

SAM – REVISION SUMMARY 434

Revisions to SAM sections are provided after the summary table below, and are indicated with the “track changes” display through the revised text on all revised SAM pages. Highlighted content indicates newly added information to the SAM chapter. “Track Changes” are not inserted for format changes.

**** Follow the link to the revised SAM Chapter ****

CHAPTER/ SECTION	SUMMARY
CHAPTER 0700	
Section 0757	Changed Victims Compensation and Governmental Claims Board to Department of General Services
CHAPTER 2400	
Section 2464	Changed the name and address for filing claims against the state of California.
CHAPTER 3600	
Section 3620.1	Add waiver language that aligns SAM with MM 15-03 that was inadvertently left out of the last revision.
CHAPTER 3800	
Section 3862	Changed Victims Compensation and Governmental Claims Board to Department of General Services; changed instructions for filing a claim against a carrier.
CHAPTER 4800	
Section 4819.2	Per TL 16-04, updated to add new California Project Management Framework (CA-PMF) definition. Deleted California Project Management Methodology (CA-PMM) definition.
Section 4819.31	Per TL 16-04, updated to require the CA-PMF, or other Project Management Body Of Knowledge (PMBOK® Guide)-based comprehensive framework that meets the minimum level of planning included in the CA-PMF, be used for managing all IT projects.
CHAPTER 4900	
Chapter 4900 Index	Renamed 4810 and added new sections 4810.1 and 4810.2
Section 4910	Per TL 16-04, updated to remove CA-PMM description and replace with general Project Management overview.
Section 4910.1	New: Per TL 16-04, new project manager qualification definition and requirements added based on project complexity level.
Section 4910.2	New: Per TL 16-04, new Project Management and CA-PMF descriptions added.
CHAPTER 5300	
Section 5330.2	Per TL-16-05, updated to direct Agencies/state entities to immediately report all information security incidents in accordance with SAM Sections 5340 through 5340.4.

SAM – REVISION SUMMARY 434

<u>CHAPTER 6000</u>	
Section 6472	Changed Victims Compensation and Governmental Claims Board to Department of General Services
<u>CHAPTER 7300</u>	
SAM Chapter 7300 Index	Renamed California Victim Compensation and Government Claims Board to the Department of General Services.
Section 7340	Renamed and revised to update the transfer of responsibilities from the California Victim Compensation and Government Claims Board to the Department of General Services.
<u>CHAPTER 8200</u>	
Chapter Index	8212-8215 removed “Subsidiary” from titles
All Sections 8200	Updated all sections to current terms and made minor edits
<u>CHAPTER 8300</u>	
Section 8342.3	Revised to bring state policies and practices up to date.
<u>CHAPTER 8400</u>	
Section 8422.190	Revise Revised to identify that STD 204s are required from non-state employees authorized to receive travel expense reimbursements.
Section 8422.195	Provide more guidance on nonresident state withholding.
Section 8422.196	Add section on state backup withholding and nonresident income taxes withheld.
Section 8422.7	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services.
Section 8474.2	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services.
<u>Chapter 8700</u>	
Section 8710	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services and minor edits.
Section 8712	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services.
Section 8776.6	Revised to change Government Code section 13943.2 to Government Code section 12438. Departments no longer need to request approval to discharge accounts receivable amounts of \$500 or less if collection efforts are not successful provided that attempts to collect are in accordance with SAM section 8776.6.

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<u>Chapter 10500</u>	
Section 10507	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services.
Section 10509	Revised to change Government Code section 13943.2 to Government Code section 12438 which allows state departments to discharge accounts receivable amounts of \$500 or less if collection efforts are not successful.
<u>Chapter 18400</u>	
Section 18424.7	Revised to change California Victim Compensation and Government Claims Board to the Department of General Services and minor edits.

SAM - TRAVEL

REIMBURSEMENT FOR DAMAGE TO PRIVATELY-OWNED VEHICLE

0757

(Revised 6/2016)

An employee can claim repair for a privately-owned vehicle damaged while conducting official State business if the accident was not the employee's fault. Payment is made out of the employing agency's allotted travel funds. File the claim in the following manner:

1. File a Report of Vehicle Accident form, [STD. 270](#). See SAM Chapter [2400](#) for instructions.
2. Attempt to recover damages through insurance coverage.
3. Prepare TEC. Attach the green copy of STD. 270, signed by the employee's supervisor, and a receipted bill for repairs/parts to the TEC. Enter this certification in the Remarks Section of the TEC: "I hereby certify that this expense was incurred by me as a result of damage to my privately-owned vehicle. This expense is not reimbursable through the insurance coverage of any of the parties involved in the accident."
4. Submit three estimates of repair costs.

The approving official takes the following actions:

1. Reviews STD. 270 and TEC for compliance with the governing [CALHR](#) Rules.
2. Signs STD. 270 to certify that the vehicle was being operated on official State business and that the accident was not through the fault of the employee.
3. Determines the claim is not the result of the employee's, officers, or agent's decision not to maintain collision coverage. Claims filed because of a decision not to maintain collision coverage may be filed with the ~~Victim's Compensation and Government Claims Board~~ [Department of General Services](#).
4. Signs TEC to certify the employee has presented sufficient evidence that the repair expense has not been paid by insurance and to authorize payment for the least costly of the three competitive estimates.

SAM—INSURANCE AND SURETY BONDS

INQUIRIES FOR FILING CLAIMS AGAINST THE STATE OF CALIFORNIA

2464

(~~Reviewed 3/14~~) [Revised 06/2016](#)

Any inquiry or claim against the State of California, departments or employees will be directed to:

~~Victims Compensation and
Government Claims Board
P.O. Box 3035,
Sacramento, CA 95812-3035
800-955-0045
Department of General Services
Office of Risk & Insurance Management
Government Claims Program
P.O. Box 989052 MS – 414
West Sacramento, CA 95798-9052
(800)-955-0045~~

Additional information and services may be accessed from ~~Victim Compensation and
Government Claims Board~~ [Department of General Services](#) home page located at:
~~<http://www.vcgeb.ca.gov>~~ <http://www.dgs.ca.gov/orim>.

SAM—INSURANCE AND SURETY BONDS

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Government Claims Board~~ [Department of General Services](#) home page located at:
~~<http://www.vcgeb.ca.gov>~~ <http://www.dgs.ca.gov/orim>.

SAM-PURCHASES (Cont.)

TYPICAL FLEET VEHICLE

3620.1

(Revised ~~6/2016~~^{5/2015})

Typical fleet vehicles are two-door and four-door sedans with interior volume, passenger and luggage area combined, less than 110 cubic feet. Each agency's annual purchases that are powered solely by internal combustion engines utilizing fossil fuels, or that are powered by more than one source, such as a nonplug-in hybrid electric vehicles must average at least 38 Environmental Protection Agency combined city/highway mileage for passenger vehicles and 22.2 Environmental Protection Agency combined city/highway mileage for light duty trucks, vans and sport utility vehicles. The Director of [the Department of General Services \(DGS\)](#) may adjust the average miles per gallon (MPG) figure upward each year if examination of the mileage performance of vehicles that will meet the State's needs shows there will be at least two competing manufacturers that can meet higher mileage requirements. [DGS may waive application of the standards if the State is unable to secure a competitively bid contract for a vehicle that meets both the needs of the department purchasing it, and the minimum MPG standard in this policy.](#) Colors shall be solar reflective (white, silver metallic or gold metallic) unless the department is granted specific approval to use a non-solar reflective color by the Department of General Services, Office of Fleet and Asset Management. The following preapproved exemptions do not require a written request:

- Vehicles over 8,500 GVWR
- Vehicles that are NOT rated for highway speeds (e.g.: Gator, electric cart)
- Authorized Emergency vehicles, as defined in §165 of the Vehicle Code, that are equipped with emergency lamps or lights described in §25252 of the Vehicle Code.

For additional information on Fuel Economy Standards see Management Memo (MM) [15-03](#).

