

SUBCHAPTER 11 - APPROVAL OF EXPENDITURES

The ACA references in this document can be found in the [Financial Management Guide](#).

19-4-1101. Examination and approval required.

(a) The expenditure of all funds deposited in the State Treasury shall be subject to examination and approval in the manner provided for by this subchapter before the proposed expenditure is approved for payment from such funds.

(b) Funds of state agencies which are not required by law to be deposited in the State Treasury shall be subject to the procedures as required by [19-4-801](#) et seq.

(c) The Legislative Auditor shall have authority, in connection with any examination of the fiscal activities of any agency, to audit any of the funds of the agency.

History. Acts 1973, No. 876, 15; 1979, No. 833, 6, 7; A.S.A. 1947, 13-341; Acts 1991, No. 21, 2; 2001, No. 1453, 27.

19-4-1102. [Repealed.]

19-4-1103. Responsibilities of agency heads.

(a) It shall be the responsibility of each executive head of a state agency to establish adequate internal administrative procedures and controls to ensure prompt and accurate payment of obligations in order to promote good public relations and to take advantage of all available discounts. It shall also be the responsibility of each executive head of a state agency to establish adequate administrative procedures to ensure that all financial transactions of the agency are posted in the state's financial management system in accordance with procedures established by the Chief Fiscal Officer of the State.

(b) It shall also be the responsibility of the agency head to establish a system of pre-audit within his or her agency to ensure that checks and vouchers, before being released by the agency, are prepared in accordance with all applicable purchasing and fiscal laws, rules, and regulations by performing the following functions. He or she shall determine that:

(1) Services, materials, supplies, and equipment received comply with specifications indicated on purchase documents;

(2) Quantities received, as being indicated on the invoice, agree with those shown on the receiving report;

(3) Unit prices agree with those indicated on the purchase documents;

(4) The extensions and footings of the invoice are correct;

(5) The voucher or check is prepared in sufficient time to take advantage of all available discounts being offered;

(6) Sufficient appropriation and funds are available for payment of the obligation; and

(7) The obligation was incurred in conformity with all purchasing and fiscal laws.

(c) It shall also be the responsibility of the agency head to establish that:

(1) Every voucher for a proposed disbursement is approved by the bonded disbursing officer of the agency issuing the voucher or by his or her authorized agent;

(2) An appropriation has been made to cover the proposed disbursement and that there is sufficient balance remaining in the appropriation account and in the fund against which it is drawn to ensure that the voucher can be converted into a valid warrant;

(3) The proposed disbursement has been drawn on the proper voucher form and the name and address of the disbursing agency and the name and address of the vendor or payee is properly identified on the voucher form;

(4) The proposed voucher is prepared in accordance with the established general accounting procedures relating to appropriation titles and codes and the proposed transactions are identified and classified in accordance with the administrative regulations on the subject; and

(5) The voucher for the proposed disbursement is accompanied by proper supporting documentation, as evidence that the indebtedness has been incurred and that the amount for which the voucher is written corresponds with such evidence.

History. Acts 1973, No. 876, 15; 1979, No. 833, 6, 7; A.S.A. 1947, 13-341; Acts 2001, No. 1453, 29.

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Expense Items with Special Considerations and Limitations

Resolutions of Boards and Commissions

Any indebtedness or expense incurred in connection with an approved resolution of any state board or commission shall be made a part of the permanent minutes. Certified copies of the resolution or minutes authorizing the indebtedness or expense shall be attached to the disbursement document executed for payment of the same. When purchasing bonds for investments, excerpts from the board or commission meeting authorizing the purchase, or a letter from the person authorized to buy when funds are available, should be attached to the disbursement document as the supporting documents. Each disbursing document shall have attached a copy of the certified resolution authorizing the investment. Purchasing procedures must be followed where applicable.

Agency Membership Dues

Generally, agency membership may be paid when such membership is in the name of the agency, and such membership is not in a community organization. In the event that any membership due is in the name of an individual, or a membership, whether in the name of an individual or a state agency, is in a community organization, the department head or independent agency director must approve, in writing, the payment of such due. The approval shall justify the payment, explaining how the payment for said membership is in the best interest of the state agency and necessary to carrying out the purposes of the agency. Such approval shall be included in the

documentation (attached to the disbursing document) of the agency's financial records and made available for audit purposes.

Educational Subsidies

Within limits, an agency may subsidize an employee's tuition and related expenses for enrollment at an institution of higher education for a particular course that will enhance the employee's performance in their present job assignment. The agency shall not pay for a collegiate course that leads to, or participates in, a degree program for the employee unless the state agency has specific legislation providing for such payment.

