

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Joint Budget Committee**

# A Bill

**HOUSE BILL**

## For An Act To Be Entitled

8 "AN ACT TO AMEND SUBCHAPTER 8 OF CHAPTER 4 OF TITLE 19 OF  
9 THE ARKANSAS CODE OF 1987 TO ADD NEW SECTIONS TO PROVIDE  
10 FOR THE PREEXPENDITURE VOUCHER EXAMINATION AND APPROVAL OF  
11 CASH FUND EXPENDITURES; AND FOR OTHER PURPOSES."

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13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 SECTION 1. Subchapter 8 of Chapter 4 of Title 19 of the Arkansas Code  
16 of 1987 is hereby amended by adding at the end thereof two (2) new sections to  
17 read as follows:

18 "19-4-809. Cash Funds of State Agencies Subject to Voucher Examination  
19 and Approval.

20 The expenditure of cash funds as defined in §19-4-801 shall be subject  
21 to voucher examination and approved in the manner provided for by this  
22 subchapter before the proposed expenditure is approved for payment from such  
23 funds, and, except for payrolls, no voucher payable from state agency cash  
24 funds shall be subject to payment unless the same shall bear the approval  
25 stamp of the Chief Fiscal Officer of the State.

26 19-4-810. Voucher Examination and Approval of Expenditures.

27 (a) Responsibilities of State Agency Executive Administrator.

28 It shall be the responsibility of each executive head of a State Agency  
29 handling Cash Funds to establish adequate internal administrative procedures  
30 and controls to ensure prompt and accurate payment of obligations to be  
31 liquidated from such funds in order to promote good public relations and to  
32 take advantage of all available discounts. It shall also be the  
33 responsibility of the State Agency executive head to establish a system of  
34 pre-audit within his agency to ensure that checks and vouchers, before being  
35 released by the State Agency, are prepared in accordance with all applicable

1 purchasing and fiscal laws on the subject by performing the following  
2 functions:

3 (1) Determine that services, materials, supplies and equipment received  
4 comply with specifications indicated on purchase documents.

5 (2) That quantities received, as being indicated on the invoice, agree  
6 with those shown on the receiving report.

7 (3) That unit prices agree with those indicated on the purchase  
8 documents.

9 (4) That the extensions and footings of the invoice are correct.

10 (5) That the voucher or check is prepared in sufficient time to take  
11 advantage of all available discounts being offered.

12 (6) That sufficient Legislative authorization for expenditures and  
13 funds is available for payment of the obligation.

14 (7) Determining that the obligation was incurred in conformity with all  
15 purchasing and fiscal laws, applicable to State Agencies operating out of the  
16 State Treasury.

17 (b) Erroneous or Improper Payments.

18 The responsibility for recovery of erroneous or improper payments shall  
19 be with the State Agency head, the bonded disbursing officer or his designated  
20 bonded assistant; and the Chief Fiscal Officer of the State shall not be  
21 liable under his surety bond for any erroneous or improper payments so made.

22 (c) Funds Which are Subject to Voucher Examination and Approval.

23 The expenditure of Cash Funds shall be subject to voucher examination  
24 and approval in the manner provided for by this subchapter, before the  
25 proposed expenditure is approved for payment from such funds.

26 (d) Examination by the Department of Finance and Administration.

27 Before any check for the disbursement of cash funds is signed by the  
28 Disbursing Officer, the cash voucher and supporting documentation shall be  
29 presented to the Chief Fiscal Officer of the State for his examination. If he  
30 approves the voucher, the Chief Fiscal Officer of the State shall, except for  
31 payrolls, place his stamp of approval on the cash voucher and such cash  
32 voucher shall be returned to the Disbursing Officer for payment. Provided,  
33 however, the Disbursing Officer shall have the authority to make such further  
34 examination, under the procedures established herein, as he deems advisable  
35 before issuing his check in the payment of such cash voucher. Every such cash

1 voucher shall be subject to examination and approval to establish:

2 (1) That the cash voucher for the proposed expenditure is signed by the  
3 bonded disbursing officer of the agency issuing such cash voucher, or by his  
4 authorized agent.

5 (2) That the proposed expenditure conforms to the laws, or  
6 administrative rules and regulations, and to the purpose and intent of any  
7 legislative authorization for expenditure.

8 (3) That a legislative authorization for expenditure has been made to  
9 cover such proposed expenditure.

10 (4) That the proposed expenditure has been drawn on the proper Cash  
11 Voucher Form; and that the name and address of the disbursing agency, and the  
12 name and address of the vendor or payee, is properly identified on the voucher  
13 form.

14 (5) That the voucher for the proposed expenditure is accompanied by  
15 proper supporting papers as evidence that the indebtedness has been incurred  
16 and that the amount for which the voucher is written corresponds with such  
17 evidence.

18 (6) Determining that the obligation was incurred in conformity with all  
19 purchasing and fiscal laws, applicable to state agencies operating out of the  
20 State Treasury.

21 (e) Supporting Papers.

22 All Vouchers issued by any State Agency, for the disbursement of Cash  
23 Funds, shall be transmitted to the Chief Fiscal Officer of the State. When  
24 approved by the Chief Fiscal Officer of the State, said voucher shall be  
25 returned to the State Agency and true copies of said voucher shall be  
26 maintained in the files of the State Agency. Except for payrolls, both copies  
27 of all such vouchers shall have attached thereto supporting papers showing  
28 that the property, commodities, supplies, services and expenses were actually  
29 incurred, performed and received, and were in accordance with the law,  
30 authorization, contract and agreement governing the same. Specifically, the  
31 supporting papers shall include the following:

32 (1) In connection with purchasing procedure the Chief Fiscal Officer of  
33 the State shall prescribe and define the necessary documents and other  
34 evidence which shall be attached to or accompany vouchers or checks which are  
35 issued in payment of obligations incurred under any such purchasing procedure;

1 and before the Chief Fiscal Officer of the State shall approve any voucher for  
2 payment, he shall examine the supporting papers attached to such voucher for  
3 the purpose of determining whether the proper purchasing procedures have been  
4 complied with.