SAM—TRANSPORTATION MANAGEMENT

CLAIMS AGAINST FREIGHT CARRIERS FOR LOSS OR DAMAGE TO SHIPMENTS

3862

~~(Revised 03/07)~~(Revised 06/2016)

Use the following instructions for filing a claim against a carrier for loss or damage to shipments in transit:

~~If your claim is for less than \$100, file it directly with the carrier.~~

~~1. If your claim is for \$50 or less, you do not have to collect if your agency has authorization from the State Victims Compensation and Government Claims Board under Government Code Section 13943.2. Departments are granted authorization to refrain from collecting accounts receivables of \$500 or less, provided that:~~

- ~~• Attempts to collect are in accordance with SAM section 8776.6.~~
- ~~• Departments will discharge only debts that have been determined to be uncollectable or continued efforts to collect are not cost beneficial.~~
- ~~• Departments understand the discharge from accountability does not release the debtor from the debt owed to the state.~~

~~2. For claims above \$500, departments should handle the matter directly with the carrier.~~

~~2.—~~

~~3. If your claim is for \$100 or more, send your claim to DGS Transportation Management Unit. Include all documents and information that will help the DGS Transportation Management Unit file the claim.~~

~~If you ask, the DGS Transportation Management Unit will advise and help you with loss and damage problems.~~

**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

(Continued)

DEFINITIONS

4819.2 (Cont. 1)

(Revised 4/5/2016)

Business Strategy: An Agency/state entity's business strategy is its overall plan for accomplishing its mission in a changing environment with the resources it can reasonably expect to be available. Such a strategy typically addresses the Agency/state entity's statutory mission and historical role, the expectations of its key stakeholders (individuals and organizations that affect the Agency/state entity or that the Agency/state entity affects), the factors that are critical to its success as an organization, the Agency/state entity's internal strengths and weaknesses, and the political, social, economic, and technological forces in its environment that support or constrain its programs. Business strategies articulate the key issues that must be successfully addressed by the Agency/state entity and identify the priorities and required resources for proposed actions. A strategy may have a time frame that is as short as a few months. However, most Agency/state entity business strategies present a three- to five-year perspective, with some Agencies/state entities finding it useful to extend their strategic vision as much as ten to twenty years into the future. Strategic planning is not a one-time effort; it is a fundamental, continuing management process that allows the Agency/state entity to respond in an effective manner to a changing environment.

California Project Management Methodology Framework: The California Project Management Methodology (CA-PMM) Framework (CA-PMF) is a customized, orchestrated collection of project management workflow derived from the Project Management Institute's process groups. The CA-PMM identifies 500 hours of effort best practices and scalable resources, tools, and templates to be the threshold for requiring CA-PMM used by project management disciplines. While smaller endeavors are not subject practitioners to the CA-PMM, they should still be planned and managed effectively. plan and manage projects. The CA-PMF is based on the Project Management Body of Knowledge (PMBOK® Guide), as well as project management lessons learned in the State of California.

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Cloud Computing: A model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction.

Cloud Software as a Service (SaaS): The capability provided to the consumer is to use the provider's applications running on a cloud infrastructure. The applications are accessible from various client devices through a thin client interface such as a web browser (e.g., web-based email). The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.

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**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

**BASIC POLICY
(REVISED 4/5/2016)**

4819.31

Each Agency/state entity is required to:

1. Establish and maintain a Technology Recovery Plan, so that it will be able to protect its information assets in the event of a disaster or serious disruption to its operations, and submit the plan or its update to the California Information Security Office (CISO) as outlined in the Technology Recovery Plan Reporting Schedule ([SIMM Section 05B](#)). See SAM Section [5325.1](#).
2. Establish an ongoing information management strategic planning process to support the accomplishment of its overall business strategy (e.g., its strategy to carry out its programmatic mission) and submit its strategic plan to the Department of Technology for approval. See SAM Section [4900.2](#).
3. Adopt standards for an Agency/state entity IT infrastructure consistent with SAM Section [4900.1](#).
4. Prepare Stage 1 Business Analysis ([SIMM 19A](#)) for all Information Technology Projects and submit to the Department of Technology for long term planning of the state's strategic IT investments. See SAM Section [4904](#).
5. Use the California Project Management ~~Methodology~~[Framework](#) (~~CA-PMP~~[PMF](#)) as described in SAM Section [4910](#) for managing all IT projects. [Agencies/state entities may use other comprehensive PMBOK® Guide-based frameworks if the framework encompasses project management practices, processes, and deliverables that meet the minimum level of planning included in the CA-PMF.](#)
6. Implement their Enterprise Architecture in accordance with the guidelines and instructions included in [SIMM Section 58](#).
7. Conduct a study for each proposed IT project (development or acquisition) and obtain approval through the Project Approval Lifecycle from the Department of Technology or from the Agency/state entity director (if approval authority has been delegated). See SAM Sections [4819.34-4819.35](#).

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**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

Note: Effective January 1, 2008, the Office of Information Security (Office) restructured and renumbered the content and moved SAM Sections 4840 – 4845 to SAM Sections 5300 – 5399. See also the Office's Government Online Responsible Information Management (GO RIM) Web site at www.infosecurity.ca.gov for statewide authority, standards, guidance, forms, and tools for information security activities.

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**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

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**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

**CALIFORNIA PROJECT MANAGEMENT METHODOLOGY
(CA-PMM) PROJECT MANAGEMENT**

4910 (Revised 6/5/2015)

~~The California Project Management Methodology (CA-PMM) is based on project management best practices as described in the Project Management Institute's Project Management Body of Knowledge (PMBOK). The purpose of the CA-PMM is to provide consistent project information regardless of the Agency/state entity that is managing the project to provide policymakers greater visibility as to the status of IT projects and enable project executives, control agencies, and other interested parties to review and evaluate the status of IT projects as well as provide informed direction and guidance to IT Project Managers.~~

~~The CA-PMM provides the framework for the entire Project Management Cycle from project concept to maintenance and operations. Included in the CA-PMM are a set of templates to support the Project Management Life Cycle and a Reference Manual that contextualizes the different elements of the Project Management Life Cycle. See SIMM Section 17 for the Toolkit, the Reference Manual, and the specific conditions for utilizing the CA-PMM.~~

“Project management is the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements. Project Management develops and implements plans to achieve a specific scope that is driven by the objectives of the program or portfolio it is subjected to and, ultimately, to organizational strategies.” (PMBOK 5th Edition®). The purpose of project management is to ensure that the delivered product, service or result meets the customer's requirements and is delivered on time and within budget. A project management methodology improves the quality of project planning, communication, control of the execution and closure processes, and thus the deliverables. As the project progresses, and as challenges or changes emerge, the Project Manager must understand and balance the project's scope, schedule, cost, and quality objectives.

**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

**SAM 4910.1 Project Manager
Qualifications PROJECT MANAGER
QUALIFICATIONS**
(New/Revised 5/2016)

4910.1

Agencies/state entities must assign Project Managers with the qualifications and skills commensurate with the complexity of the IT project they are managing. Assigning a skilled Project Manager is of critical importance to the success of IT projects. Project Management qualification requirements may be met through formal training, certification in industry stated project management, or previous experience. The following Project Manager qualification requirements are based on the project's Complexity Rating and assessed by the Department of Technology IT Project Oversight Division through the Project Approval Lifecycle:

Low Complexity Projects – The Project Manager should have some training in project management methodology and project management tools. In addition, the Project Manager should have demonstrated leadership, organization, critical thinking, and interpersonal skills.

Medium Complexity Projects – In addition to the requirements identified for low complexity projects, the Project Manager should have substantial project management training and experience leading several low complexity project efforts through all phases of the project lifecycle requiring the effective management of people and technology. The Project Manager should have proficiency in leadership, organization, critical thinking, stakeholder management, and Information Technology. Medium complexity projects typically incorporate more than one technology type or functional group, and the Project Manager needs to be able to manage several different functional groups with different needs.

High Complexity Projects – The Project Manager should possess advanced project management certifications and should have been directly responsible for all knowledge areas across all process groups for high-profile medium complexity project engagements and be well recognized for their efforts. The project manager must also have knowledge of various approaches to system development/replacement, procurement, contract management, personnel management, supplier management, stakeholder management, operation support, and Organizational Change Management. A project manager at this level must be able to understand the technology being used but not necessarily be an expert in it. Project managers will be spending most of their time working the planning and controlling aspects of the project as well as dealing with the “political” issues. Delegation, time management, and interpersonal skills are keys to success. Large complexity projects are those that are Agency/state entity-wide or extend beyond the Agency/state entity itself. The person must have the unwavering confidence of Agency/state entity management and be considered an acceptable and respected representative for the Agency/state entity.

**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

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PROJECT MANAGER QUALIFICATIONS **4910.1 (Cont. 1)**

(New/Revised 5/2016)

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The AIO or the Department CIO, as appropriate, is responsible for ensuring that project managers possess the appropriate qualification before their assignment to an IT project. The Department of Technology may require, at any time, the Agency/state entity to provide evidence of the Project Manager's certification, training or previous project management experience.

**SAM – INFORMATION TECHNOLOGY
(California Department of Technology)**

SAM 4910.2 California CALIFORNIA PROJECT Management FRAMEWORK Framework (CA-PMF) 4910.2

(New/Revised 5/2016)

The California Project Management Framework (CA-PMF) has been designed as an adaptable resource that provides California public sector organizations with an approach to project management that lays the foundation for project success. The CA-PMF offers guidance and insight on project management methods and approach through the use of scalable resources, tools, and templates. The CA-PMF is intended as a practical and useful guide to lead a Project Manager and project team through the project management lifecycle for projects of all sizes so that they achieve expected outcomes. The framework supports project management practices that conform to industry standards as defined by the Project Management Institute (PMI) and adapted to the context of California State government.

