

Updated: September 3, 2010

Finance Common Terms

[A](#) · [B](#) · [C](#) · [D](#) · [E](#) · [F](#) · [G](#) · [H](#) · [I](#) · [J](#) · [K](#) · [L](#) · [M](#) · [N](#) · [O](#) · [P](#) · [Q](#) · [R](#) · [S](#) · [T](#) · [U](#) · [V](#) · [W](#) · [X](#) · [Y](#) · [Z](#)

A

A-21 – See OMB Circular A-21

A-87 – See OMB Circular A-87

A-102 – See OMB Circular A-102

A-122 – See OMB Circular A-122

A-133 – See OMB Circular A-133.

Accountability – The dictionary defines accountable as “being obliged to explain one’s actions, to justify what one does.” Governmental accountability is based on the belief that the citizenry has the right to know.

The process whereby DHS and the individuals within the agency, are responsible for their decisions and actions, include:

- Their stewardship of public funds and all aspects of performance, and
- Submitting themselves to appropriate internal and external scrutiny.

Accountability is achieved by all parties having clearly defined roles and a clear understanding of those responsibilities.

Agency Object (AOBJ) – An accounting code used to accumulate and report expenditure and revenue financial information at the lowest detail level. These codes are established for DHS in SFMA by Financial Services.

Audit Agency – A state agency that has been assigned to review the Single Audit Report of a subrecipient organization, which may be a local government or other non-profit organization.

Authorized Purchase – The procurement of goods or services, authorized by employees with delegated expenditure authority, which furthers the business of the state, supports the agency’s mission and reflects prudent political and fiscal stewardship of public resources.

Automated Clearing House (ACH) – A method for electronically transferring monetary funds that is regulated by the National Automated Clearing House Association (NACHA).

B

Buy Decision – The initial procurement decision, whether to procure through various social-economic programs, agreements or the open market. The agency is required to make Buy Decisions for all procurements in the order set forth in subsections A through D and subject to the considerations described in subsection E. If a higher priority satisfies procurement, the agency must procure through that higher priority and not elect to procure through a lower priority, subject to law and considerations.

- A. Surplus Property, to promote the efficient use of existing resources per OAR 125-246-0700 through 125-246-0730;
- B. Qualified Rehabilitation Facilities, to assist individuals with disabilities through gainful employment per ORS 279.835 – 279.855 and OAR 125-055-0005 through 125-055-0045;
- C. Inmate Labor, as required by the Oregon Constitution, Article 1;
- D. Department of Administrative Services (DAS) price agreement, to promote economy and efficiency through volume and strategic purchases per OAR 125-247-0296;
- E. Intergovernmental Agreement (IGA) to support the use of existing state resources. An agency may elect to use an IGA at any time.

The agency may procure supplies and services through the open market, using methods provided under the Public Contracting Code and related rules and policies.

C

Cash – Any circulating medium of exchange, including coins, paper money or currency.

Cash Receipting Functions – Activities include, but are not limited to, accepting, posting, safeguarding payments of cash, negotiable instruments, and monetary transactions; processing the appropriate transaction recording activities; preparing bank deposits; performing daily retrieval and application of lock box data transmission files; verifying receipt amounts, documentation, account numbers and preparing cash receipting reconciliations to ensure all documents and transactions are accounted for and in balance.

Catalog of Federal Domestic Assistance (CFDA) – The five-digit number assigned to a Federal program in the federal Catalog of Federal Domestic Assistance or, in the absence of a catalog defined number, the number defined by instructions from the federal audit clearinghouse.

Cognizant Federal Agency – The federal agency assigned by the federal Office of Management and Budget to carry out the responsibilities described in OMB Circular A-133, *Audit of State, Local Governments, and Non-Profit Organizations*.

Compliance – Acting in conformity with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on a major program.

Comprehensive Annual Financial Report (CAFR) – A governmental unit's official annual report prepared and published as a matter of public record. In addition to the basic financial

statements, the CAFR should contain introductory material, schedules to demonstrate legal compliance, and statistical tables specified in the Governmental Accounting Standards Board (GASB) Codification.

Comptroller Object (COBJ) – An accounting code used to accumulate and report expenditure and revenue financial information at the Statewide level. These codes are established in SFMA. The agency object rolls up to a designated COBJ.

Contract – Any written agreement between multiple entities describing rights, obligations and work or services to be performed.

Control Objectives – The objectives of an internal control process: (1) reliable financial reporting, (2) effective and efficient operations, and (3) compliance with applicable laws and regulations.

Cost Allocation – The distribution of agency costs that cannot specifically be associated to a program or service, e.g., rent, utility costs, supplies, or employee administrative salary, wages and benefits.