Prior approval in writing from the agency head must be obtained for each employee before an agency becomes obligated to pay that employee's tuition and/or other related expenses. The approval document shall justify the payment, explaining how the payment for tuition and related expenses is necessary to the performance of the duties of the employee, why it is in the best interest of the state agency and necessary to carrying out the purposes of the agency. Such approval shall be included in the documentation (attached to the disbursing document) of the agency's financial records and made available for audit purposes.

Payment of Witness Fees

When an agency, board, commission or institution is authorized by law to subpoena witnesses for hearings and/or to obtain depositions, the agency, board, commission or institution may pay the witness:

- 1. Reasonable expenses for loss of time based on the witness's present earnings or \$30.00 per day, whichever is greater.*
- 2. \$.25 per mile or the rate per mile authorized for reimbursement to state employees, whichever is greater, for travel from his/her home to the place of hearing, trial or deposition.*

A verified statement of expenses for loss of time and miles traveled must be signed by the witness. The expenses for loss of time and mileage must be shown separately on the statement. This form must be presented as documentation for the disbursement document. These expenses are considered professional in nature and should be expensed using Professional Fees & Services (506:00:10). A sole source contract would be necessary if the amount is greater than \$5,000.

The minimum rates for fee and mileage are specified by ACA 2002, Court Rules: Rules of Civil Procedure, Rule 45 (d) (e).

Disposition of Witness Paid State Employees

The disposition of fees regarding witness, juror or party litigant fees and reimbursements shall be as follows:

Pursuant to Ark. Code Ann. § 21-4-213, an employee serving as a juror in a State or federal court is entitled to retain court fees or reimbursement for necessary services or appearances, and such services or necessary appearances in any court will not be recorded as annual leave.

An employee is entitled to his or her salary if subpoenaed as a witness to give a deposition or testimony in State or federal court, at a hearing or before any body with power to issue a subpoena in a matter that is within the employee's scope of employment or outside the employee's scope of State employment, and the employee is either not serving as a paid expert witness or is not a party to the matter.

An employee is required to take annual leave to attend the deposition, hearing or appear in court only if the matter is outside of the employee's scope of State employment, and the employee is serving as a paid expert witness or is a party to the matter.

Pursuant to Ark. Code Ann. § 16-43-806, an employee serving as a witness to give a deposition or testimony in State or federal court, at a hearing or before any body with power to issue a subpoena is entitled to retain his or her witness fees that may be tendered to him or her under State or federal law or court rules only if the matter is outside the employee's scope of State employment, or the employee is a party to the matter other than as a representative of the State employer.

An employee is entitled to retain any mileage fees that may be tendered to him or her under State or federal law or court rules only if the matter is within the employee's scope of State employment, the employee uses a personal vehicle for travel in obeying the subpoena and the employee's employer does not reimburse the employee for travel expenses or the matter is outside the employee's scope of State employment, and the employee does not use a State-owned vehicle for travel in obeying the subpoena.

If an employee is subpoenaed as a witness to give a deposition or testimony in State or federal court, at a hearing or before any body with power to issue a subpoena on a non-work day, the employee may retain any witness and mileage fees tendered to him or her unless a State vehicle is used to obey the subpoena.

If an employee is subpoenaed as a witness to give a deposition or testimony in State or federal court, at a hearing or before any body with power to issue a subpoena in a matter that is within the employee's scope of employment and is a paid expert witness, the employee is required to reimburse his/her agency the total amount tendered to him/her. The agency will deposit the money as a "non-revenue receipt."

State employees are required to reimburse their agency for any mileage fees that may be tendered to him or her under State or federal law or court rules only if the matter is within the employee's scope of State employment, the employee uses a State-owned vehicle for travel in obeying the subpoena and the employee's employer reimburses the employee for travel expenses or the matter is outside the employee's scope of State employment, and the employee uses a State-owned vehicle for travel in obeying the subpoena.

19-4-1104. Duty to examine and approve.

It shall be the duty of the Chief Fiscal Officer of the State to design the state's financial management system to provide reasonable assurances that financial transactions conform to the provisions of law and regulation. He or she shall not be required to pass upon the propriety of any

financial transaction if it is found to conform to the provisions of this subchapter. However, the Chief Fiscal Officer of the State may perform examinations of transactions to determine the propriety of the transactions in conformity with applicable laws and regulations.

History. Acts 1973, No. 876, 15; A.S.A. 1947, 13-341; Acts 2001, No. 1453, 30.

