

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas *As Engrossed: H3/13/01 H3/28/01 H3/29/01*

2 83rd General Assembly

A Bill

3 Regular Session, 2001

HOUSE BILL 2344

4

5 By: *Joint Budget Committee*

6

7

8

For An Act To Be Entitled

9 AN ACT TO AMEND TITLE 19 PUBLIC FINANCE AND TITLE
10 25 STATE GOVERNMENT OF THE ARKANSAS CODE
11 ANNOTATED; AND FOR OTHER PURPOSES.

12

13

Subtitle

14

AN ACT TO AMEND TITLE 19 PUBLIC FINANCE
15 AND TITLE 25 STATE GOVERNMENT OF THE
16 ARKANSAS CODE ANNOTATED.

17

18

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

20

21 SECTION 1. Arkansas Code 19-1-203 is amended to read as follows:

22

19-1-203 Deputy Director.

23

24 The Deputy Director of the Department of Finance and Administration,
25 acting under the authority granted to him by the Director of the Department
26 of Finance and Administration, and under the laws relating to budget and ~~pre-~~
~~audit~~ accounting procedure, shall:

27

28 (1) Prepare and publish all necessary regulations for carrying out
29 the budget and ~~pre-audit~~ accounting laws of the state and have the authority
30 to require of any state agency the necessary fiscal information for carrying

31

~~(2) Maintain in his office a Pre Audit Section, which shall carry
32 out the provisions of law relating to the examination and pre-audit of all
33 proposed expenditures of state funds;~~

34

35 ~~(3)~~(2)(A) Acting in behalf of the Governor and the director,
36 prepare the preliminary budget information biennially, to be submitted to the
Legislative Council and to the members of the General Assembly, for

1 consideration of the budget requirements of all state agencies; and

2 (B) Be prepared, when called upon to do so, to appear before the
3 Legislative Council and committees of the General Assembly for the purpose of
4 supplying information and reporting upon the financial condition of the state
5 or any of its agencies.

6
7 SECTION 2. Arkansas Code 19-1-212(2) is amended to read as follows:

8 (2) Exercise the powers conferred upon him by law to see that the
9 state and all state agencies are maintained on a ~~cash~~ basis of accounting
10 recommended by the Governmental Accounting Standards Board for governmental
11 purposes;

12
13 SECTION 3. Arkansas Code 19-2-103 (a) is amended to read as follows:

14 § 19-2-103. Time for making payments.

15 (a) All payments ~~out of all general appropriations~~ for the ordinary
16 expenses of the departments of the state government ~~which may be made~~ shall
17 be due and payable ~~on the last day of each month~~ in the normal course of
18 business.

19
20 SECTION 4. Arkansas Code 25-16-505 is amended to read as follows:

21 § 25-16-505. Duties generally.

22 It shall be the duty of the Auditor of State:

23 (1) To audit, adjust, and settle all claims against the state
24 payable out of the State Treasury, except those claims which may be expressly
25 required by law to be audited and settled by some other officer or person;

26 (2) To draw all warrants upon the State Treasury for money, except
27 in cases otherwise expressly provided by law;

28 ~~(3) To express in the body of every warrant which he may draw on~~
29 ~~the State Treasury for money the particular fund appropriated by law out of~~
30 ~~which the warrant is to be paid;~~

31 ~~(4)~~ (3) To audit, settle, and adjust the accounts of all collectors
32 of revenue and other holders of public money who are required by law to pay
33 the money into the State Treasury;

34 ~~(5)~~ (4) To keep an account between the state and the Treasurer of
35 State;

36 ~~(6)~~ (5) To keep an account of all moneys paid into the State

1 Treasury for the use of every county;

2 ~~(7)~~ (6) To keep an account between the state and the United States,
3 and between the state and every officer or person with whom the state may
4 have dealings, and to keep an account of any separate fund in the State
5 Treasury authorized by law;

6 ~~(8)~~ (7) To direct prosecutions in the name of the state for all
7 official delinquencies in relation to the assessment, collection, and payment
8 of the revenue against all persons who by any means become possessed of
9 public money or property and fail to pay over and deliver it and to direct
10 *prosecutions against all debtors of the state;*

11 ~~(9)~~ (8) *To annually procure from the proper officer an abstract*
12 *and description of all taxable lands within the state;*

13 ~~(10)~~ (9) To annually furnish the proper officer in each county, in
14 the month of January, a descriptive list of all taxable lands in the county
15 not previously furnished;

16 ~~(11)~~ (10) To give information in writing to either house of the
17 General Assembly, whenever required, upon any subject relating to the fiscal
18 affairs of the state or touching any duty of his office;

19 ~~(12)~~ (11) To perform all such other duties as may be required by
20 law.