The CA-PMF includes all major project processes and activities, from initial project definition to closing the project. With project management described as a series of activities undertaken by the project team, the Project Manager is equipped with the tools necessary to consider the needs of the project and how its organization can be structured and managed to deliver the intended result. The CA-PMF aligns with policy, identifies the connections to the project oversight and project approval processes, and directs practitioners to the appropriate resources for further information on those processes.

SAM – INFORMATION SECURITY
(Office of Information Security)

COMPLIANCE REPORTING

5330.2

(Revised ~~8/2015~~5/2016)

Policy: Each state entity shall comply with the following reporting requirements as directed by the CISO:

1. Designation Letter – By January 31 of each year, and as designee changes occur, the state entity head shall designate an ISO, Technology Recovery Coordinator and Privacy Officer/Coordinator using the Designation Letter (~~SIMM 5330-A~~ SIMM 5330-A). Upon the designation of a new ISO, Disaster Recovery Coordinator, and/or Privacy Program Coordinator, the state entity must submit an updated Designation Letter to the CISO within ten (10) business days using the Designation Letter (~~SIMM 5330-A~~ SIMM 5330-A).
2. Risk Management and Privacy Program Compliance Certification – By January 31 of each year, the state entity head shall certify that the entity is in compliance with state policy governing information security, risk management and privacy program compliance by submitting the Risk Management and Privacy Program Compliance Certification (~~SIMM 5330-B~~ SIMM 5330-B).
3. Technology Recovery Plan – Each year the state entity head shall submit a copy of its Technology Recovery Plan (TRP) with the Technology Recovery Program Compliance Certification (~~SIMM 5325-B~~ SIMM 5325-B) to the CISO by the due date outlined in the Technology Recovery Plan Submission Schedule. If the state entity employs the services of a data center, it must also provide the data center with a copy of its TRP or subset of the relevant recovery information from the state entity's TRP.
4. ~~Incident Follow-up Report—Within ten (10) business days from the date of reporting an incident, each state entity must complete an Information Security Incident Report (SIMM 5340-B).~~ Incident Report – Incidents must be immediately reported in accordance with SAM Sections 5340-5340.4 requirements. The CISO may require, in conjunction with its assessment of the incident, that the state entity provide additional information.

Program deficiencies identified through compliance certification reporting, risk assessments, audits, incidents or oversight reviews also require the submission of a Plan of Action and Milestones (POAM). State entities shall use the standardized POAM reporting instruction and tool (~~SIMM 5305-B and SIMM 5305-C, respectively~~ B and SIMM 5305-C, respectively).

Implementation Controls: Designation Letter (~~SIMM 5330-A~~);(SIMM 5330-A); Risk Management and

Privacy Program Compliance Certification (~~SIMM 5330-B~~);(SIMM 5330-B); Technology

Recovery Program Compliance Certification (~~SIMM 5325-B~~);(SIMM 5325-B);

Information Security Incident Report (~~SIMM 5340-B~~);(SIMM 5340-B); and Plan of Action and Milestones (~~SIMM 5305-B and SIMM 5305-C~~);

~~Rev. 431-B~~ and SIMM 5305-C).

SAM - BUDGETING

CLAIMS AND TORT LIABILITY BUDGET PROCEDURE

6472

(Revised 9/2010)(Revised 06/2016)

Each year, one or more pieces of legislation is pursued which authorizes payment of:

1) government claims approved by the ~~California Victim Compensation and Government Claims Board (VCGCB) formerly—Board of Controll~~ Department of General Services (DGS) when there is no other statutory authority for payment, and 2) judgments and settlements by Department of Justice (DOJ) when there is insufficient expenditure authority.

~~VCGCB~~ DGS Approved Claims

In this situation, ~~VCGCB~~ DGS has approved a claim and, with input from the affected department, determined that there is no statutory authority for its payment. Generally, twice a year, ~~VCGCB~~ DGS sends a list of claims with no statutory authority for payment to the Department of Finance (Finance). Finance analysts work with the affected departments to identify the appropriation to be charged and to certify that the necessary funds are available. These claims are then included in a claims bill and the chaptered bill reduces individual Budget Act items and transfers the authority for payment of claims to ~~VCGCB~~ DGS.

When statutory authority for payment already exists, legislation is not required and the department may pay ~~VCGCB~~ DGS approved claims directly without obtaining approval from Finance. The most common reason why a claim may lack statutory authority for payment is because it arose from a stale-dated warrant and the department no longer has expenditure authority for the fiscal year in which the warrant was issued.

Government Code §section 905.2(f) authorizes ~~VCGCB~~ DGS to assess a surcharge in an amount not to exceed 15 percent of the total approved claim. These surcharges are treated as expenditures to the Budget Act items listed in the legislation.

Judgments and Settlements

In this situation, a chaptered claims bill authorizes DOJ to pay settlements or judgments directly from specified fund balances because there are insufficient funds available in an individual appropriation. To initiate inclusion of a judgment or settlement in a DOJ claims bill, Finance is required to send a letter to DOJ approving the settlement or judgment claim and certifying that the affected department's appropriation cannot absorb the cost of claim.

If the department has sufficient expenditure authority for payment of the claim, legislation is not required and it may pay the claim directly after obtaining approval from Finance. In accordance with SAM §section 8712, Finance approval is required for all claims in excess of \$35,000.

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SAM - BUDGETING

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CLAIMS AND TORT LIABILITY BUDGET PROCEDURE

6472 (Cont. 1)

~~(Revised 9/2010)~~ [\(Revised 6/2016\)](#)

Upon request of Finance, DOJ, the Department of Transportation, and ~~the VCGCB~~ [DGS](#) shall submit reports to Finance providing actual cost data for the prior fiscal year. Such data is to include the following:

1. Claim payment expenditures by fund.
2. Staff services expenditures by fund.

Although the state no longer carries general tort liability insurance, several departments and agencies carry specialized insurance policies for specific purposes, e.g., Cal Expo and water project bond programs. The Department of General Services Insurance Office shall maintain, and submit to Finance upon request, for all departments and agencies, actual prior year, estimated current year, and anticipated budget year expenditures for tort liability insurance premiums.

CHAPTER 7300 INDEX

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SAM—ORGANIZATION FOR FISCAL MANAGEMENT

~~CALIFORNIA VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD~~ Department of General Services

7340

~~(Revised 12/09)~~ (Revised 6/2016)

~~The California Victim Compensation and Government Claims Board (VCGCB) is a three-member board made up of the Secretary of the State, the State Controller, and a member appointed by the Governor. The primary VCGCB responsibilities include the adoption of general rules and regulations governing the following:~~ Pursuant to the Governor's Budget Fiscal Year 2016/2017, as of July 1, 2016, the responsibilities listed below will be transferred from the California Victim Compensation and Government Claims Board to the Department of General Services (DGS). The primary DGS responsibilities include the adoption of general rules and regulations governing the following:

~~a. Limitation of the amount, time, and place of expenses and allowances to be paid to constitutionally elected and judicial officers while traveling on official State business.~~

~~b.~~ a. Presentation and audit of claims against the Statestate for which (1) an appropriation has been made or a Statestate fund is available and which the claims have been rejected by the Controller; (2) the appropriation made or fund designated is exhausted; (3) no appropriation has been made or no fund is available but the settlement of which has been provided for by statute or constitutional provision; and (4) settlement is not otherwise provided in statute or constitutional provision. Also, claims against the Statestate will be presented to the VCGCB for any other injury for which the Statestate is liable.

~~c.~~ b. Authorization for a Statestate agency department to refrain from collecting taxes, licenses, fees, or money owing to the Statestate for any reason where the amount to be collected is five hundred (\$500) or less.

Website: ~~<http://www.vcgcb.ca.gov/>~~ <http://www.dgs.ca.gov/orim>

8200 – Income ~~CHAPTER 8200 INDEX~~

[Click Here To Download The Entire Chapter “PRINT” Version](#)
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GENERAL**8200**

| (Revised ~~2/1999~~[04/2016](#))

As used in this chapter the term “income” refers to revenue, reimbursements, or abatements. Instructions in this chapter apply to all such income of all funds unless other accounting treatment is provided for by law or special instructions issued by the Department of Finance (~~DOF~~[Finance](#)), Fiscal Systems and Consulting Unit ([FSCU](#)).

REVENUE

8210

(Revised ~~2/1999~~04/2016)

During the fiscal year, revenue accounts will be credited on a cash basis as of the date the remittances received or amounts transferred from other funds are determined to be earned.

