record CD–102s received from SCO. The total of warrants issued as shown on each CD–102 is checked with the amount of the claim filed. 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.