21

22 SECTION 5. Arkansas Code 19-4-403 is amended to read as follows:

23 § 19-4-403. Issuance of warrants.

24 The Auditor of State shall issue his warrants in payment of the
25 vouchers presented to him by the Chief Fiscal Officer of the State only after
26 he shall have satisfied himself that the provisions of this chapter have been
27 complied with. For this purpose, the Auditor of State shall have the
28 authority to conduct any further examination and pre-audit of the vouchers
29 which he may deem necessary. A single warrant may contain payments from
30 multiple appropriations, classifications of appropriation, and funds.

31

32 SECTION 6. Arkansas Code 19-4-505 is amended to read as follows:

33 § 19-4-505. Generally accepted accounting principles.

34 It is the intent of the General Assembly that the state accounting
35 system, as authorized in this subchapter, shall be established in conformity
36 with generally accepted accounting principles as recognized by the ~~National~~

1 ~~Council on Governmental Accounting~~ Governmental Accounting Standards Board,
 2 the American Institute of Certified Public Accountants, and the Financial
 3 Accounting Standards Board and any successor governing boards. However, the
 4 Chief Fiscal Officer of the State shall consult the Legislative Joint
 5 Auditing Committee before proposing, adopting, or recommending compliance
 6 with any of the generally accepted accounting principles that conflict with
 7 law. It is further recognized that the state accounting system should comply
 8 with recognized principles of accounting for and reporting of public moneys
 9 in order to properly and fairly discharge to the taxpayers our responsibility
 10 of adequately accounting for their moneys. ~~Therefore, the following generally~~
 11 ~~accepted accounting principles prescribed in §§ 19-4-506—19-4-517, in~~
 12 ~~summary, are adopted as guidelines for accounting, auditing, and reporting of~~
 13 ~~public moneys by the State of Arkansas.~~

14

15 *SECTION 7. Arkansas Code 19-4-508 through 19-4-516 are hereby*
 16 *repealed.*

17 ~~§ 19-4-508. Types of funds.~~

18 ~~The following types of funds should be used:~~

19 ~~——(1) Governmental funds:~~

20 ~~——(A) The General Fund—to account for all financial resources~~
 21 ~~except those required to be accounted for in another fund;~~

22 ~~——(B) Special revenue funds—to account for the proceeds of~~
 23 ~~specific revenue sources that are legally restricted to expenditure for~~
 24 ~~specified sources other than special assessments, expendable trusts, or for~~
 25 ~~major capital projects;~~

26 ~~——(C) Capital projects funds—to account for financial resources~~
 27 ~~to be used for the acquisition or construction of major capital facilities~~
 28 ~~other than those financed by proprietary funds, special assessment funds, and~~
 29 ~~trust funds;~~

30 ~~——(D) Debt service funds—to account for the accumulation of~~
 31 ~~resources for, and the payment of, general long-term debt principal and~~
 32 ~~interest;~~

33 ~~——(E) Special assessment funds—to account for the financing of~~
 34 ~~public improvements or services deemed to benefit the properties against~~
 35 ~~which special assessments are levied;~~

36 ~~——(2) Proprietary funds:~~

1 ~~——(A) Enterprise funds——to account for operations:—~~

2 ~~——(i) That are financed and operated in a manner similar to~~
3 ~~private business enterprises, that is, where the intent of the governing body~~
4 ~~is that the costs or expenses, including depreciation, of providing goods or~~
5 ~~services to the general public on a continuing basis be financed or recovered~~
6 ~~primarily through user charges; or~~

7 ~~——(ii) Where the governing body has decided that periodic~~
8 ~~determination of revenues earned, expenses incurred, or net income is~~
9 ~~appropriate for capital maintenance, public policy, management control,~~
10 ~~accountability, or other purposes;—~~

11 ~~——(B) Internal service funds——to account for the financing of~~
12 ~~goods or services provided by one (1) agency to other agencies of the~~
13 ~~governmental unit or to other governmental units on a cost reimbursement~~
14 ~~basis;—~~