Amounts due the sState and earned as of June 30, **whether billed or unbilled**, will be accrued as revenue if it is estimated to be collected within the ensuing fiscal year. ~~(see SAM [section 10610, Entry A-9, Revenue Is Accrued](#))~~. For those amounts that are unbilled, the receivable will also be accrued. ~~(see SAM [section 10602, Entry A-3, Accounts Receivable Abatements and Reimbursements Are Accrued](#))~~. Amounts earned but estimated not to be collected within the ensuing fiscal year will be fully deferred and will not be accrued as revenue.

Adjustments will be made to the June 30 account balances if it is determined in July that cash received on or before June 30 was actually earned prior to July 1. If these amounts were originally recorded as an accounts receivable, the receivable will also be reduced.

Unless otherwise provided, cash received is earned as follows:

1. Fees for an original or renewal registration, license, permit, or certificate are earned upon registration or issuance unless a renewal receipt is issued in a fiscal year which precedes the first day of the renewal year. ~~Agencies~~Departments will account for the issuance of renewal receipts as follows:
 - a. Credit the revenue account of the fiscal year in which the renewal receipt is issued if the renewal receipt is issued in the same fiscal year as the renewal year.
 - b. Credit a revenue collected in advance account if the renewal receipt is issued in a fiscal year which precedes the first day of the renewal year.
2. An application fee, filing fee, or other fee which by law or administrative practice is not subject to refund is earned when the remittance is received.
3. A fee for a specific service is earned upon the performance of the service.

(Continued)

(Continued)

REVENUE

8210 (Cont. 1)

(Revised ~~2/1999~~04/2016)

Revenue collected in advance received on or before June 30, but not earned as of that date will be accounted as revenue of the fiscal year in which it is earned. On or after July 1, an entry will be made crediting a revenue account and debiting a revenue collected in advance account.

If unearned revenue is remitted to the State Treasury before July 1 of the fiscal year in which it is earned, it will be ~~reported on the Report to State Controller of Remittance to State Treasurer Form CA-21 (remittance advice)~~recorded as Account No. 3410 Revenue Collected in Advance, or Account No. 3430 Operating Revenue Collected in Advance. On or after July 1 of the fiscal year in which revenue so remitted is earned, ~~agencies~~departments will request the State Controller's Office (SCO) to transfer the applicable amount to the appropriate Revenue or Operating Revenue account.

SUBSIDIARY REVENUE ACCOUNTING

8212

(Revised ~~2/1999~~04/2016)

~~Subsidiary r~~Revenue accounts will be maintained in a Revenue Ledger. Entries to ~~these subsidiary~~revenue accounts will be made ~~monthly~~ from ~~distribution column totals~~ in the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. ~~Where subsidiary revenue accounts are so numerous as to make recording of revenue by type in registers unwieldy, only daily revenue totals will be recorded in the registers.~~ The analysis of such amounts will be posted to the Revenue Ledger from the detail shown on collections reports, clearance documents, revenue refund claims, etc.

SUBSIDIARY REVENUE ACCOUNTS

8213

(Revised ~~2/1999~~04/2016)

~~Subsidiary~~ R revenue accounts s_codes provide accounting information which is used to prepare financial statements and other fiscal reports. The first four digits of the six-digit ~~subsidiary~~ revenue account code represent the minimum level required for state financial reporting purposes. The last two digits may be used by departments requiring greater detail. A complete listing of all ~~subsidiary~~ revenue accounts s_codes ~~is-is~~ in the Uniform Codes Manual (UCM).

SUBSIDIARY OPERATING REVENUE ACCOUNTING

8214

(Revised ~~2/1999~~04/2016)

~~Subsidiaries for e~~Operating revenue accounts will be maintained in an Operating Revenue Ledger. Entries to ~~these subsidiary~~ operating revenue accounts will be made ~~monthly~~ from ~~distribution column totals in~~ the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. ~~Where subsidiary revenue accounts are so numerous as to make recording of revenue by type in registers unwieldy, only daily revenue totals will be recorded in the registers.~~ The analysis of such amounts will be posted to the Operating Revenue Ledger from the detail shown on collection reports, clearance documents, revenue refund claims, etc.

SUBSIDIARY OPERATING REVENUE ACCOUNTS

8215

(Revised ~~2/1999~~04/2016)

~~Subsidiary~~ Operating revenue accounts codes provide accounting information which is used to prepare financial statements and other fiscal reports. The first digit of the operating revenue six-digit code is a two (2). The second and third digits are coded to show the type of operating revenue. The fourth digit shows the source of operating revenue. The last two digits may be coded by the department when greater detail is required. A complete listing of all ~~subsidiary~~ operating revenue accounts codes ~~is~~ is in the UCM.

REFUNDS

8240

(Revised ~~2/1999~~04/2016)

Refunds are generally authorized by Government Code (GC) ~~S~~sections [13140 through 13144](#). Any fee or excess payment may be refunded (~~a~~1) from any unremitted balance of receipts of the same nature in the state ~~agency's~~department's checking account or (~~b~~2) from the revenue account in the fund where the original receipt was credited. Individual refund claims in excess of \$10,000 which will be submitted to the [SCO](#) for payment must be approved in advance by ~~the DOF~~Finance and the SCO prior to submission.

Refund Claims

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Claim schedules filed for refunds of revenue will be processed as follows:

Refunds of amounts that were remitted in a previous fiscal year or as prior year revenue will be filed against the prior year revenue account. Refunds of amounts that were remitted in the current fiscal year as current year revenue will be filed against the current year revenue account.

OVERPAYMENTS AND UNDERPAYMENTS

8241

(Revised ~~12/2009~~04/2016)

In ~~agencies~~departments where the receipt of cash requires that a liability account (e.g., uncleared collections or revenue collected in advance) be credited pending the earning of a remittance, the credit will be for the amount of cash received.

Overpayments

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In accordance with applicable provisions of law, overpayments may be: (1) applied against other amounts due the State from the payers, (2) refunded automatically, or (3) held pending receipt of refund requests.

GC ~~S~~section ~~16302~~16302.1-4 permits state ~~agencies~~departments to remit overpayments of \$10.00 or less to the Treasury as miscellaneous revenue or operating revenue, subject to the right of the payer to make a claim for refund if otherwise authorized by law.

Field Code Changed

Unless the overpayment is being applied to other amounts due the State from the payers, ~~agencies~~departments using GC ~~S~~section 16302.1 will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue ~~subsidiary~~-account code will be credited for the applicable amount. If no appropriate revenue account code is available, t~~t~~he overpayment will be credited to miscellaneous revenue in the revenue or operating revenue ~~subsidiary~~-account.

Underpayments

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~~Agencies~~Departments will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue ~~subsidiary~~-account code will also be credited for the amount received except if the payment is for a press-numbered document of fixed value. For this situation, the appropriate revenue or operating revenue ~~subsidiary~~-account code will be credited for the fixed value. The underpayment will be debited to miscellaneous revenue in the revenue or operating revenue ~~subsidiary~~ account. Any remittance advice showing a debit to miscellaneous revenue or operating revenue for this reason will state that it is due to net underpayments.

See SAM ~~S~~section 8776.6, Non-Employee Accounts Receivable, for information on collection of amounts owed to the state.

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STATE CONTROLLER'S WARRANTS

8281

(Revised ~~12/2003~~04/2016)

State Controller's warrants that remain uncashed for one year will be cancelled by the [SCO](#) and credited to an escheat revenue account in the fund from which they were drawn.

State Controller's warrants that have been returned as unclaimed and for which the claimant cannot be located will also be cancelled and remitted to an escheat revenue account in the fund from which they were drawn.

~~Agencies~~[Departments](#) will maintain a subsidiary ledger of all amounts credited to and disbursed from the escheat revenue accounts. Subsequent claims made by payees within 2two years of the date the warrant was cancelled will be processed by filing a claim schedule against an escheat revenue account. For those amounts credited in the current fiscal year, the claim schedule shall be filed against the current year escheat revenue account. For those amounts credited in a prior fiscal year, the claim schedule shall be filed against the prior year escheat revenue account. The SCO will process the claims regardless of the balances in the escheat revenue accounts.

Expenditure claims made by payees more than 2two years after the cancellation date of the warrants will be processed in the same manner as claims against a reverted appropriation. ~~(See SAM Ssection 8422.7, [Invoices Payable From Reverted Appropriations](#)).~~ Revenue refund claims by payees more than 2two years after the cancellation date of the warrants will be processed in accordance with SAM ~~S~~section [8240, Refunds](#).

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MISCELLANEOUS UNCLAIMED TRUST DEPOSITS

8283

(Revised ~~12/2003~~04/2016)

Unless otherwise provided by law, pursuant to GC ~~S~~section 16374, amounts of unclaimed money on deposit for two years in the unclaimed trust account of the Special Deposit Fund will be transferred by SCO to the General Fund. SCO will account these transfers as General Fund revenue. ~~Agencies~~Departments will not account General Fund revenue arising from this source.