19-4-1105. Examination and approval generally.

Before any voucher for the disbursement of funds in the State Treasury is presented to the Auditor of State for the issuance of his or her warrant thereon, it shall be recorded in the state's financial management system in accordance with procedures established by the Chief Fiscal Officer of the State. The Auditor of State shall have the authority to perform an examination, under the procedures established in this section, as he or she deems advisable before issuing his or her warrant in the payment of the voucher.

History. Acts 1973, No. 876, 15; 1985, No. 324, 2; A.S.A. 1947, 13-341; Acts 2001, No. 1453, 31.

19-4-1106. Erroneous or improper payments.

The responsibility for recovery of erroneous or improper payments shall be with the state agency head or the bonded disbursing officer, or his or her designated bonded assistant; the Chief Fiscal Officer of the State, the Auditor of State, or the Treasurer of State shall not be liable under their surety bonds for any erroneous or improper payments so made.

History. Acts 1973, No. 876, 15; A.S.A. 1947, 13-341.

19-4-1107. Supporting documents generally.

Supporting documents for the disbursement of state funds shall include the following:

(1) In connection with purchasing procedure, the Chief Fiscal Officer of the State shall prescribe and define the necessary documents and other evidence which shall be for the purpose of determining whether the proper purchasing procedures have been complied with;

(2)(A) In all instances when the evidences of indebtedness are represented by vendors' invoices, the agency shall retain in the permanent file of the business office of the agency the original invoice and corresponding documentation in accordance with procedures established by the Chief Fiscal Officer of the State.

(B) In those instances when the daily transactions with vendors are numerous, such as in the case of retail service station purchases, the Chief Fiscal Officer of the State may prescribe the use of monthly statements from the vendors as supporting documents for the vouchers;

(3) In connection with printing contracts provided for by the Arkansas Constitution and laws of this state, the supporting documents shall be those prescribed by the Auditor of State or by the Department of Finance and Administration as appropriate;

(4)(A) In connection with the laws or regulations governing travel, when individuals are reimbursed for expenses incurred for travel in connection with their official duties, the supporting papers shall be the forms or statements of such expenses prescribed by the Chief Fiscal Officer of the State.

(B) In the case of per diem or other expenses established by law, the disbursing officer shall attach to the vouchers issued in payment of such allowances a citation of his or her authority for making such payments;

(5)(A) Any indebtedness or expense incurred in connection with an approved resolution of any state board or commission shall be made a part of the permanent minutes of the board or commission.

(B) Copies of the resolution or minutes authorizing any indebtedness or expense shall be attached to the vouchers issued in payment of any indebtedness or expense; and

(6)(A)(i) The Chief Fiscal Officer of the State shall prescribe the forms of the vouchers to be used and the procedure to be followed in making payments in instances when the General Assembly has authorized grants:

- (a)** To public schools, public welfare recipients, counties, and municipalities;
- (b)** For other purposes specifically provided for by law;
- (c)** For payments made to individuals under retirement systems; and
- (d)** For income tax refunds.

(ii) The Chief Fiscal Officer of the State may review all disbursements to determine that the disbursements are issued in accordance with their respective appropriations and that there are sufficient funds to cover all the payments.

(B) In the case of vouchers written upon the Public School Fund for state equalization aid, the Auditor of State shall process warrants to pay the vouchers upon certification by the Chief Fiscal Officer of the State that funds are available from general revenues available for distribution or from other sources for the benefit of the Public School Fund with which to pay the warrants when they are presented for payment.

(C) In the case of payments made to welfare recipients under the welfare laws of this state, the approved list of welfare recipients may be certified directly to the Auditor of State, who shall approve the issuance of warrants upon certification by the Chief Fiscal Officer of the State that funds are available from general revenues available for distribution or from other sources for the benefit of the Department of Human Services Grants Fund Account of the Department of Human Services Fund with which to pay the warrants when they shall be presented for payment.

(D) In the case of vouchers written upon the Arkansas Public Employees' Retirement System Fund, the Arkansas Local Police and Fire Retirement System Fund, the State Police Retirement Fund, the Arkansas Judicial Retirement System Fund, and the Arkansas Teacher Retirement System Fund for retiree benefits, the Auditor of State shall process paper or electronic warrants to pay the vouchers upon certification by the Chief Fiscal Officer of the State that funds are available from the Arkansas Public Employees' Retirement System, the Arkansas Local Police and Fire Retirement System, the State Police Retirement System, the Arkansas Judicial Retirement System, and the Arkansas Teacher Retirement System funds with which to pay the warrants when they shall be presented for payment.

