State of Arizona Accounting Manual

Topic	45 Expenditures, Expenses and Disbursements	Issued 09/10/18
Section	**07 Public Money**	Page 1 of 1

INTRODUCTION

Questions frequently arise concerning the propriety or limitations of certain expenditures when the funding source is the Federal Government or some other contributor—by gift or grant—to the State of Arizona. This section of SAAM clarifies the nature of funds provided by sources external to the State of Arizona and the policies related to their expenditure.

POLICY

1. Title 35, Chapter 2 of the Arizona Revised Statutes requires that any money due the State, <u>whatever its source</u>, be deposited with the State and that any money deposited with the State is "<u>public money</u>."

2. All public money is subject to Arizona statutes, laws, rules, rates and policies governing the expenditure of such money.

   Example 1: An agency receives a private donation to sponsor a luncheon. The State's reimbursement rate for lunch limits what may be spent for each participant's lunch.

   Example 2: An agency receives Federal grant money that allows for the reimbursement of mileage to State employees using a personally owned vehicle in carrying out activities related to the grant. An employee is to be reimbursed at the State's, not the Federal Government's, mileage rate.

3. The expenditure or obligation of public money, irrespective of the provenance of such money, <u>must</u> be for a valid public purpose, <u>must</u> be consistent with an agency's enabling statutes, and <u>must</u> be supported by available funds and spending authority.

4. Any expenditure should be reasonable, justified, prudent, documented and consistent with the role of management and employees as custodians of public monies.

4.1. After due consideration, expenditures that can reasonably, legally and ethically be avoided without jeopardizing an agency's mission should not be made.

4.2. It <u>must</u> always be borne in mind that the cost related to an expenditure should <u>not</u> exceed the benefit to the State or a State-sponsored activity.