SURPLUS MONEY INVESTMENT FUND

8284.1

(Revised ~~6/2004~~04/2016)

Interest on investments of the Surplus Money Investment Fund is apportioned to other funds quarterly by the SCO pursuant to ~~(GC S~~section 16475). The administering ~~agency~~department for the funds receiving interest will receive the SCO Notice of Transfer ~~posting the interest~~ in the month following the end of the quarter. ~~Agencies~~Departments will account for the interest as revenue or operating revenue in the applicable funds, (see SAM ~~S~~section 10532, Entry 32—[Interest Earnings On Investments Of The Surplus Money Investment Fund And Condemnation Deposits Fund]). ~~Agencies~~Departments will accrue the June 30 interest as described in SAM ~~S~~section 10605, Entry A-6, Receivables Due From Surplus Money Investment Fund and Condemnation Deposits Fund Are Accrued for Interest Earnings.

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CONDEMNATION DEPOSITS FUND

8284.2

(Revised ~~6/2004~~04/2016)

Interest on investments of the Condemnation Deposits Fund is apportioned quarterly by the SCO pursuant to ~~(GC s~~Section 16429~~)~~.

~~Agencies~~Departments that have money deposited ~~moneys~~ in the Condemnation Deposits Fund will account for interest revenue transferred from that fund in the same manner as described in SAM ~~S~~section 8284.1, ~~for s~~Surplus mMoney Investment Funds.

REVENUE INCOME FROM INVESTMENTS

8284

(Revised ~~3/1987~~04/2016)

Upon receipt of interest on investment securities, SCO will issue to ~~agencies~~concerned departments a SCO receipt showing the amount of interest received and appropriate adjustments of accrued interest purchased, premium, and discount. The entry ~~will be~~is recorded by the ~~agency~~department as of the ~~month indicated by~~date on ~~the~~ SCO receipt. The scientific method for amortization of premium and discount is used.

Early in July of each year, SCO will issue to ~~agencies~~departments concerned adjusting journal entries to accrue income to June 30 of the prior year on both interest bearing and non-interest bearing securities. ~~Agencies~~Departments will record these entries as of June 30.

(Separate arrangements have been made with ~~agencies~~departments accounting the State Compensation Insurance Fund, Legislators' Retirement Fund, State Employees' Retirement Fund, and Teachers' Retirement Fund.)

ACCOUNTING FOR AUDIT ASSESSMENTS

8286

(Revised ~~2/1999~~04/2016)

As a result of audit examinations, persons or other entities are often assessed amounts to be paid or returned to the ~~S~~state. Some statutes and/or administrative procedures provide for a period during which the audit finding may be protested. After resolving protests or after the protest period expires, the audit assessment becomes final.

Prior to their being final, audit assessments will be established in the accounting records as a contingent receivable as of the date the audit assessment is ready to be made known formally to the entity being assessed. Such receivables will be fully deferred. ~~See SAM Chapter 8700, Miscellaneous Accounting Procedures.~~ Upon being made final, audit assessments will be recognized as valid receivables. If it is an abatement or reimbursement receivable, ~~follow the~~ instructions in SAM ~~S~~sections [8287](#), [10407](#) and [10408](#). ~~will be followed.~~ Revenue receivables will be accrued in accordance with SAM ~~S~~section [8290.4, Accounts Receivable](#).

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PROPER CREDITING OF ABATEMENTS AND REIMBURSEMENTS

8287

(Revised ~~2/1999~~04/2016)

Unless otherwise provided by law, abatements and reimbursements will be credited to appropriations. ~~as follows:~~ Abatements will be credited back to the appropriation from which they were drawn. Reimbursements for services will be credited back to the appropriation current at the time the expense was incurred in performing such service.

If the appropriation to which an abatement or reimbursement is properly creditable has reverted, the credit will be to Account No. 9891, Refunds to Reverted Appropriations. ~~See SAM Section 10473, Refunds To Reverted Appropriations.~~

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BILLED ACCOUNTS RECEIVABLE**8290.1**| (~~Revised 3/1987~~[Reviewed 04/2016](#))

Billed accounts receivable are those receivables represented by an invoice and established in an accounts receivable account. This includes interest on accounts receivable actually applied as of June 30 and assessments actually established in accounts receivable even though the protest period has not expired.

INTEREST ON INVESTMENTS

8290.2

(Revised ~~3/1987~~04/2016)

Interest earned as of June 30 on investments will be recorded in accounts receivable and accrued as revenue as of that date. Interest earned by funds not accounted in their entirety by one ~~agency~~department will be accounted only by SCO.

~~Agencies~~Departments that account funds in their entirety will account interest earned by such funds in the manner prescribed in SAM ~~S~~sections 8284, 8284.1, and 8284.2.

INTEREST ON LOANS

8290.3

(Revised ~~3/1987~~04/2016)

Interest earned as of June 30 on loans to other funds and other governmental ~~entities~~jurisdictions will be recorded in accounts receivable and will be accrued as of that date. For interfund loans, the ~~agency~~department ~~accounting~~recording the interest revenue will inform the borrowing ~~agency~~department of the amount ~~for it~~ is to accrue as an expense of the fiscal year just ended.

ACCOUNTS RECEIVABLE

8290.4

(Revised ~~2/1999~~04/2016)

During the fiscal year (1) Accounts Receivable—Revenue for Governmental Funds, (2) Accounts Receivable—Operating Revenue for ~~other than Non-~~Governmental Funds ~~with no management~~that do not need to accrue operating revenue when earned, and (3) certain other accounts (where there ~~are~~is no ~~need to do otherwise for~~ budgetary—reimbursement or abatement—considerations ~~or other management reasons~~) will be fully deferred.

As of June 30 each year, the deferral account will be adjusted in the manner described in SAM ~~S~~section 10610, Entry A-9, Revenue Is Accrued ~~to accrue revenue~~. The offsetting credit resulting from the adjustment to the deferral account will be applied to the proper revenue account for the fiscal year just ended.

INTERFUND TRANSFERS**8290.6**(Revised ~~3/1987~~04/2016)

Amounts transferable as of June 30 and revenue that can be accrued as of June 30 ~~that~~but will be transferred to other funds when collected will be accrued as Account No. 9812, Operating Transfers Out, by the ~~transferer~~transferor fund and Account No. 9811, Operating Transfers In, by transferee fund.

ACCRUAL REVERSAL

8290.7

(Revised ~~2/1999~~04/2016)

As of July 1 each year, amounts accrued as of June 30 will be reversed as follows:

1. The full deferral will be re-established on accounts receivable adjusted in accordance with SAM ~~S~~section 8290.4.
2. The net offsetting amount required in this reversing entry will be applied to Account No. 9892, Prior Year Revenue Adjustments account. ~~;~~ ~~(S~~see SAM ~~S~~section 10611, Entry A-9R, Entry A-9 Is Semi-Reversed.)

ACCRUAL OF INCOME**8290**| (~~Revised 2/1999~~[Reviewed 04/2016](#))

As of June 30 each year, income, as defined in SAM section 8200, earned but not received will be accrued as of the fiscal year just ended if it is estimated to be collectible within one year after the end of the current fiscal year. Such amounts are considered earned as of June 30 of the year just ended.

ROUNDING FIGURES

8299.1

(Revised ~~2/1999~~[04/2016](#))

Government Code ~~S~~[s](#)ection [16302.2](#) provides that "Upon approval of the Director of Finance, any state agency with respect to any amount required to be shown on any form prescribed by the agency, or any amount of credit or refund, or any amount to be collected as a deficiency or underpayment of any tax, penalty, interest, license or other fee, or any other payment, may provide by regulation for the disregard of the fractional part of a dollar, unless it amounts to fifty cents (\$0.50) or more, in which case it shall be increased to one dollar (\$1)."

Requests for approval should be sent to ~~Department of~~ Finance, ~~Fiscal Systems and Consulting Unit~~[FSCU](#).

**SAM – FISCAL AFFAIRS
ALLOTMENT – EXPENDITURE ACCOUNTING**

DETAILED INSTRUCTIONS

8342.3

(Revised ~~125/2015~~2016)

The manner of recording encumbrances for the operating expense and equipment category varies, depending upon the type of expenditure involved. Explanations below are intended to clarify the manner of accounting for various types of expenditures.

Traveling-in-state: ~~Specific encumbrance documents are not provided for traveling. Therefore, encumbrance may be necessary only for the amount for lag applicable. (See SAM section 8342.1)~~ Departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on the records because the traveling expense claims either have not been submitted or having been submitted have not been scheduled for payment.