D

Delegated Expenditure Authority – The authority given to a permanent state employee by an approving Division Director, Deputy Director, Administrator, or designee with delegated expenditure authority to expend public funds by review, approval, and signature.

Department – Department of Human Services (DHS).

Designated Employee – An experienced and qualified permanent employee who has been delegated authority to make decisions within a defined sphere of influence with appropriate controls, specific duties and expected performance levels.

Direct Expenditure – A term used to define the activity of a state agency incurring a cost to carry out a federal program, not when the federal funds are passed-through to another organization (subrecipient) that carries out the federal program.

E

Economical Stewardship – Demonstration of legal compliance and [fiduciary stewardship](#) in the use of legislatively approved resources resulting in the most benefit with the least possible cost to the agency.

F

Federal Awards – Federal financial assistance and federal cost-reimbursement contracts that

non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities.

Federal Financial Assistance – Assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. It does not include amounts received for a direct expenditure or an individual who is a beneficiary of the program.

First Run Payday – An anticipatory payroll run that normally occurs between the 20th and the 28th of the month for payment on the first of the following month.

Fiscal Period – Any period at the end of which a government unit determines its financial position and the results of its operations. The fiscal year of the State commences on July 1 and ends on June 30 of the following year. The fiscal year of the Federal Government commences on October 1 and ends on September 30 of the following year.

Fiscal Stewardship – DHS employees', stakeholders', and business partners' good faith and transparent compliance to necessary legal, political and professional fiduciary accountability (see Fiduciary Stewardship below). Requires responsibilities in the planning, controlling and reporting of financial resources entrusted to them by the citizenry.

Fiduciary Stewardship – The action and resulting obligation that secures public's faith and trust in the integrity, ability and good character of DHS employees, stakeholders, and business partners in the control and management of funds entrusted to the agency.

Fund type - One of 11 classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

G

Generally Accepted Accounting Principles (GAAP) – Those accounting principles sanctioned by recognized authoritative bodies such as the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The Department of Administrative Services interprets these principles for Oregon state government through its Oregon Accounting Manual (OAM).

Gift Card – A card or certificate presented as a gift that entitles the recipient to purchase merchandise or services at a specified cash value.

Grant – A contribution or gift of cash or other assets from another government or private entity to be used or expended for a specific purpose.

Imprest Basis – An accounting methodology by which the total cash on hand plus the fund's total activity (invoices, receipts, signed advances, etc.) must equal the authorized dollar amount of the fund at all times.

Index Code – A five-digit code used in SFMA to capture financial data for internal financial reporting at various levels of the agency's organization structure, e.g., office location. SFMA provides up to nine levels of organization structure. The index code is assigned at the lowest level and may infer (look-up) other accounting and budgetary codes, e.g., appropriation number, fund, grant, or PCA.

Integrity – Comprises both straightforward dealing and completeness. Integrity is based upon objectivity, honesty and high standards of propriety in the stewardship of public funds and management of DHS affairs. Integrity is dependent on the effectiveness of the control framework and on the personal standards and professionalism of the individuals within DHS. Integrity is reflected both in DHS decision-making procedures and in the quality of its financial performance reporting.

Interagency Transfers – A transfer of funds, such as Federal Funds, between agencies within the State of Oregon. Agencies must balance all interagency transfers regardless of fund type.

Internal Control – A process designed to provide reasonable assurance that the objectives of reliable financial reporting, effective and efficient operations, and compliance with laws and regulations are achieved. Includes the control environment, the identification and analysis of risks, control activities, information and communication within and outside the organization, and monitoring of the process over time.

Intra-agency agreement – An intra-agency agreement may be a monetary or non-monetary agreements between divisions within the Department of Human Services.

Intra-agency inter-fund loan – Binding internal agreements authorizing a DHS division to borrow a specific amount of money from another DHS division with the condition the money will be repaid in a specified period of time and at an interest rate determined by the deputy director of finance.

Intra-agency monetary agreement – An intra-agency monetary agreement for the sole purpose of intra-agency inter-fund loans.

Intra-agency non-monetary agreement – A generic term that refers to an internal written agreement that may dedicate the temporary use of operating resources (e.g.; staff assistance, equipment and/or supplies) to another DHS division but does not obligate transferring cash, redirecting expenditures, or transferring budgetary authority between the DHS divisions.

L

Labor Cost Code (LCC) – The LCC is a twelve-digit number comprised of SFMA accounting codes:

- The first two-digits indicates the biennium (also referred to as the appropriation year).
- The second five-digits is the Program Cost Account (PCA).
 - The PCA directs the payroll cost to the funding source where the position is budgeted.
- The third five-digits is the Index Code.
 - The Index Code identifies the DHS branch, office, or unit incurring the expenditure.