5       (2) In all instances where the evidences of indebtedness are  
6 represented by vendor's invoices, carbon impressions or duly authenticated  
7 copies of such invoices shall be attached to the vouchers transmitted to the  
8 Department of Finance and Administration. Provided, that in those instances  
9 where the daily transactions with vendors are numerous such as in the case of  
10 retail service station purchases, the Chief Fiscal Officer of the State may  
11 prescribe the use of monthly statements from such vendors as supporting papers  
12 for the vouchers; but in all such instances the individual invoices must be  
13 retained in the permanent file of the business office of the agency for audit  
14 purposes, and the statement attached to the voucher shall bear a certificate  
15 to the effect that all invoices or tickets listed on the statement have been  
16 examined and found to be in the amounts listed.

17       (3) In connection with printing contracts, provided for by the  
18 Constitution and laws of this State, the supporting papers attached to  
19 vouchers shall be those prescribed by the State Auditor, or by such other  
20 State Official as shall be charged with the responsibility of examining  
21 payments made under any such contracts.

22       (4) In connection with the laws or regulations governing travel, where  
23 individuals are reimbursed for expenses incurred for travel in connection with  
24 their official duties, the supporting papers shall be the forms or statements  
25 of such expenses prescribed by the Chief Fiscal Officer of the State. In the  
26 case of per diem or other expenses established by law, the disbursing officer  
27 shall attach to vouchers issued in payment of such allowances, a citation of  
28 his authority for making such payments.

29       (5) Any indebtedness or expenses incurred in connection with an  
30 approved resolution of any State Board or Commission, shall be made a part of  
31 the permanent minutes of such Board or Commission, and copies of such  
32 resolution or minutes authorizing any indebtedness or expense shall be  
33 attached to the vouchers issued in payment of any such indebtedness or  
34 expense.

35       (6) In instances where the General Assembly has authorized grants to

1 public schools, public welfare recipients, counties, municipalities, and for  
2 other purposes specifically provided for by law; and for payments made to  
3 individuals under retirement systems; and for income tax refunds, the Chief  
4 Fiscal Officer of the State shall prescribe the forms of the vouchers to be  
5 used and the procedure to be followed in making such payments. The Chief  
6 Fiscal Officer of the State shall check all such vouchers to determine that  
7 they are issued in accordance with the appropriations or Legislative  
8 authorization for expenditures therefor.

9 (f) Contracts for Procurement of Commodities and Services.

10 Each State Agency which is authorized by law, or under the purchasing  
11 procedures of this State, to enter into contract for the procurement of  
12 property, commodities or services, shall keep on file in their respective  
13 places of business a copy of such contract for public inspection or audit; and  
14 shall make a copy of any such contract available to the Chief Fiscal Officer  
15 of the State for pre-audit purposes when so required by him.

16 (g) Original of Supporting Papers to be Retained by the Agency.

17 The original evidences of indebtedness including documents prepared in  
18 connection with purchasing procedure, and all other original contracts,  
19 invoices, statements, receipts, petty cash tickets, bank statements, cancelled  
20 checks drawn upon bank accounts, and other original supporting papers, shall  
21 be retained in the permanent file of the business office of each State Agency,  
22 or attached to the office copy of the Agency's voucher; and such documents  
23 shall be kept in a safe place subject to audit, and shall not be destroyed  
24 until authorization is given for their destruction by the Legislative Auditor.

25 (h) Prior Approval of Vouchers.

26 It shall be the duty of the Chief Fiscal Officer of the State to examine  
27 all vouchers presented to him for approval, as provided for by this  
28 subchapter, and if, in his opinion, the proposed expenditure conforms to the  
29 provisions of the law on the subject, he shall approve the voucher or check  
30 for payment. Provided, that he shall not be required to pass upon the  
31 propriety of any such proposed expenditure, if the same is found to conform to  
32 the provisions of this subchapter; but he shall have the power and authority,  
33 in case he should question the nature of any proposed expenditure, to withhold  
34 payment therefor until the executive head of the State Agency affected shall  
35 submit in writing satisfactory justification for such proposed expenditure."

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SECTION 2. Arkansas Code 19-4-1101 is hereby amended to read as follows:

"19-4-1101. Examination and approval required.

(a) The expenditure of all funds deposited in the State Treasury shall be subject to voucher 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 Arkansas Code 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."

SECTION 3. CODE. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. SEVERABILITY. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 5. GENERAL REPEALER. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the Seventy-Eighth General Assembly, that certain provisions of previous enactments of the Arkansas General Assembly providing for the preexpenditure voucher examination and approval of cash funds of the various State Agencies were not incorporated into the Arkansas Code of 1987 Annotated; that such provisions are vitally necessary in order to ensure that the expenditure of Cash Funds are processed in such a manner as to protect the financial

1 integrity of the State; and that this Act will restore such previous  
2 enactments of law. Therefore, an emergency is hereby declared to exist, and  
3 this Act being necessary for the immediate preservation of the public peace,  
4 health and safety shall be in full force and effect from and after its passage  
5 and approval.