

CHAPTER: 300

Business/Budget

DEPARTMENT ORDER:

301 – Fiscal Management

OFFICE OF PRIMARY  
RESPONSIBILITY:

FS

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# Arizona Department of Corrections Rehabilitation and Reentry



Department Order Manual

A handwritten signature in black ink, appearing to read "Ryan Thornell", is written over a horizontal line.

Ryan Thornell, Director

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## **PURPOSE**

This Department Order (DO) establishes a fiscal management system for the maintenance and accountability of all Arizona Department of Corrections, Rehabilitation and Reentry (Department) appropriated and non-appropriated monies and funds. The fiscal management system is operated within the framework of statutory requirements, fiscal rules, and generally accepted accounting principles.

## **APPLICABILITY**

This DO applies to all staff whose duties involve the maintenance and accountability of appropriated and non-appropriated monies and funds for the Department. Only sections 1.0, 2.0, and 4.7 are applicable to **Contract Beds facilities**.

## **RESPONSIBILITY**

The Department shall comply with the State of Arizona Accounting Manual (SAAM) **issued** by the Arizona Department of Administration (ADOA) General Accounting Office (GAO) in all accounting functions. The **Assistant Director for Financial Services must:**

- Ensure **the Financial Services Division and the institution’s Business Administrator** are thoroughly familiar with the SAAM and **attest to understanding the requirement.**
- Ensure **there are regular reviews and verification of the Financial Services Division and the institution’s Business Office financials and internal controls.**
- Ensure DOs related to fiscal issues are reviewed **at least** annually, to **conform to current statutory, rules, and statewide policy** concerning fiscal management.

The Warden, **in collaboration with the Financial Services Division**, shall ensure the institution’s fiscal activities are continuously monitored, and **ensure any financial and internal control deficiencies are rectified in accordance with Arizona Revised Statutes (A.R.S.), Arizona Administrative Code (A.A.C.) and/or the SAAM.**

Any questions pertaining to accounting methods or practices shall be referred to the **Assistant Director for Financial Services or designee.**

## **PROCEDURES**

### **1.0 RECEIVING ALLOWABLE FUNDS**

1.1 Receiving Points – The **Financial Services Division** and each institutional Business Office shall designate, in writing, a specific receiving point for receiving allowable funds, including the specific area and position(s). All receiving points must be approved by the **Assistant Director for Financial Services**. Allowable funds for payment include the following:

1.1.1 Cash (i.e., checks, money orders, or cash)

1.1.1.1 **A digital banking scanner for checks and money orders may be obtained through the Financial Services Division.**

1.1.1.2 **All areas receiving cash must comply with the SAAM § 20-10.**

- 1.1.2 Credit Cards – The Department **may** accept credit card remittances as payments of any amounts due **and must comply with the SAAM § 40-15.**

## 2.0 DEPOSITS

- 2.1 All cash **must be received and** deposited in accordance with **the SAAM § 20-10** after receipt. **Any cash held overnight must be** secured in a safe or other locked storage device. **Access to cash must be limited to staff assigned by the Assistant Director.**
  - 2.1.1 When cash is received for deposit to local accounts, staff **must:**
    - 2.1.1.1 **Verify the total deposit amount with at least one other staff member.**
    - 2.1.1.2 **Prepare a bank deposit slip for the appropriate bank account. Deposit slips for receipts are prepared for each day cash is received, and deposits are made intact to the bank.**
- 2.2 Authorized staff may make bank deposits at any branch of the **State** servicing bank.
- 2.3 **Contract Beds must** follow **all** deposit instructions, as outlined in DO #905, Inmate Trust Accounts.
- 2.4 Deposits with the Arizona State Treasurer **must** contain:
  - 2.4.1 **A** copy of the bank validated statement.
  - 2.4.2 **All other relevant documentation that pertains to the purpose of the deposit.**
    - 2.4.2.1 **All supporting documentation must** be attached to the **statewide accounting system** deposit **transaction.**
- 2.5 Cash or checks **must** not be sent by inter-agency mail.
- 2.6 Cash deposits **must** be securely transported to the bank **using cash transport services provided by the State** servicing bank.
  - 2.6.1 **If cash transport services are not available, cash deposits shall be securely transported to the bank, with at least two employees, using a State vehicle.**
- 2.7 Electronic Fund **Transactions (EFT)**
  - 2.7.1 The **Financial Services Division, Accounts Receivables Unit** shall:
    - 2.7.1.1 Reconcile the **EFT** to the secure vendors' deposit **transactions.**
    - 2.7.1.2 Post Community Corrections fees to **the statewide accounting system.**
    - 2.7.1.3 **Attach all relevant supporting documentation to the statewide accounting system deposit transaction.**
    - 2.7.1.4 **Submit the Arizona State Treasury Office (ASTO) deposit form to the Arizona State Treasurer.**
  - 2.7.2 Community Corrections shall post the electronic fund **transactions** for Community Corrections fees to the offender's Community Corrections Account.

