



## 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:** 03/01/2016**Index:**[Policy Summary](#)[Accounting Policy Requirements](#)[Accounting Treatment](#)[Authority](#)[Applicability](#)[Definitions](#)**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.

**Accounting Policy Requirements:**

*Control accounts* are not required, but may be used as a mechanism 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* may be used as a mechanism to facilitate the accumulation of transactions which are later distributed to appropriate accounts. At a minimum, clearing accounts should equal zero by fund type and 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).

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.

**Accounting Treatment:*****Control Accounts***

These types of accounts include Unallotted State Appropriations, Federal, Local Government and Other Grants and Contracts Approved (Account Range: 190000 - 193999 and 290000 - 293999). 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, which is 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. 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, described above.

#### 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, as described above.

### ***Clearing Accounts***

#### General 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. Steps 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.

#### 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. Steps 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.

#### Travel Clearing Accounts

##### ***Air Travel -***

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

***Hotel -***

Balance sheet clearing accounts have been provided in the SCOA in the following accounts to facilitate the accumulation of transactions for “direct-billed” hotel expenses. The 196040 and 196041 accounts accumulate activity related to “direct-billed” hotel transactions.

Travel clearing accounts may have balances in each individual account, **at the fund type level**, if the activity will offset over time by agency. Steps should be taken to ensure that the hotel clearing accounts offset each other over time **at the fund type 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 travel activities 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 Accounting Policy Manual, Chart of Accounts: *Structure Overview*
- SAO Accounting Policy Manual, Basis of Accounting: *Overview*

**Applicability:**

This accounting policy applies to all organizations included in the State of Georgia reporting entity. Refer to the *Management Responsibilities* policy for a summary of general financial reporting responsibilities.

**Definitions**

***Control Accounts*** – Accounts provided in the chart of accounts as a mechanism to account for funds which are available, but unearned and undrawn.

***Clearing Accounts*** – Accounts provided in the chart of accounts as a mechanism to accumulate transactions for later distribution to appropriate accounts.

***Fund*** – A fiscal and accounting entity that has a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded.

***Fund Type*** – A type of fund that may contain several fund codes (e.g., 10100, 10101, and 10110) that are used to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations (e.g., budget fund, general fund, capital projects fund).