



Policy Type: Administrative

Category: Fiscal and Budget **Sub-Category:** Budget Practices

Policy Name: Cost Center Policy

Policy Owner: Controller-Treasurer Department

Policy Purpose

The purpose of this policy is to guide departments through the process for creating, changing, deactivating, and reactivating a Cost Center.

Policy Summary

The Controller-Treasurer Department General Accounting Unit and the Office of Budget and Analysis are charged with approving additions, changes, deactivations, and reactivations of Cost Centers in the County accounting and finance system.

A Cost Center is a component of a Budget Unit that represents a defined location where revenues and costs occur. It is used to capture revenues and expenditures, allocate costs, and present budget and actual comparisons and management reporting. Budget Units also use Cost Centers to track revenues and expenditures for their divisions or manage programs that require separate reporting. Budget Units can structure their Cost Center hierarchy to meet their needs by emulating operating units or reporting structures.

To initiate an addition, change, deactivation, or reactivation of a Cost Center in the County accounting and finance system, the department completes a Request for Cost Center Form and submits it to the Controller-Treasurer Department General Accounting Unit, via email to



GAUReporting@fin.sccgov.org. The Controller-Treasurer Department General Accounting Unit processes the form and forwards it to the Office of Budget and Analysis and to the Accounting System and Procurement (ASAP) Project Team, as necessary.

Changing an Existing Cost Center

Departments may wish to change Cost Center information for a variety of reasons. Examples of changes to an existing Cost Center include changing the Cost Center name or description and altering the Cost Center's hierarchy information.

Deactivating an Existing Cost Center

A deactivated Cost Center cannot be reactivated for a different purpose until six fiscal years have passed since its deactivation. Before deactivating a Cost Center, departments should ensure that the Cost Center does not have any open purchase requisitions, open purchase orders, unresolved parked or saved-as-complete documents, or fixed assets that have not yet fully depreciated. Any open or unresolved issues such as these must be deleted or transferred to another Cost Center.

Reactivating an Existing Cost Center

A Cost Center cannot be reactivated for a different purpose until six fiscal years have passed since its deactivation.

Procedures

Adding, Changing, Deactivating, or Reactivating a Cost Center



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1) Upon determining the need for the addition, change, deactivation, or reactivation of a Cost Center, the **department** completes the Request for Cost Center Form as follows:

1a) To *add a new* Cost Center, the **department** must:

- Mark the "Add" box.
- Indicate the hierarchy structure for the new Cost Center by completing the Department/Budget Unit, Division, Bureau, Section, Subsection lines as needed for reporting.
- Indicate the Cost Center name, fund number, and related information, and provide departmental contact information and any additional comments.
- Have an authorized individual sign and date the form.

1b) To *change an existing* Cost Center, the **department** must:

- Mark the "Change" box.
- Indicate the Cost Center number.
- If changing the reporting hierarchy, complete both the "new" and "old" sections of the hierarchy.
- Indicate any information that has changed and provide departmental contact information and any additional comments, such as the reason for the change.
- Have an authorized individual sign and date the form.



1c) To *deactivate an existing* Cost Center, the **department** must:

- Mark the "De-activate" box.
- Indicate the Cost Center number.
- Provide departmental contact information and any additional comments, such as the reason for the deactivation.
- Have an authorized individual sign and date the form.

1d) To *reactivate an existing* Cost Center, the **department** must:

- Mark the "Re-activate" box.
- Indicate the Cost Center number.
- Provide departmental contact information and any additional comments, such as the reason for the reactivation.
- Have an authorized individual sign and date the form.

2) The **department** submits the appropriately completed Request for Cost Center Form to the Controller-Treasurer Department General Accounting Unit. The Form must be submitted via email to GAUReporting@fin.sccgov.org.

3) The **Controller-Treasurer Department General Accounting Unit** reviews the Request for Cost Center, and if approved, submits the form to the Office of Budget and Analysis.



- 4) The **Office of Budget and Analysis** updates the County accounting and finance system to reflect the addition, change, deactivation, or reactivation of the Cost Center and submits the Request for Cost Center Form to the Accounting System and Procurement (ASAP) Project Team.

- 5) The **ASAP Project Team** updates the County accounting and finance system to reflect the addition, change, deactivation, or reactivation of the Cost Center, attaches the Request for Cost Center Form to the master data in the County accounting and finance system, and notifies the Controller-Treasurer Department General Accounting Unit and department of the completed update.

Definitions

For the purposes of this policy, the following definitions apply:

- 1) **"Budget Unit"** means the organizational unit designation given to a particular department, office, or agency for accounting and budgetary purposes.

- 2) **"Cost Center"** means a component within a Budget Unit used to designate separate funds for different divisions, programs, or other organizational hierarchy.

- 3) **"County Accounting and Finance System"** means the SAP system or any other system used as the primary accounting and finance system for the County.

- 4) **"Master Data"** means data that is used repeatedly during accounting and financial processing and maintained by the County accounting and finance system.

Frequently Asked Questions



None.

Related Policies

- Budget Modifications and Transfers - <https://saecommon.sccgov.org/countypolicy/Budget-Modifications-and-Transfers.pdf>
- Fund Policy - <https://saecommon.sccgov.org/countypolicy/Fund-Policy.pdf>
- General Ledger Account Policy - <https://saecommon.sccgov.org/countypolicy/General-Ledger-Account-Policy.pdf>

Related Forms and Information

- New or Change Cost Center Request - [\[url\]/sites/forms/controller/ControllerCountywideforms/cost-center-form.pdf](#)

History

Date	Changes Made
2/22/2019	Form submission required by email. (David Bruno)
3/06/2018	Link to Cost Center Request Form updated.
1/15/2014	Policy uploaded. (John Myers)