### 3.0 TAX ON OUT-OF-STATE PURCHASES

- 3.1 Paid to Out-of State Vendors – When an out-of-state vendor bills the Department for sales tax on taxable goods, authorized staff shall pay the tax directly to the vendor **using the statewide accounting system.**
- 3.2 Paid to the Arizona Department of Revenue (**ADOR**) – When out-of-state vendors do not charge sales tax on taxable goods, authorized staff shall submit **Use Tax** to the ADOR.
- 3.3 **The Financial Services Division, Accounts Payable Unit** staff shall complete and process a Transaction Privilege Tax, Use and Severance Tax Return by the **15<sup>th</sup> of the following month to ensure timely submission of the return.**

### 4.0 COUNTY REIMBURSEMENT OF TRIAL EXPENSES

- 4.1 The Department shall be responsible for charges incurred in the prosecution of inmates who commit crimes while under **the** jurisdiction of the Department, including while on escape status.
- 4.2 The Clerk of the Court in which the trial is held **should:**
  - 4.2.1 Prepare an itemized invoice against the State for the court costs and any other costs or fees incurred by the county for the prosecution and defense of the **case and the cost of confining and keeping the inmate.**
  - 4.2.2 **After** certification **from** the judge **of the** court, send the invoice to **the Office of the General Counsel.**
- 4.3 The **Office of the General Counsel** shall forward the invoice to the appropriate Criminal Investigations **Unit** Manager to verify the validity of the case(s).
- 4.4 Within 10 business days of receipt of the invoice, the Criminal Investigations Unit Manager shall send **the Office of the General Counsel** a signed memorandum that provides verification of the case(s) with the corresponding invoice attached.
- 4.5 **After** receipt, the General Counsel or designee shall:
  - 4.5.1 Review the invoice(s) for reasonableness and provide signature approval to pay on the attached memorandum.
  - 4.5.2 Forward the invoice to the **Financial Services Division. Designated staff shall indicate the chart of account elements** to be used for disbursement.
    - 4.5.2.1 **A** copy of the memorandum and corresponding invoice **shall be provided** to the **Financial Services Division, Accounts Payable Unit** for payment process.
- 4.6 The **Assistant Director for Financial Services or designee** shall ensure **all** invoices are paid promptly and **accurately.**
- 4.7 **Contract Beds facilities are** responsible for prosecutorial charges of inmates who commit crimes while under their jurisdiction, in accordance with A.R.S. § 41-1609.04.

## 5.0 DONATIONS

- 5.1 Offer of Donation – A person or entity wanting to donate to the Department shall:
  - 5.1.1 Complete the **ADOA Donation Acknowledgement and Receipt, Form GAO-802, referenced in the SAAM.**
  - 5.1.2 Provide monetary donations in the form of cash, checks, money orders, or drafts.
- 5.2 Accepting a Gift/Donation
  - 5.2.1 The staff member receiving the donation (Accepting Authority) shall:
    - 5.2.1.1 Ensure the donor has completely filled out the **ADOA Donation Acknowledgement and Receipt, Form GAO-802.**
    - 5.2.1.2 Forward the **ADOA Donation Acknowledgement and Receipt** form to the appropriate **Approving Authority.**
    - 5.2.1.3 If the donation is not accepted, **then** return the donation to the donor.
- 5.3 Cash Donations
  - 5.3.1 Cash donations shall be:
    - 5.3.1.1 Approved by the Director, Deputy Directors, or Assistant Director **for Financial Services.**
    - 5.3.1.2 Specifically identified and tracked within the Donations Fund, **as established and maintained by the Financial Services Division.**
  - 5.3.2 Any remaining money donated for a specific purpose that remains **unexpended** shall be **returned to the donor.**
- 5.4 Non-Cash Donations
  - 5.4.1 Non-cash donations shall be:
    - 5.4.1.1 Approved by the Director, Deputy Directors, **Assistant Director for Financial Services,** or appropriate Assistant Director.
    - 5.4.1.2 Accepted and documented in accordance with this section and DO #304, Inventory and Fixed Assets Management, as applicable.
- 5.5 Procedures After Acceptance
  - 5.5.1 The Business **Administrator and the Comptroller** or designee shall:
    - 5.5.1.1 Maintain a Donated Materials Inventory Log.
    - 5.5.1.2 Maintain the storage and safeguarding of various goods, merchandise, or cash contributed for the benefit of programs.
  - 5.5.2 The Accepting Authority shall ensure:

- 5.5.2.1 Donated tangible items are not converted for personal use by any individual.
- 5.5.2.2 Donated tangible items considered as capital or memo assets are processed in accordance with DO #304, Inventory and Fixed Assets Management.
  - 5.5.2.2.1 A copy of the **ADOA Donation Acknowledgement and Receipt, Form GAO-802**, shall be given to the Property Manager.
  - 5.5.2.2.2 The Property Manager shall complete the State Property Receipt/Return, Form 304-2, and forward it to the Accepting Authority.
- 5.5.2.3 The original copy of the **ADOA Donation Acknowledgement and Receipt, Form GAO-802**, the State Property Receipt/Return, **Form 304-2**, (for capital or memo assets), and the money (for monetary donations or proceeds from sale of donated items) are **to be completed at the receiving office**.
- 5.5.3 The **Assistant Director for Financial Services** or designee shall ensure:
  - 5.5.3.1 The **ADOA Donation Acknowledgement and Receipt, Form GAO-802**, is properly completed and the appropriate Accepting Authority accepted the donation.
  - 5.5.3.2 All monetary donations or proceeds from the sale of donated items are deposited with the Arizona State Treasurer in the appropriate Department fund **and sub-fund**.
  - 5.5.3.3 Capital and **non-capital** assets are added to the **statewide accounting system Fixed Assets module**.
  - 5.5.3.4 The "Status of Donations Fund" report is submitted monthly to the Director. **The report shall include cash deposits and non-cash deposits.**
- 5.6 Expenditures
  - 5.6.1 Wardens, Deputy Wardens, and Bureau Administrators shall annually submit to the **Assistant Director for Financial Services** a list of projects or equipment to be purchased from the Donations Fund for unrestricted donations.
  - 5.6.2 The **Assistant Director for Financial Services** shall approve all requests for purchases and expenditures involving the Donations Fund.
  - 5.6.3 The Financial Services Division shall process all approved requests for purchases and expenditures.

## 6.0 EMPLOYEE FUNDRAISING ACTIVITIES

- 6.1 Employee fundraising activities shall occur as designated by **the Central Office Committee**, Warden, Administrator or Bureau Administrator for the purpose of raising funds throughout the year for the Employee Fund or various Internal Revenue Service (IRS)-approved charities including, but not limited to the following:
  - 6.1.1 Special Olympics (LETR)
  - 6.1.2 State Employee Charitable Campaign (SECC)
  - 6.1.3 Victims' Rights organizations
  - 6.1.4 Pack to School
  - 6.1.5 Domestic Violence organizations
  - 6.1.6 Women and/or children shelters/organizations
  - 6.1.7 IRS-approved charity - Any other IRS-approved charity deemed appropriate by the appropriate Assistant Director, **Deputy Assistant** Director, Warden, or Deputy Warden.
- 6.2 The **Assistant Director(s)**, **Deputy Assistant Director(s)**, Warden, Deputy Warden, Administrator, or Bureau Administrator shall designate an Employee Fundraising Liaison.
- 6.3 The Employee Fundraising Liaison shall:
  - 6.3.1 Complete a Fundraiser Request, Form 924-1, for each employee fundraising event.
  - 6.3.2 Upon the approval of the fundraiser, initiate an Employee Fundraiser - Accountability of Funds, Form 301-3.
  - 6.3.3 Ensure the goods, merchandise, or cash received is handled in accordance with this DO **and SAAM**. If applicable, any additional and/or remaining items from an Employee Fundraiser shall be properly stored to sell at a future date or discarded.
- 6.4 Employee Fundraiser – Accountability of Funds form Usage and Processing
  - 6.4.1 The Employee Fundraising Liaison shall use the Employee Fundraiser – Accountability of Funds, Form 301-3, to document the following:
    - 6.4.1.1 **Record of all** collected funds on a daily basis.
    - 6.4.1.2 Prior to depositing the funds, **all funds must be accounted for by** the Employee Fundraising Liaison **and** another Department employee. **Initials are to be placed** in the Attestation column.
    - 6.4.1.3 Purchasing items or food for the fundraising event - The Employee Fundraising Liaison shall have another Department employee review the receipt(s) and initial the Attestation column for each purchase.
  - 6.4.2 **The Use of a Procurement Card (P-Card) for an Employee's Fundraising Event - The complex or Division shall maintain a separate P-Card for Employee Recognition activity. Before the card is used to purchase the employee fundraising items:**