Utilities ~~where no encumbrance documents are prepared~~: Departments may encumber at the beginning of each fiscal year an amount equal to their best estimate of the amount of expenses actually incurred as of the end of a month but not reflected on its records because the bills either have not been received or, having been received, have not been scheduled for payment. (See SAM section 8342.1)

General Expense and all other types of expenditures where commitments are made ~~both with encumbrance documents and without encumbrance documents. Encumbrance may be by individual estimates or other encumbrance documents.~~ Departments may encumber at the beginning of each fiscal year an estimate of the amount of expenses actually incurred at the end of the month for which specific encumbrance documents have been issued and which are not reflected, due to the delay in receiving invoices and scheduling claims for payment. (See SAM section 8342.1)

Departments shall encumber estimated expenses for each item or service of \$500,000 or greater. However, if the full amount is payable within 90 days the expense does not need to be encumbered.

Rent-building space: Departments ~~may shall~~ encumber, either at the beginning of each fiscal year or on a monthly basis, an amount equal to commitments made for that fiscal year period, as shown on the rental or lease agreement. Encumbrance may be made to reserve funds for renewal of leases containing such an option if the department intends to exercise this right of renewal. ~~There is no standard form specifically devised for recording these encumbrances. Departments may use Purchase Order/Estimate Change Request, (Std. 96), to itemize and summarize these commitments. This information will be scheduled on a work sheet to support the encumbrance document if items are numerous.~~

~~Lease agreements may be used to encumber funds as new premises are rented. Departments will indicate on these forms the amount required for the fiscal year and the remaining unencumbered balance.~~

SAM - DISBURSEMENTS

REPORTABLE PAYMENT IDENTIFICATION AND CLASSIFICATION REQUIREMENTS

8422.190

(Revised ~~12/2014~~06/2016)

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

The purpose of the STD. 204 form is to obtain payee data for information reporting and to ensure tax compliance with the Internal Revenue Code ([IRC](#)) and the California Revenue and Taxation Code (R&TC). [The STD. 204 is required for any non-governmental entity or individual entering into a transaction that may lead to a payment from the state.](#) Therefore, a completed, [signed, and dated](#) STD. 204 must be ~~obtained whenever a state department engages in a transaction that leads to a payment to any individual or any entity that is not a governmental entity~~ [on file with the state before payments are disbursed.](#) The information provided in this form must be used in conjunction with reportable payment indicators in the Uniform Codes Manual (Object section, column "FBR"); to select the payments that are reportable from the payment history files through electronic data processing methods (SAM section 8422.19).

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

Information provided by the payee on this form will include:

- (1) Complete business name and address of payee doing business with the state including owner's name, if a sole proprietorship.
- (2) The payee entity type and the Taxpayer Identification Number (TIN) as shown. The TIN is the Social Security Number (SSN) for individual and sole proprietor payees ([IRC section 6109\(a\) and R&TC section 18646](#)) and the Federal Employee Identification Number (FEIN) for all other payees.
- (3) The residency status of the payee by indicating resident or nonresident as shown. The reverse side of the STD. 204 provides instructions for making this determination. Nonresidents may be subject to state withholding at the standard rate [for payment\(s\) that exceed \\$1,500 in a calendar year \(R&TC section 18662\)](#) unless verification authorizing a reduced withholding amount or a waiver [approved by the Franchise Tax Board \(FTB\)](#) is attached to the STD. 204. To determine ~~when if~~ withholding ~~may or may not be~~ [is](#) required [and the standard withholding rate](#), refer to the decision charts on ~~Franchise Tax Board~~ FTB website at http://www.ftb.ca.gov/individuals/wsc/decision_chart.shtml. [For further information on nonresident withholding, see SAM section 8422.195.](#)

- (4) The name, title, telephone number, and dated signature of the payee's authorized representative will be provided. This signature certifies the accuracy of the information provided.

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

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

- Federal backup withholding at a rate determined by the Internal Revenue Service (IRS). For more information, refer to the IRS website <http://www.irs.gov/> for IRS Publication 1281, Backup Withholding for Missing and Incorrect Name/TIN(S). Additional resources include IRS Publication 15, Employer's Tax Guide, and IRS Publication 17, Your Federal Income Tax. For questions about federal backup withholding or information reporting, contact the IRS' Information Reporting Program Customer Service Section at (866) 455-7438.
- State backup withholding of 7 percent for payments made on or after January 1, 2010 to residents or nonresidents per R&TC section 18664.
- Payment may be subject to state income tax withholding if the payee indicates "nonresident" on the STD. 204 per item #3 listed above. Under circumstances where both backup withholdings and nonresident withholding apply, only backup withholding shall be required. Refer to FTB Publication 1017, available at <http://www.ftb.ca.gov/>, for further information.

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

2. Payments that ~~will~~[must](#) be reported.
 - a. Payments for services to medical corporations, legal service corporations, and to non-corporate entities (except governmental units) will be reported. These may include: fees, commissions, other forms of compensation for services (to the extent not reported on Form W-2), interest, rent, royalties, prizes, awards, and "gross proceeds" connected with legal services.
 - b. Payments are reportable if all three of the following points can be answered yes:
 - (1) Payment is within the conduct of trade or business.
 - (2) Payee is not a corporation (note that all payments to a] medical corporations for services provided and b] attorneys or legal services corporations including gross proceeds are reportable).
 - (3) Payment is for rents, prizes, awards, or services (including construction contract services) rendered and not solely for merchandise.

- c. The following identifies (1) the various recurring payment types that are required to be reported and (2) the box on the Form 1099 MISC in which they are to be reported:

Box 1 Rent of real or personal property.

Box 2 Royalties.

Box 3 Other income (including prizes, awards, and punitive damages not involving physical injury or sickness).

Box 4 Federal income tax withheld (backup withholding).

Box 6 Medical and health care payments, including doctors, medical corporations, dentists, audiologists, optometrists, psychologists, psychiatrists, etc.

Box 7 Nonemployee compensation.

Prizes and awards for services rendered (e.g. bonuses not reported in W-2).

Commissions to non-employees.

Commissions to real estate brokers.

Consulting fees to non-employees.

Professional fees.

Payments to entertainers.

Construction service contracts (roads, streets, buildings, etc.).

Box 14 Attorney Fees - Gross Proceeds pursuant to ~~Internal Revenue Code(IRC)~~ section 6045(f); that consist of (1) amounts intended to be paid to the client; and (2) amounts intended for the attorney.

Box 16 State income tax withheld

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

3. Payments that are not reported.

a. Payments to governmental entities.

b. Payments to most corporations for goods and services. However, payments to medical corporations and legal corporations are reported.

c. Payments for merchandise (including freight, storage, and similar charges) and utilities (such as electricity, gas, oil, water, telephone, telegraph, and similar services).

d. Payments of non-punitive damages (for physical injury or sickness) awarded by the courts. However, any interest payment is reportable.

e. Salaries and wages paid from the State Payroll Revolving Fund or otherwise reported on Form W-2.

f. Scholarships, fellowships, and stipends (except where such payments are subject to the performance of services).

g. Per diem and travel expense reimbursements are generally not considered reportable income. [Refer to IRS Instructions for Form 1099-MISC on nonemployee compensation.](#)

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

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

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

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

SAM - DISBURSEMENTS

REPORTABLE PAYMENT INCOME TAX WITHHOLDING

8422.195

(Revised ~~03/2014~~[06/2016](#))

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

Federal Backup Withholding Requirements

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

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

Computation of Federal Backup Withholding

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

State Backup Withholding Requirements

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

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

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

State Nonresident Income Tax Withholding Requirements

Payments to nonresidents ~~payees~~ may be subject to withholding at 7 percent. A payee will be considered a nonresident when the nonresident box has been checked on the STD. 204. This form is required to be completed by all payees doing business with any state department as described in SAM section 8422.190. To determine ~~when if~~ withholding ~~may or may not be is~~ required, refer to the decision charts on Franchise Tax Board (FTB) website at http://www.ftb.ca.gov/individuals/wsc/decision_chart.shtml.

Withholding is not required if:

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

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

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

Computation of State Backup and Nonresident Income Tax Withholding

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

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

[For expense reimbursement payments to nonresidents, see FTB Publication 1017 on Income Subject to Withholding.](#)

SAM - DISBURSEMENTS

REMITTING AND REPORTING INCOME TAX WITHHELD

8422.196

(Revised ~~03/2011~~06/2016)

Federal Backup Withholding

1. Remitting Federal Backup Amount(s) Withheld

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

2. Reporting Federal Backup Amounts Withheld

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

3. Reconciliation of Withholding, Remittances, and Information Returns

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

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

State Backup Withholding and Nonresident Income Tax Withheld

1. Remitting State Backup and Nonresident Taxes Withheld

State backup and nonresident income tax withheld shall be accumulated and remitted to the Franchise Tax Board (FTB) with Form 592-V, *Payment Voucher for*

SAM - DISBURSEMENTS

INVOICES PAYABLE FROM REVERTED APPROPRIATIONS

8422.7

~~(Revised 03/2014)~~[\(Revised 06/2016\)](#)

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

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

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

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

Signed

Title

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

Invoices payable from reverted appropriations, for which no current appropriation is available for the same purposes, will be submitted to ~~the California Victim Compensation and Government Claims Board~~[DGS](#) in accordance with SAM section [8710](#) for legislative claims.