The LCC is used to process salaries, wages, and employee benefits. The code identifies where a position should be charged, the location or office and how to fund the position.

Letter of agreement – See intra-agency non-monetary agreement.

Local government – A city, county, school district, fire district, local public authority, council of governments, or other local government, e.g., Indian tribe, that is receiving federal financial assistance from a contributing agency to carry out a program. Local government does not include an entity acting as a contractor or vendor of services to the State.

M

Materiality – The determination as to whether information is sufficiently significant to influence the economic decisions among alternative uses of scarce resources by DHS employees, stakeholders, and business partners.

Memorandum of understanding – See intra-agency non-monetary agreement.

Midmonth Payday – A clean-up or perfecting payroll run that normally processes around the 10th of the following month for payment on the 15th of the following month.

Monetary Transaction – Credit card transactions, electronic funds transfers, or other document utilized to transfer monetary funds.

Monies – All cash, negotiable instruments and monetary transactions.

N

Negotiable Instrument – Includes, but is not limited to a warrant, cashier check, bank teller's check, certified check personal check, demand draft, money order or traveler's check.

Non-Federal Entity – A State, local government, or non-profit organization.

Non-profit Organization – Any corporation, trust, association, cooperative or other organization which (1) is operated primarily for scientific, education, service charitable, or similar purpose in the public interest; (2) is not organized primarily for profit; and (3) uses its net proceeds to maintain, improve, and/or expand its operations.

O

Office of Management and Budget (OMB) – The federal Office of Management and Budget issues government-wide guidelines that provide policy and procedural guidance to Federal agencies for ensuring and maximizing the quality, objectivity, utility, and integrity of information that is disseminated. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and set funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President’s Budget and with Administration policies.

OMB Circular A-21 – Compliance requirements issued by the federal Office of Management and Budget (OMB), *Cost Principles for Education Institutions*. The requirements establish the principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

OMB Circular A-87 – Compliance requirements issued by the federal Office of Management and Budget (OMB), *Cost Principles for State, Local, and Indian Tribal Governments*. The requirements establish the principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements.

OMB Circular A-102 – Grants management compliance requirements, *Grants and Cooperative Agreements with State and Local Governments* issued by the federal Office of Management and Budget (OMB).

OMB Circular A-122 – Compliance requirements issued by the federal Office of Management and Budget (OMB), *Cost Principles for Non-Profit Organizations*. The requirements establish the principles for determining costs of grants, contracts and other agreements with non-profit organizations.

OMB Circular A-133 – Compliance requirements, *Audits of States, Local Governments, and Non-Profit Organizations*, issued by the federal Office of Management and Budget (OMB). These requirements establish the standards for obtaining consistency and uniformity for the audit of States, local governments, and non-profit organizations expending federal awards.

Openness – Ensures that DHS employees, stakeholders, and business partners can have confidence in the decision-making processes and actions of DHS, in the management of their activities, and in the individuals within DHS. Being open through meaningful consultation with stakeholders and communication of full, accurate and clear information leads to effective and timely action. Openness stands up to necessary scrutiny.

Operational Accountability – The responsibility to report the extent to which DHS has met the operating objectives efficiently and effectively, using all resources available for that

purpose, and whether DHS can continue to meet the objectives for the foreseeable future.

Oregon Accounting Manual (OAM) – A comprehensive set of policies and procedures to assist State fiscal managers with analyzing, processing, and reporting financial transactions in accordance with GAAP, federal regulations, and Internal Revenue Service (IRS) requirements. State agencies may, at their discretion, adopt procedures that are more restrictive than the requirements of the OAM.

P

Pass-through Entity – A non-federal entity that provides a Federal award to a subrecipient to carry out a Federal program. The pass-through entity is responsible for making the management decision for audit findings that relate to the Federal awards it makes to subrecipient(s).

Payroll Distribution Code (PDC) – The PDC is an internal number developed and maintained by DHS Payroll unit. The five-digit number is used to identify the physical work location of the employee for payroll distribution.

PCA – See Program Cost Account.

Petty Cash Custodian – The designated employee responsible for the petty cash money, accuracy and timely reconciliation.

Petty Cash – A sum of money set aside for the purpose of making change or paying for incidental, non-recurring or emergency purchases. Sometimes called a petty cash fund.

Performance Measure – A systematic process to objectively evaluate the work performed and the results achieved regarding the efficiencies of the operations. The process may include indicators to assess the use of financial or non-financial resources and the effectiveness in achieving the desired goals.

Post Dated Check – A check bearing a future date. The check is not valid until the date is reached.

Preliminary Payday – A payroll run that produces exception reports to enable the payroll unit to correct errors prior to the final payroll run.