15 ~~——(3) Fiduciary funds:—~~

16 ~~——(A) Trust and agency funds——to account for assets held by a~~
17 ~~governmental unit in a trustee capacity or as an agent for individuals,~~
18 ~~private organizations, other governmental units, or other funds;—~~

19 ~~——(B) These funds include:—~~

20 ~~——(i) Expendable trust funds;—~~

21 ~~——(ii) Nonexpendable trust funds;—~~

22 ~~——(iii) Pension trust funds; and~~

23 ~~——(iv) Agency funds.—~~

24
25 ~~—§ 19-4-509. Number of funds.—~~

26 ~~Governmental units should establish and maintain those funds required~~
27 ~~by law and sound financial administration. Only the minimum number of funds~~
28 ~~consistent with legal and operating requirements should be established,~~
29 ~~however, since unnecessary funds result in inflexibility, undue complexity,~~
30 ~~and inefficient financial administration.—~~

31
32 ~~—§ 19-4-510. Accounting for fixed assets and long-term liabilities.—~~

33 ~~A clear distinction should be made between fund fixed assets and~~
34 ~~general fixed assets and fund long-term liabilities and general long-term~~
35 ~~debt:—~~

36 ~~——(1) Fixed assets related to specific proprietary funds or trust~~

1 funds should be accounted for through those funds. All other fixed assets of
2 a governmental unit should be accounted for through the general fixed assets
3 account group.

4 ~~——(2) Long term liabilities of proprietary funds, special assessment~~
5 ~~funds, and trust funds should be accounted for through those funds. All other~~
6 ~~unmatured general long term liabilities of the governmental unit should be~~
7 ~~accounted for through the general long term debt account group.~~

8
9 ~~—§ 19-4-511. Valuation of fixed assets.~~

10 ~~Fixed assets should be accounted for at cost or, if the cost is not~~
11 ~~practicably determinable, at estimated cost. Donated fixed assets should be~~
12 ~~recorded at their estimated fair value at the time received.~~

13
14 ~~—§ 19-4-512. Depreciation of fixed assets.~~

15 ~~(a) Depreciation of general fixed assets should not be recorded in the~~
16 ~~accounts of governmental funds. Depreciation of general fixed assets may be~~
17 ~~recorded in cost accounting systems or calculated for cost finding analysis,~~
18 ~~and accumulated depreciation may be recorded in the general fixed assets~~
19 ~~account group.~~

20 ~~——(b) Depreciation of fixed assets accounted for in a proprietary~~
21 ~~fund should be recorded in the accounts of that fund. Depreciation is also~~
22 ~~recognized in those trust funds where expenses, net income, or capital~~
23 ~~maintenance is measured.~~

24
25 ~~—§ 19-4-513. Accrual basis in governmental accounting.~~

26 ~~The modified accrual or accrual basis of accounting, as appropriate,~~
27 ~~should be utilized in measuring financial position and operating results:~~

28 ~~——(1) Governmental fund revenues and expenditures should be~~
29 ~~recognized on the modified accrual basis. Revenues should be recognized in~~
30 ~~the accounting period in which they become available and measurable.~~
31 ~~Expenditures should be recognized in the accounting period in which the fund~~
32 ~~liability is incurred, if measurable, except for unmatured interest on~~
33 ~~general long term debt and on special assessment indebtedness secured by~~
34 ~~interest bearing special assessment levies, which should be recognized when~~
35 ~~due;~~

36 ~~——(2) Proprietary fund revenues and expenses should be recognized on~~

1 the accrual basis. Revenues should be recognized in the accounting period in
2 which they are earned and become measurable. Expenses should be recognized in
3 the period incurred, if measurable;

4 —(3)—Fiduciary fund revenues and expenses or expenditures, as
5 appropriate, should be recognized on the basis consistent with the fund's
6 accounting measurement objective. Nonexpendable trust and pension trust funds
7 should be accounted for on the accrual basis. Expendable trust funds should
8 be accounted for on the modified accrual basis. Agency fund assets and
9 liabilities should be accounted for on the modified accrual basis;

10 —(4)—Transfers should be recognized in the accounting period in
11 which the interfund receivable and payable arise.

12
13 —§ 19-4-514. Budgeting, budgetary control, and budgetary reporting.

14 —(a)—An annual budget should be adopted by every governmental unit.

