

**STATE OF GEORGIA
ACCOUNTING PROCEDURES MANUAL**

SECTION: FOUR - OTHER PROCEDURAL TOPICS
TOPIC: ACCOUNTING FOR PER DIEM AND FEES AND
CONTRACTS

ACCOUNT RANGE: 651000 – 654000

GEORGIA LAWS

OCGA 13-1-1. Contract defined – Generally.

A contract is an agreement between two or more parties for the doing or not doing of some specific thing.

OCGA 13-1-2. Contract defined – Executed and executory contracts.

- (a) An executed contract is one in which all the parties thereto have performed all obligations which they have originally assumed.
- (b) An executory contract is one in which something remains to be done by one or more parties.

ACCOUNTING PROCEDURES

GENERAL PROCEDURES

State entities should record expenditures/expenses for both Per Diem and Fees and Contracts in accordance with the account definitions found within this manual in Section: Two – State Chart of Accounts. This requirement applies regardless of the object class (subclass) being utilized.

State entities should make every effort to classify all expenditures/expenses, based on a contract, properly into the specific expenditure/expense accounts to which the contracted goods or services relate. Account 653000 – Contracts-Private and account 654000 – Contracts-State Organizations should only be utilized for the recording of expenditures/expenses when specific expenditure/expense accounts cannot be determined.

For State budgetary accounting purposes, separate object classes (subclasses) have been established for Per Diem and Fees (Object Class 308) and for Contracts (Object Class 312). In no instances, should expenditures/expenses for per diem and fees (Account Numbers 651000 or 652000) be charged to Object Class 312 – Contracts; nor should expenditures/expenses for contracts (Account Numbers 653000 or 654000) be charged to Object Class 308 – Per Diem and Fees. If a budget unit of the State of Georgia has incorrectly budgeted their appropriation due to these two object classes being separated, appropriate budgetary procedures should be utilized to correct this problem.

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