



Statewide Accounting Policy & Procedure

Accounting Manual Reference:

Section: Chart of Accounts (COA)
Sub-section: Control/Clearing Accounts - Balancing Requirements

Effective Date: 06/30/2012

Revision Date: 04/30/2012

Policy Summary:

The purpose of this policy is to provide guidance relative to the use of control and clearing accounts by organizations in the State reporting entity.

Control accounts are not required but may be used to account for funds which are available but unearned and undrawn. Balances in these accounts should not be disclosed on either GAAP or budgetary financial statements.

Clearing accounts should equal zero by fund type by organization except as described below for labor and travel clearing accounts. This requirement does not preclude an organization from ensuring clearing accounts equal zero by fund source if necessary for reporting purposes other than for the Budgetary Compliance Report (BCR) and Comprehensive Annual Financial Report (CAFR).

General Accounting Procedures:

Guidance in this policy refers to accounts defined in the State Chart of Accounts (SCOA). State organizations that use control or clearing accounts but do not use the following prescribed SCOA values are expected to apply this policy to similar accounts in their local account structures.

General Procedures for Control Accounts

Unallotted State Appropriations, Federal, Local Government and Other Grants and Contracts Approved (Account Range: 190000 - 193999 and 290000 - 293999) are control accounts only. These accounts can be used to account for funds which are available but unearned and undrawn. Balances in these accounts should not be disclosed on either GAAP or budgetary financial statements. General ledger debit balances in the 190000 - 193999 series of accounts should be offset by credit balances in the contra-account series 290000 - 293999. Budgetary amounts in the 19xxxx account series should be offset by amounts in the 29xxxx account series.

Unallotted State Appropriations

These accounts can be utilized to record total State funds appropriated as disclosed in the annual operating budget. After the Appropriations Act is approved and prior to the commencement of the new fiscal year, an annual operating budget (AOB) must be prepared in conformity with the provisions of the Appropriations Act. When the AOB is approved by the Office of Planning and Budget (OPB), the total approved appropriation has traditionally been recorded in accounts comparable to the 190xxx and 290xxx series of accounts. Upon approval of allotment warrants, entries should be made to record the amount of receivable from the Office of the State Treasurer, the budget basis revenue, and a reduction in unallotted appropriation of State funds (190xxx and 290xxx series).

Federal Grants and Contracts Approved (191000 and 291000 Series of Accounts)

This series of accounts can be utilized to record unearned federal contracts and grant awards as supported by executed contracts and other documentary evidence. Each federal grant or contract can be recorded in a separate account, or if this is not feasible, then an off-line system should be maintained to track the unearned balance.

Local Government Grants and Contracts Approved (192000 and 292000 Series of Accounts)

This series of accounts can be utilized for local grants and contracts approved in the same manner as that described for federal grants and contracts approved.

Other Grants and Contracts Approved (193000 and 293000 Series of Accounts)

This series of accounts can be utilized for other grants in the same manner as that described for federal grants and contracts approved.

General Procedures for Clearing Accounts

Balance sheet clearing accounts have been provided in the State Chart of Accounts (SCOA) in the 196xxx and 296xxx account range to facilitate the accumulation of transactions which are later distributed to appropriate accounts. Care should be taken to ensure that ***each clearing account does not have a balance at the fund type level*** at the end of each fiscal year since such accounts should not be listed on either budgetary or GAAP financial statements.

General Procedures for Labor Clearing Accounts

Balance sheet clearing accounts have been provided in the SCOA in the 196050 and 196051 accounts to facilitate the accumulation of transactions for Summarized Withholdings. Care should be taken to ensure that Summarized Withholdings accounts are offset with each other ***at the fund type level*** at the end of each fiscal year. These are accounts which may have balances in each individual account; however, at the ***fund type level*** the total should offset and equal to zero.

General Procedures for Travel Clearing Accounts

Balance sheet clearing accounts have been provided in the SCOA in the following accounts to facilitate the accumulation of transactions for travel expenses. The 196060 and 196061 accounts accumulate activity for central air travel credit card transactions and travel agent fees, and the 196070 and 196071 accounts accumulate activity for central hotel credit card transactions.

Travel clearing accounts may have balances in each individual account if, at the ***fund type level***, the activity will offset over time by agency. Care should be taken to ensure that the central air travel clearing accounts offset each other over time ***at the fund type level*** and that the central hotel clearing accounts offset each other over time at that same level. At year-end, the balances are not required to net to zero by agency or fund type level. However, for financial reporting purposes, the reporting organization must reclassify the net balance for air travel and the net balance for hotel activity to prepaid asset, expenditure/expense, or accrued liability, at the ***consolidated fund type level***, as appropriate.

Authority:

- OCGA 50-5B-3, *Duties of State Accounting Officer*
- OCGA 50-5B-4, *Duties of State Agencies with Respect to SAO*
- SAO policy, *Chart of Accounts – Structure Overview*

Applicability:

This accounting policy applies to all organizations included in the State of Georgia reporting entity, including component units and all organizations of State government meaning, without limitation, any agency, authority, department, institution, board, bureau, commission, committee, office, or

instrumentality of the State of Georgia. At these reporting organizations, all personnel with accounting and financial reporting responsibilities should be knowledgeable of this policy and must comply with its requirements if the organization uses clearing or control accounts.

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