15 —(b)—The accounting system should provide the basis for appropriate
16 budgetary control.

17 —(c)—Budgetary comparisons should be included in the appropriate
18 financial statements and schedules for governmental funds for which an annual
19 budget has been adopted.

20
21 —§ 19-4-515. Transfer, revenue, expenditure, and expense account
22 classifications.

23 (a)—Interfund transfers and proceeds of general long-term debt issues
24 should be classified separately from fund revenues and expenditures or
25 expenses.

26 —(b)—Governmental fund revenues should be classified by fund and
27 source. Expenditures should be classified by fund, function or program,
28 organization unit, activity, character, and principal classes of objects.

29 —(c)—Proprietary fund revenues and expenses should be classified in
30 essentially the same manner as those of similar business organizations,
31 functions, or activities.

32
33 —§ 19-4-516. Common terminology and classification.

34 A common terminology and classification should be used consistently
35 throughout the budget, the accounts, and the financial reports of each fund.

36

1 SECTION 8. Arkansas Code 19-4-518 is amended to read as follows:

2 § 19-4-518. Design of system.

3 (a) The financial management system shall be designed to record
4 assets, liabilities, net assets, revenues, expenditures and other similar
5 transactions in accordance with generally accepted accounting principles.
6 ~~classify the appropriations and disbursements of moneys in accordance with~~
7 ~~the object and purpose of the expenditures, in such detail as will be~~ The
8 financial management system shall provide a suitable for an analysis of the
9 operation, maintenance, and improvement of all state agencies and their
10 functions. This system ~~will~~ shall furnish a breakdown and itemization of all
11 ~~expenditures~~ financial transactions in accordance with the appropriations and
12 allotments of the General Assembly, federal grants, and bank funds of the
13 agencies.

14 (b) The Chief Fiscal Officer of the State shall prepare ~~an~~
15 ~~expenditure code~~ a general ledger manual covering the system of classifying
16 ~~expenditures~~ financial transactions and shall supply all agencies with a copy
17 of this manual.

18
19 SECTION 9. Arkansas Code 19-4-520 is amended to read as follows:

20 § 19-4-520. Classification of appropriations.

21 For the purpose of establishing the proper accounts, for budgetary
22 control, for accounting, and for other provisions of this chapter, the
23 appropriations of the General Assembly shall be classified under one (1) or
24 more of the classifications prescribed in §§ 19-4-521 - 19-4-525. The
25 purposes for which these appropriations may be used are defined as prescribed
26 in §§ 19-4-521 - 19-4-525, but not necessarily limited thereto. However, the
27 State's financial management system may invoke additional budget control
28 using features of the system that are in addition to the appropriations of
29 the General Assembly.

30
31 SECTION 10. Arkansas Code 19-4-521 is amended to read as follows:

32 § 19-4-521. Personal services.

33 This classification shall be for regular full-time, part-time, extra-
34 help employees, employer matching costs, employer special or extra
35 compensation, overtime earnings, and other employee benefits that are legally
36 *authorized*:

1 (1) *Regular Salaries.* This subclassification shall be applicable
2 to all salaries and compensation, except as hereafter provided in this
3 section, for state employees where the number of employees and maximum
4 amounts of compensation are statutorily authorized as provided by the
5 Arkansas Constitution, Article 16, § 4, irrespective of the financial
6 resources compensating such employees within this subclassification, and
7 where the method of salary disbursing of the institutions of higher learning
8 involves payment from state agency bank funds of the institution, subject to
9 reimbursement to the institution for such amounts as are properly payable
10 from funds in the State Treasury. However, the State's financial management
11 system may include in the subclassification of Regular Salaries the
12 following:

13 (A) Extra Salaries. This description includes all special remuneration
14 received by state employees in addition to regular salary that is authorized
15 by law. Any state agency which receives an appropriation for extra salaries
16 may pay eligible employees at the following rates:

17 (i) Physicians who are certified by the American specialty boards, at a
18 rate of pay not to exceed four thousand five hundred dollars (\$4,500) per
19 year.

20 (ii) Physicians who are eligible to be certified by the American
21 specialty boards, at a rate of pay not to exceed two thousand five hundred
22 dollars (\$2,500) per year; and

23 (iii) Physicians certified in child psychiatry or forensic psychiatry,
24 an additional two thousand five hundred dollars (\$2,500) per year will be
25 allowed with the total additional compensation not to exceed seven thousand
26 dollars (\$7,000).