Price Agreement – A public contract for the procurement of goods or services at a fixed price over an established period of time, combined with a continuing contracted obligation to provide goods or services at the same fixed price throughout the period of the contract.

Program Cost Account – A five-digit code used to define the agency's accounting and budgetary structure in SFMA. This structure can consist of an unlimited number of hierarchical levels used for tracking expenditures and revenues. Budgetary control is limited to a maximum of nine levels due to the close association to the index code. The PCA can look-up other agency accounting codes established in SFMA for the agency, e.g., appropriation

number, fund number(s), grant, and index.

Public Funds – Any funds held by the State Treasurer and disbursed to satisfy a financial obligation. Public funds include federal funds, general funds, lottery funds, and other funds, e.g., provider tax, tobacco tax, or a fee-based tax used for general operating purposes. Public funds also include any funds held by DHS such as petty cash or funds held in another financial institution when allowed by law.

R

Receipts – A written record (also known as source documents) detailing cash, negotiable instruments and monetary transactions have been received, recorded and deposited. Receipts include, but are not limited to cash journals, pre-numbered remittance/receipt forms (DHS 0029), cash register tapes, mail room logs, credit card payments, safe/vault logs, bank lockbox records, electronic funds transfers, and pre-numbered bank deposit slips.

Report Distribution Code (RDC) – The RDC is an internal number developed and maintained by DHS Human Resources. The three-digit number identifies the division, section or unit where each employee is assigned to work.

Reasonable Assurance – The balancing of cost, benefit, and risk to detect errors, fraud, waste, abuse; to prevent problems; or to have legal compliance.

Recipient – A non-federal entity that expends Federal awards received directly from a Federal awarding agency to carry out a Federal program.

S

SARS – Statewide Accounting and Reporting Services within the State Controller's Division of the Department of Administrative Services (DAS).

Second Run Payday – The final payroll run that produces reports and payments, posts to the OSPA databases, posts labor costs to SFMA, and interfaces data to other computer systems. The payroll registers produced during this run serve as the official record of each payroll run.

Schedule of Expenditures of Federal Awards (SEFA) – A schedule of federally funded programs under which a government received federal aid, listed by CFDA number and amount expended, that is required by the Single Audit Act.

SFMA – See Statewide Financial Management Application

Special Payments – Budgeted transfers and payments made directly to eligible persons, contractors, or other. The payments also can be made to local governments, such as counties or school districts.

SPOTS Card Facilitator – An agency employee assigned the responsibility to monitor and review SPOTS card activities to ensure compliance with agency policies and procedures, ensure timely reconciliation of card statements, ensure supporting documentation is provided, and ensure the timely submission of required documentation to the appropriate business or financial services office.

SPOTS Cardholder – An agency employee approved by the approving officer to obtain a SPOTS card which enables him/her to make department purchases authorized by a manager or designee who has delegated expenditure decision authority.

SPOTS VISA Card – A state-sponsored, bank-issued credit card issued to an approved employee to make authorized business purchases of goods and services on behalf of the agency. Also known as the SPOTS card.

Stale-dated Check – A check bearing a date six (6) months or more in the past. Generally, banks are not required to honor stale-dated checks.

Statewide Financial Management Application (SFMA) – The State of Oregon's statewide accounting system designed to integrate the State's accounting, reporting, budgetary and program / cost performance measurement systems and to establish a uniform statewide database to meet state, GAAP, agency and legislative needs. SFMA is comprised of two systems:

ADPICS – Advanced Purchasing and Inventory Control System

R*STARS – Relational Statewide Accounting and Reporting System

Stored Value Card – A card purchased by the agency from a vendor that allows the purchase of the value of the card to be used for good or services from that vendor. Although the card may be labeled a "gift" card, it is not considered a "gift card" unless the purpose of the card is a gift.

Subgrantee – The entity receiving federal financial assistance as a pass-through from a subrecipient to carry out a federal program. A subgrantee is also known as a subcontractor or sub-subrecipient. Subgrantee does not include other Oregon State agencies or beneficiaries of such programs, e.g., client.

Subrecipient – Any person, government, or organization that receives federal financial assistance to carry out a federal program from a state or local government (pass-through entity) and meets the general characteristics of a subrecipient under OMB Circular A-133. Subrecipient does not include other Oregon State agencies or beneficiaries of such programs, e.g., client.

T

Terminated Employee – An employee who voluntarily or involuntarily leaves employment with DHS.

Third Party Check – A check that is endorsed by the original payee and signed over to a

different payee.

Timekeeper – An authorized employee who enters other employees' time and attendance records into the OSPA from paper timesheets.

Transparency – The degree to which barriers are replaced with open, honest, clear, concise and reliable information promoting a process that encourages and values open participation.

V

Vendor – See [Direct Expenditure](#).