- 6.4.2.1 **All P-Card users and persons responsible for the P-Card are required to consider and comply with:**
  - 6.4.2.1.1 **SAAM Sections: 45-22 Payment Methods; 45-35, P-Card General Policies and Procedures; 45-36, P-Card Agency Responsibilities; 45-37, P-Card Cardholder Responsibilities; and 55-57, Employee Recognition Activities.**
  - 6.4.2.1.2 **DO #302, Contracts and Procurement and DO #303, Bank Accounts.**
- 6.4.2.2 **The requestor shall complete the Employee Recognition Fund P-Card Purchase Authorization, Form 303-3, and obtain the appropriate approvals.**
- 6.4.2.3 **The requestor or designee is required to encumber the funds in before the purchase is made if the amount is known or immediately after the purchase has been made.**
- 6.4.2.4 **Once the purchase is complete, it shall be logged along with accompanying documentation including receipts and Employee Recognition Fund P-Card Purchase Authorization, Form 303-3.**
- 6.4.2.5 **Any request for exceptions must be submitted to the Financial Services Division in memo form from the Business Administrator or Warden.**
- 6.4.2.6 **Month end P-Card reconciliations shall include all of the aforementioned items, along with the P-Card statement and completed reconciliation.**
- 6.4.3 **The Business Manager or the Financial Services Division, Accounts Receivables Unit shall:**
  - 6.4.3.1 **Attest to the daily deposit on the Employee Fundraiser – Accountability of Funds, Form 301-3, provide a receipt to the Employee Fundraising Liaison, and ensure the funds are:**
    - 6.4.3.1.1 **Immediately secured in the safe or other locked storage device.**
    - 6.4.3.1.2 **Inventoried daily.**
    - 6.4.3.1.3 **Held in the safe or other locked storage device until a bank deposit is made by the receiving Business Office or Financial Services Division, Accounts Receivables Unit or returned to the designated Employee Fundraising employee for processing (i.e., purchase of items and/or food for the event, etc.). Bank deposits shall be made in accordance with section 2.0.**
  - 6.4.3.2 **Document on the Employee Fundraiser – Accountability of Funds, Form 301-3, when funds are being turned over to the Employee Fundraising Liaison to buy items or food for the fundraising activity or present the donation to the charity or organization, as applicable.**

- 6.4.4 Within three **business days** of the funds being presented to the charity or organization, the Employee Fundraising Liaison shall complete the bottom portion of the Employee Fundraiser - Accountability of Funds, Form **301-3**, and submit it and the receipts to **the receiving Business Office or Financial Services Division, Accounts Receivables Unit**, which shall complete the bottom portion of the form.

## **7.0 BUDGET**

- 7.1 **The Legislature grants the Department authority to spend through various appropriations and funds. The Financial Services Division Budget Bureau is responsible for the Department’s budget development and execution development.**
- 7.2 **The Financial Services Division Budget Administrator and/or designees shall:**
- 7.2.1 **Review financial trends on a monthly basis and compare the current fiscal year to the same period in previous years, as well as budget-to-actual variances each month.**
  - 7.2.2 **Review availability of funds before significant purchases or expenditures are obligated.**
  - 7.2.3 **Prepare and submit a Budget Request to the Governor’s Office of Strategic Planning and Budgeting by September 1 of each year.**
  - 7.2.4 **Prepare and submit timely all legislatively mandated reports, and other ad hoc external requests.**
  - 7.2.5 **After enactment of the annual budget (all appropriations), the Budget Bureau shall allocate operating expense budgets in consultation with areas of responsibility and enter them into the state’s accounting system.**
- 7.3 **The Assistant Directors, Wardens, Administrators or designees shall:**
- 7.3.1 **Manage allocated budgets responsibly, to ensure all expenditures are in accordance with statutory uses, the SAAM regulations, and constitute an appropriate use of public funds.**
  - 7.3.2 **Use the State’s accounting system to monitor remaining available balances, determining whether sufficient spending authority exists to fund operations for the balance of the quarter, or year.**
  - 7.3.3 **Ensure encumbrances and expenditures are recorded in the proper fund, object, and appropriation.**
  - 7.3.4 **Identify unusual variations between budgetary projections and actual financial results.**

## **FORMS LIST**

301-3, Employee Fundraiser - Accountability of Funds  
303-3, Employee Recognition Fund P-Card Purchase Authorization  
304-2, State Property Receipt/Return  
924-1, Fundraiser Request

## **AUTHORITY**

A.R.S. § 31-227, Expenses of Prosecution; Reimbursement of Counties

A.R.S. § 35-131, Accounting System; Reports; Notice of Deficiency; Forms

A.R.S. § 41-703, Duties of Director

A.R.S. § 41-722, Powers and Duties Relating to Finance

A.R.S. § 41-1605, Power to Accept and Expend Gifts

A.R.S. § 41-1609.04, Reimbursing County for Expense of Prosecution; Private Prison

**SAAM § 20-10, Cash and Cash Receipts**

**SAAM § 40-15, Accepting Credit Cards for Payment**

**SAAM § 45-22, Payment Methods**

**SAAM § 45-35, P-Card General Policies and Procedures**

**SAAM § 45-36, P-Card Agency Responsibilities**

**SAAM § 45-37, P-Card Cardholder Responsibilities**

**SAAM § 55-57, Employee Recognition Activities**