SAM - DISBURSEMENTS

PENALTY REQUIREMENTS

8474.2

(Revised 06/20156)

A. Small Businesses and Nonprofits

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

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

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

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

B. Other Businesses and Defined Grantees

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

(Continued)

SAM - DISBURSEMENTS

(Continued)

PENALTY REQUIREMENTS

8474.2 (Cont. 1)

(Revised 6/~~2015~~2016)

C. Refunds and Other Payments to Individuals

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

This section requires:

1. No penalty shall be paid to a person who intentionally overpays a liability to receive a penalty payment on the overpayment.
2. No penalty shall accrue on any refund or payment due to individuals that is the result of a federally mandated program or directly depends upon the receipt of federal funds.

This section does not apply to:

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

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

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SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

~~CALIFORNIA VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD (VCGCB)~~DEPARTMENT OF GENERAL SERVICES(DGS) 8710
(Revised 03/11)(Renamed and Revised 06/2016)

During the year, claims for money or damages against the ~~State-state~~ are presented to and ~~ruled upon at regular meetings of~~ acted on by the the ~~California Victim-Compensation and Government Claims Board (VCGCB)~~ Department of General Services (DGS). ~~Meeting schedules are located at~~ <http://www.vcgcb.ca.gov/board/meetings.aspx>.

The Budget Act contains appropriations to pay any claims approved by ~~VCGCB~~DGS and ~~VCGCB~~DGS records the associated expenditures.

~~VCGCB~~DGS also handles legislative claims (also known as omnibus claims) which include:

1. Claims against the state,
2. Specific cash deficiencies (SAM section 8072), and
3. Invoices payable from reverted appropriations for which no current appropriation exists for the same purpose. See SAM Chapter 8400.

Information for the claim filing process is available at-
~~<http://www.vcgcb.ca.gov/publications/claims.aspx>~~ <http://www.dgs.ca.gov/orim>.

Departments will receive a Controller's journal entry if payment of the ~~VCGCB~~DGS claim affects the department's accounts or appropriations.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

TORT LIABILITY PAYMENT PROCEDURE

8712

(Revised ~~9/2014~~06/2016)

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 the-California Victim Compensation and Government Claims Board (VCGCB)~~ [Department of General Services \(DGS\)](#) 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~~ [DGS](#), and pursuant to Government Code section 948, DOJ also pays claims that have been denied by ~~the VCGCB~~ [DGS](#) 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)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

TORT LIABILITY PAYMENT PROCEDURE

8712 (Cont. 1)

(Revised ~~9/2014~~6/2016)

Finance approval is required for all claims that exceed \$35,000 in principal amount which have been approved by ~~the VCGGB DGS~~, 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 VCGGB DGS~~. 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)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

TORT LIABILITY PAYMENT PROCEDURE

8712 (Cont. 2)

(Revised ~~9/2014~~6/2016)

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~~ Department of General Services 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.

Rev. ~~427~~434

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6

(Revised ~~9/2014~~ [06/2016](#))

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)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 1)

(Revised ~~9/2014~~ [06/2016](#))

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)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 2)

(Revised ~~9/2014~~ [06/2016](#))

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.

(Continued)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 3)

(Revised ~~9/2014~~ [06/2016](#))

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

(Continued)

SAM-MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

NONEMPLOYEE ACCOUNTS RECEIVABLE

8776.6 (Cont. 4)

(Revised ~~9/2014~~ 06/2016)

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 ~~AR accounts receivable~~ amounts of \$500 or less, GC section ~~13943.2~~ 12438 ~~authorizes provides that upon written authorization by the California Victim Compensation and Government Claims Board (VCGCB), state departments to may~~ refrain from collecting ~~the AR provided that:~~ 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. ~~Departments w~~Will discharge only those debts that have been determined uncollectible or it is not cost beneficial to continue pursuing collection
3. ~~Departments u~~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 \$500 limitation applies to the total of all amounts owed by the debtor, not to each invoice.

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

SAM—STANDARD ENTRIES

ENTRY NO. 7 – [GENERAL CASH IS RECEIVED]

10507

(Revised ~~10/2015~~06/2016)

This entry is made to record general cash received for deposit in the department's general checking account maintained with the State Treasurer's Office.

Information:

Receipts consist of abatements, reimbursements and revenue not previously billed; collections applicable to accounts receivable for items previously billed; and items whose identity or accounting cannot readily be determined.

Accounts Receivable—Revenue and Accounts Receivable—Other are deferred when recorded. They must, therefore, be applied as revenue when collected.

Reimbursements may be of one of the following categories depending upon specific laws governing the accounting of such transactions: (1) receipts which accrue to the year in which the transaction occurred, (2) receipts which accrue to the year in which cash is collected by the department, and (3) receipts which accrue to the year in which cash is ordered into the treasury. Transactions in the third category, when collected are credited to a suspense account (Uncleared Collections) pending receipt of notice from the State Controller's Office that cash has been ordered into the treasury, see SAM section [10510](#). Items in category 1 (if not billed or accrued previously) and in category 2 are applied at the time cash is collected by the department.

The recording of cash receipts deposited in the general cash account is shown in Illustration 10507. The General Cash Receipts Register will show both the date of receipt and the date of deposit of all cash receipts. All cash collections must be deposited in approved depositories, see SAM section [8031](#), and are later either (1) refunded if determined to be unacceptable or (2) remitted to the State Treasury at least once each month. Current collections are used also to satisfy bank demands for reimbursement for dishonored checks until ultimate collection is made from the drawers or relief from accountability is granted ~~by the California Victim Compensation and Government Claims Board~~ [Department of General Services](#).

Source Document:

General Cash Receipt

Register:

General Cash Receipts Register

(Continued)

SAM—STANDARD ENTRIES

SAM—STANDARD ENTRIES

(Continued)

ENTRY NO. 7 – [GENERAL CASH IS RECEIVED]

10507 (Cont.1)

(Revised ~~406/2015~~2016)

Journal Entry for General Cash Received:

Debit:

1110 General Cash a/

Credit:

1311 Accounts Receivable—Abatements b/

1312 Accounts Receivable—Reimbursements c/

1313 Accounts Receivable—Revenue d/

3110 Due to Other Funds or Appropriations e/

3410 Revenue Collected in Advance f/

3420 Reimbursements Collected in Advance g/

3710 Cash Overages h/

3730 Uncleared Collections i/

8000 Revenue j/

8100 Reimbursements k/

9000 Appropriation Expenditures l/

9892 Prior-Year Revenue Adjustments m/

9893 Prior-Year Appropriation Adjustments n/

a/ total cash received for deposit in the General Cash account.

b/ amount of cash receipts applicable to expenditure abatements receivables (excluding collections from employees for salary overpayments).

c/ amount of cash receipts applicable to reimbursement receivables.

d/ amount of cash receipts applicable to revenue receivables.

e/ amount of cash received applicable to revenue collected for other funds earned in the current fiscal year plus cash received applicable to revenue collected for other funds but not identifiable to the fiscal year in which it was earned.

f/ amount of cash received which will be accounted as revenue of a succeeding fiscal year.

g/ amount of cash received which will be accounted as a reimbursement to a current or subsequent fiscal year's appropriation when earned.

h/ amount of cash received representing cash overages.

i/ amount of cash received for items whose identity or accounting cannot be readily determined; amount of cash received applicable to reimbursements (billed or unbilled) which, according to law, can be applied only at the time the cash is ordered into the treasury; or salary overpayments collected from employees by the department.

j/ amount of cash received applicable to revenue earned in the current fiscal year plus cash received applicable to revenue but not identifiable to the fiscal year in which it was earned.

k/ amount of cash received applicable to (1) billed reimbursements which, according to law, can be applied only at the time cash is received and (2) all unbilled reimbursements except those applicable to prior fiscal years and those that can be applied only at the time cash is ordered into the treasury.

l/ amount of cash receipts applicable to current year expenditure abatements not billed or accrued previously.