(E) In the case of vouchers written upon the Uniform Tax Rate Trust Fund, the Auditor of State shall process warrants to pay the vouchers upon certification by the Chief Fiscal Officer of the State that funds are available for the benefit of the Uniform Tax Rate Trust Fund with which to pay the warrants when they shall be presented for payment.

(F) In the case of vouchers written upon specific funds receiving federal funding, according to the Cash Management Improvement Act of 1990, Pub. L. No. 101-453, Oct. 24, 1990, 104 Stat. 1058, agreement, the Auditor of State shall process warrants and the Treasurer of State shall redeem the warrants presented for payment upon notification by the Chief Fiscal Officer of the State that the state agency director has certified to the Chief Fiscal Officer of the State that:

(i) A federal fund transfer request has been completed and accepted by the federal funding source; and

(ii) Federal funds will be transferred for the benefit of the state fund to pay the warrants.

History. Acts 1973, No. 876, 15; 1977, No. 486, 4; A.S.A. 1947, 13-341; Acts 1997, No. 14, 1; 1997, No. 860, 4; 1999, No. 391, 38; 1999, No. 714, 1; 2001, No. 1453, 32; 2003, No. 656, 7; 2005, No. 1149, 1; 2007, No. 177, 5.

19-4-1108. Retention of documents.

(a) The original evidences of indebtedness, including documents prepared in connection with purchasing procedure, and all original contracts, invoices, statements, receipts, petty cash tickets, bank statements, cancelled checks drawn upon bank accounts, and other original supporting papers shall be retained in the permanent file of the business office of each state agency. These documents shall be kept in a safe place subject to audit and shall not be destroyed until authorization is given for their destruction by the Legislative Auditor.

(b) With the approval of the Legislative Auditor of the state, a state agency may retain evidences, to satisfy record retention policies, of indebtedness and other contracts, invoices, statements, receipts, petty cash tickets, bank statements, cancelled checks drawn upon bank accounts, and other supporting papers by microform or a form of stored images in a computer system or other form of computer technology in lieu of retaining the originals of such documents.

History. Acts 1973, No. 876, 15; A.S.A. 1947, 13-341; Acts 1997, No. 541, 2; 2001, No. 1453, 33.

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Public Records

The law defines public records as writings, recorded sounds, films, tapes, electronic or computer-based information or data compilations in any medium required by law to be kept or otherwise kept and which constitute a record of the performance or lack of performance of official functions which are or should be carried out by a public official or employee, a governmental agency or any other agency wholly or partially supported by public funds or expending public funds.

All public records shall be open to inspection and copying by any citizen of the State of Arkansas during the regular business hours of the custodian of the records, except as otherwise specifically provided by law.

Refer to Arkansas Code ACA 25-19-105 for exceptions, charges for providing copies of records and required response time to requests for copies and ACA 25-19-109 for special requests for electronic information.

R2-19-4-1108 Records Retention

All records that are public property are required to be maintained by the agencies that generate the documents. The type of business record in question and the business process it supports determines the length of retention. Generally, all records should be maintained a minimum of three fiscal years. All records and supporting documentation must be maintained until they have been audited and may not be destroyed until permission has been granted by the Division of Legislative Audit. Other records such as records for grants are maintained according to State or Federal laws.

Public records can only be destroyed after permission is granted by the Division of Legislative Audit.

Storage of records in electronic form is permissible in some cases. Refer to Arkansas Law ACA 13-4-203, 19-4-815, 19-4-1108, 25-32-112, 25-32-117, 25-32-118.

Effective January 1, 2006, the Executive Chief Information Officer shall promulgate rules and guidelines governing the retention and management of public records and issue periodic updates as necessary. Each State agency shall comply with these rules and guidelines by the earlier of July 1, 2007, or when the line item appropriation is established to comply with this requirement.

Contact for Information: Arkansas Legislative Audit, DAH - Arkansas State Archives, the Executive Chief Information Officer or your Assistant Attorney General.

19-4-1109. Procurement contracts.

Each state agency which is authorized by law or under the purchasing procedures of this state to enter into contracts for the procurement of property, commodities, or services shall keep on file in their respective places of business copies of these contracts for public inspection or audit and shall make a copy of any such contract available to the Chief Fiscal Officer of the State when so required by him or her.

History. Acts 1973, No. 876, 15; A.S.A. 1947, 13-341; Acts 2001, No. 1453, 34.