

GAO Topic of the Month – February 2024

Hosting Conferences – Challenges and Potential Solutions



Background

One question that frequently arises is whether an agency may host and/or pay for a conference using an external establishment or state owned facility. This month’s topic is intended to provide guidance to agencies who are considering hosting a state conference.

Concerns and Issues

There are several areas that an agency must consider before deciding to host a state conference. These areas can include, but are not limited to:

- 1) Where will the conference occur?
- 2) How will the conference be funded?
- 3) Will meals and/or beverages be provided?
- 4) Will attendees pay a registration fee?
- 5) Will donations be accepted from sponsors, etc.?

Many of these considerations will result in challenges that could be difficult if not impossible to overcome. Some of the reasons could include the following:

Donations

In order to accept donations, an agency must have the authority to accept donations in their enabling statutes (see SAAM 8020-9). Not all agencies have this authority. If an agency does not have statutory authority, the Governor’s Office would have to accept and spend the donation. Additionally, how the donations must be handled and spent can also be restricted.

Other considerations include but are not limited to:

- 1) Would the acceptance of the donation cause a potential conflict of interest?
- 2) Is the donor a State vendor?
- 3) Is the State in a contract or soliciting with this vendor?

Sometimes sponsors or vendors are willing to donate funds to cover the cost of food, beverages, or other expenses. Does your agency have the authority and ability to accept this donation and spend it for the purpose it was given?

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SAAM 4507 and Title 35, Chapter 2 of the Arizona Revised Statutes requires that any money due to the State, whatever its source, be deposited with the State and that any money deposited with the State is “public money.”

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

Food and/or Beverages

SAAM 8010 defines a State-hosted event as, “a State-hosted event is one that is hosted by, arranged by, or organized by an agency. A State-hosted event is one in which the State directly or indirectly pays the vendor or vendors who provide meals and/or beverages and/or the facilities in which the event is held, even when the original funding source is an entity or entities other than the State.”

Article IX, Section 7 of the Arizona Constitution, the “gift clause,” prohibits the giving of gifts, loans, etc. to individuals. In addition, the notes to this article state that “Public funds are to be expended only for public purposes and cannot be used to foster or promote purely private or personal interests of any individual.”

To provide food and/or beverages at a state-hosted event, all of the documentation, restrictions, and limits of SAAM 8010 would need to be followed. See the SAAM for the details.

Conference Facility

Does the agency have the procurement authority to enter into a contract, and does the agency have the authority to use public money to pay for the conference facility and any related costs such as meals and/or beverages?

Registrations

Does your agency have the statutory authority to charge and collect registrations? Once the registration is deposited with the State, it becomes “public money” and is subject to all restrictions on public monies.

Other

There are likely other considerations not included here that would affect your agency’s ability to move forward with hosting a conference.

Potential Options & Considerations

Unless your agency has specific statutory authority, hosting a conference poses many challenges that are not easily avoidable and in many cases impossible. If your agency does NOT have statutory authority, what options can be pursued?

GAO recommends that agencies find another non-state resource, organization, or entity who are willing and able to host the conference. This other entity can collect registrations, contract with a venue and

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speakers, provide lunch and refreshments at an appropriate amount, accept donations from corporate sponsors, etc. They do not have to follow the State laws and policies because they are not a state agency.

The state agency can help get the word out, provide contacts, serve as speakers or provide assistance, attend as a paying participant/registrant, etc.

To identify this other entity, an agency should consider organizations where employees or the agency has a membership, an entity with a similar mission, or another entity that regularly hosts similar events. The agency can help support the conference without hosting the conference.

Examples

To help provide clarity, here are some examples of non-allowable and allowable conference situations. These examples do not cover all situations. There are many situations that could be unallowable or allowable depending on the particular circumstances. When looking at hosting a conference, there are multiple variables that will need to be considered to determine if that particular action or variable is allowable or unallowable per law and policy. One unallowable variable could cause the entire situation to be unallowable. Each agency must consider their enabling statutes, which could make something allowable for one agency, but unallowable for another. Other policies may also be applicable, such as SAAM Topic 50, *Travel*, if an employee is traveling or if travel expenses are being requested.

Not Allowable Example (multiple issues exist in this example)

- The agency hosts a conference. The agency contracted with a hotel and used the hotel to cater beverages, snacks, and lunch. The amounts exceed the state rates in SAAM 5095. The agency charges and collects registrations to help pay for the event, with the funds being deposited through the Treasurer's Office. The agency also accepts and deposits funds from vendors that they have contracts with in order to help offset some of the costs. The agency contracts with and pays speakers without going through proper procurement. The agency uses state funds to purchase door prizes, raffle items, and gift cards which are then gifted to participants who attend the conference. Records are not maintained regarding the costs, the participants, etc. and when auditors ask questions, the agency cannot provide any details, documentation, or approvals. State employees who live and work within 50 miles of the conference stay at the hotel overnight and submit travel claims for their expenses.

Allowable Examples

- The state agency hosts a conference at a state facility. No beverages or refreshments are served. The conference is either half a day or scheduled so that a lunch break is given so participants can bring or go get their own lunch at their own expense before returning for the remainder of the day's schedule. No raffle or door prizes are given. Meals are only covered by the state agency for employees who are in "official travel status" in accordance with SAAM. The

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speakers are state employees and others who volunteer their time or are there at their employer's expense. No registration cost is charged or collected for the conference.

- A state agency works with another entity (e.g. NASACT, NAIC, NIC, etc.) who hosts a conference. The other entity contracts with the hotel, arranges catering, contracts with the keynote speakers, and charges and collects the registrations. The agency pays for and sends employees to attend as registrants. Some of these employees present at the conference as speakers or panelists. Other employees help work at the registration and questions desk and provide support. The employee's registration paid from state funds includes lunch and refreshments. The agency worked with the national organization to help get the word out about the conference and encourage others to attend. The agency worked with other contacts to have them serve as speakers. The attending employees accept swag materials from multiple vendors available to all attendees at a value of less than \$50 and none include a gift card. If the event was numerous days and the employee lives and works within 50 miles of the event, the employee drives back and forth from home daily to the conference and does not stay at the hotel.

Every situation will be unique. Those making decisions will need to determine how the agency and its employees can participate in a manner that is allowable under the State policies and laws.

Resources

Associated laws, resources, and policies (not all-inclusive):

- [A.R.S. §§ 38-501 to 38-511](#) - Conflict of Interest statutes.
- [Attorney General Agency Handbook](#) - *Chapter 8 - Conflict of Interest* - provides additional guidance and information.
- [State of Arizona Accounting Manual \(SAAM\)](#):
 - SAAM 4507, *Public Money*
 - SAAM 8010, *Food and Beverages at State-hosted Events*
 - SAAM 8020, *The State's Tax Exempt Status and the Receipt of Charitable Contributions*
 - SAAM 5558, *Accepting Gifts*
 - SAAM, Topic 50, *Travel*