(Continued)

SAM—STANDARD ENTRIES

(Continued)

ENTRY NO. 7 – [GENERAL CASH IS RECEIVED]

10507 (Cont.2)

(Revised ~~106/2015~~2016)

m/ amount of cash received applicable to revenue (except reimbursements) which was identified as being earned as of the preceding June 30.

n/ amount of cash received in excess of amounts accrued in prior fiscal years as expenditure abatements or reimbursements. If the amount of cash received is less than amounts accrued in prior fiscal years, Account No. 9893 will be debited.

Journal Entry for General Cash Received for Deferred Receivables: The Deferred Receivables entry requires a corresponding entry to record the General Cash received for revenue, reimbursement, or appropriation expenditure.

Debit:

1600 Provision for Deferred Receivables o/

Credit:

1315 Accounts Receivable—Dishonored Checks p/

1319 Accounts Receivable—Other q/

AND

Debit:

1110 General Cash

Credit:

8000 Revenue

8100 Reimbursements

9000 Appropriation Expenditures

o/ amount of cash received applicable to receivables accounted during the year on a fully-reserved basis and applied when collected to the appropriate revenue account.

p/ amount of cash received in payment of dishonored checks (unless alternate procedure is used).

q/ amount of cash received in payment of other accounts receivable.

Journal Entry for General Cash Lost/Received for Cash Shortages: The Cash Shortages entry requires a corresponding entry to record the General Cash lost or received for revenue, reimbursement, or appropriation expenditure.

(Continued)

SAM—STANDARD ENTRIES

(Continued)

ENTRY NO. 7 – [GENERAL CASH IS RECEIVED]

10507 (Cont.3)

(Revised ~~406/2015~~2016)

General Cash Lost

Debit:

1316 Accounts Receivable—Cash Shortages r/

Credit:

1600 Provision for Deferred Receivables s/

AND

Debit:

8000 Revenue

8100 Reimbursements

9000 Appropriation Expenditures

Credit:

1110 General Cash

General Cash Received

Debit:

1600 Provision for Deferred Receivables s/

Credit:

1316 Accounts Receivable—Cash Shortages t/

AND

Debit:

1110 General Cash

Credit:

8000 Revenue

8100 Reimbursements

9000 Appropriation Expenditures

r/ amount of cash shortages occurring during the month for which cashiers are held accountable.

s/ amount of cash received applicable to receivables accounted during the year on a fully-reserved basis and applied when collected to the appropriate revenue account.

t/ amount of cash received from cashiers in payment of cash shortages.

(Continued)

SAM—STANDARD ENTRIES

Date of Receipt	Receipt or Voucher Number	Date of Deposit	Total Amount of Receipts	Accts. Rec. - Cash Shortage	Accounts Receivable							Revenue	Reimbursements	Approp. Expenditures	Prior Year Revenue Adjustments	Prior Year Approp. Adj.	Sundry Accts.		
					Abatements	Reimbursements		Revenue	Cash Shortage	Unleared Collections	Revenue						Reimbursements	Amount	Account
						To be Applied	To be Deferred												
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.					
4/21	127-142		140		100	15	25												
	143		390					390											
	144	4/21	50					50											
	145		10				10												
	146	4/22	1,700				1,700												
4/23	147-153	4/23	850										150		150		CR 1315		
	154		450		350								350		50		CR 3710		
			3,100					3,090											
4/25	155		2,900					2,900											
	156-160	4/25	375	5					375										
4/28	161		395																
	162-165	4/28	150																
	166		120		120														
4/29	167		7,120					7,120											
			17,750	5	470	100	400	14,810	10	440	400	400	350	200	150	200	210		
			DR 1110	DR 1316	CR 1311	DR 1600	DR 1319	DR 1600	CR 1316	CR 3730	CR 8000	CR 8100	CR 8100	CR 9892	CR 9893				
						CR 1312	CR 1312	CR 1313											
						CR 8100	CR 3730	CR 8000											

* This column needed only by those departments that collect reimbursements which according to law, can be applied only at the time the cash is ordered into the treasury.

SAM—STANDARD ENTRIES

ENTRY NO. 9 - [ACCOUNTS RECEIVABLE ARE WRITTEN OFF]

10509

(Revised 10/2015)(Revised 06/2016)

This entry is made to write-off outstanding accounts receivable (AR) from department's accounts.

Authority:

Government Code (GC) section [13941](#) provides that under certain conditions state departments may file applications with the State Controller's Office (SCO) for discharge from accountability for the collection of taxes, licenses, fees, or other money due and payable to the state. In addition, GC section [13943.2-12438](#) provides that ~~upon approval by the California Victim Compensation and Government Claims Board (VCGCB)~~ departments may refrain from collecting taxes, license, fees, or money owed to the state if the amount to be collected is five hundred (\$500) or less and the amount owed to the state is uncollectible or does not justify the cost of collection.

Information:

In accordance with SAM sections [8776.6](#) and 8790 all state departments will try collection and offset efforts before they file a discharge from accountability application with the SCO. If efforts are not successful departments may:

- Write off ARs upon receipt of an approved Application for Discharge from Accountability Form, [STD. 27](#) from the [SCO](#).
- Write off ARs of ~~less than~~ \$500 ~~or less~~, pursuant to GC section 12438. ~~if the VCGCB has provided blanket authority to the department. See SAM section 8776.6.~~
- Write off cash shortages without approval in certain instances. See SAM section [8072](#).

Deficiencies in an established fund balance (e.g., revolving fund, depositors' trust fund, or uncleared collections) are not written off by this entry.

Source Document:

Approved Application for Discharge from Accountability Form, STD. 27

Blanket authority (SAM section [8776.6](#))

Cash shortage report (SAM section [8072](#)).

Journal Entry of Deferred Receivables for write-off of ARs:

Debit:

1600 Provision for Deferred Receivables a/

Credit:

1312 Accounts Receivable-Reimbursements b/

1313 Accounts Receivable-Revenue c/

1315 Accounts Receivable-Dishonored Checks d/

1316 Accounts Receivable-Cash Shortages e/

1319 Accounts Receivable-Other f/

(Continued)

SAM—STANDARD ENTRIES

(Continued)

ENTRY NO. 9 - [ACCOUNTS RECEIVABLE ARE WRITTEN OFF] 10509 (Cont.1)

~~(Revised 10/2015)~~[\(Revised 6/2016\)](#)

- a/ amount of accounts receivable for deferred revenue, deferred reimbursements, or other deferred accounts receivable.
- b/ amount of Accounts Receivable-Reimbursements
- c/ amount of Accounts Receivable-Revenue.
- d/ amount of Accounts Receivable-Dishonored Checks.
- e/ amount of Accounts Receivable-Cash Shortages.
- f/ amount of accounts receivable for abatements, reimbursements, dishonored checks, or identified cash shortages, applicable to reverted appropriations or other accounts receivable not otherwise classified.

Journal Entry for write-off of ARs:

Debit:

8000 Revenue g/

9892 Prior Year Revenue Adjustments h/

Credit:

1313 Accounts Receivable-Revenue i/

Debit:

8100 Reimbursements j/

9893 Prior-Year Appropriations Adjustments k/

Credit:

1312 Accounts Receivable-Reimbursements l/

Debit:

9000 Appropriation Expenditures m/

9893 Prior-Year Appropriations Adjustments k/

Credit:

1311 Accounts Receivable-Abatements n/

- g/ amount of current year accounts receivable for dishonored checks or identified cash shortages applicable to revenue and all accounts receivable for unidentified cash shortages.
- h/ amount of accounts receivable which relate to dishonored checks or identified cash shortages applicable to revenue which was identified as being earned as of the preceding June 30.
- i/ amount of Accounts Receivable-Revenue.
- j/ amount of accounts receivable for reimbursements, dishonored checks, or identified cash shortages, applicable to current fiscal year appropriation reimbursements.
- k/ amount of accounts receivable for abatements, reimbursements, dishonored checks, or identified cash shortages, applicable to prior years appropriations but not yet reverted.
- l/ amount of Accounts Receivable-Reimbursements.
- m/ amount of accounts receivable for abatements, dishonored checks, or identified cash shortages, applicable to current fiscal year appropriation expenditures.
- n/ amount of Accounts Receivable-Abatements.

SAM – TRUST AND AGENCY FUNDS (OTHER)

REVERSION OF UNCLAIMED MONEY

18424.7

(Renamed ~~and Revised~~ 12/2003) ([Revised 06/2016](#))

~~GC Section~~ [Government Code section 16374](#) provides for the reversion of unclaimed money after it has been on deposit in the Special Deposit Fund for two years. The SCO will notify ~~S~~state [agencies-departments](#) of the amounts reverted. State ~~agencies-departments~~ will note the reversion date on the duplicate copy of the schedule of unclaimed trust deposits if applicable.

Claimants requesting payment of amounts that have reverted should be directed to the ~~California Victim Compensation and Government Claims Board~~ [Department of General Services](#). See SAM ~~Section~~ [section 8710](#).