27 (B) Special Compensation. This description includes special
28 remuneration when authorized by law for employee suggestion awards.

29 (C) The payment of extra salaries and special compensation when
30 authorized by law shall be considered to be in addition to the maximum
31 amounts of compensation set by law for Regular Salaries.

32 (2) *Extra Help.* This subclassification shall be used for payment
33 of all salaries and compensation of part-time or temporary employees, as
34 authorized by law, who are employed one thousand (1,000) hours per year or
35 less. This subclassification may be used to pay part-time or temporary
36 employees who are employed for more than one thousand (1,000) hours per year

1 if specific authorization is provided by law and if such use is within
2 standards established by the Director of the Department of Finance and
3 Administration. In no case shall any extra-help funds be used for the
4 purposes of paying additional compensation to a full-time state employee. A
5 "state employee" is defined as any employee occupying a regular salaried
6 position for a state agency, board, commission, department, or institution of
7 higher education;

8 ~~—— (3) Extra Salaries. This subclassification includes all special-~~
9 ~~remuneration received by state employees in addition to regular salary that~~
10 ~~is authorized by law. Any state agency which receives an appropriation for~~
11 ~~extra salaries may pay eligible employees at the following rates:-~~

12 ~~—— (A) Physicians who are certified by the American specialty~~
13 ~~boards at a rate of pay not to exceed four thousand five hundred dollars~~
14 ~~(\$4,500) per year;-~~

15 ~~—— (B) Physicians who are eligible to be certified by the American~~
16 ~~specialty boards, at a rate of pay not to exceed two thousand five hundred~~
17 ~~dollars (\$2,500) per year; and~~

18 ~~—— (C) Physicians certified in child psychiatry or forensic~~
19 ~~psychiatry, an additional two thousand five hundred dollars (\$2,500) per year~~
20 ~~will be allowed, with the total additional compensation not to exceed seven~~
21 ~~thousand dollars (\$7,000);-~~

22 ~~—— (4) Special Compensation. This subclassification includes special-~~
23 ~~remuneration when authorized by law for employee suggestion awards;-~~

24 ~~(5) (3) Overtime. This subclassification is applicable for payment~~
25 ~~of services performed in excess of normal hours of work during a specific~~
26 ~~time when specifically authorized by law;~~

27 ~~(6) Foster Grandparent Stipend. This subclassification includes~~
28 ~~payments of stipends to individuals performing services under the auspices of~~
29 ~~the Foster Grandparent Program for Developmental Disabilities Services of the~~
30 ~~Department of Human Services;-~~

31 ~~(7) (4) Personal Services Matching. This subclassification shall~~
32 ~~represent the agency's proportion of the amounts necessary to contribute the~~
33 ~~agency's share or to match the deductions from the salaries of state~~
34 ~~employees for social security, retirement, group employee insurance programs,~~
35 ~~workers' compensation, unemployment compensation contributions, and to~~
36 ~~provide a state contribution for state employee retirees who are eligible to~~

1 participate in the health and life insurance programs offered by the state as
2 defined by § 21-5-411 and as authorized by the Chief Fiscal Officer of the
3 State. The Chief Fiscal Officer of the State is authorized to make
4 appropriate reclassifications of the agency's appropriation for maintenance
5 and general operation to effect the payment of personal services matching as
6 herein described. ~~The Chief Fiscal Officer of the State may provide that the~~
7 ~~proportionate share of the matching or contribution for each payroll period~~
8 ~~shall be included as an item on the payroll and the Auditor of State, upon~~
9 ~~direction of the Chief Fiscal Officer of the State, shall charge such items~~
10 ~~on the payroll to the appropriation item for personal services matching~~
11 ~~costs. The items for regular salaries or extra help may be reimbursed from~~
12 ~~the appropriation item for personal services matching. For those agencies~~
13 ~~which do not have an item of appropriation for personal services matching,~~
14 ~~the Chief Fiscal Officer of the State may require that such items of matching~~
15 ~~deductions or contributions be included on the payroll. If the appropriation~~
16 ~~for regular salaries or extra help is not sufficient to cover such matching~~
17 ~~deductions or agency contributions, the Chief Fiscal Officer of the State may~~
18 ~~direct the Auditor of State to transfer the required amount to cover such~~
19 ~~matching or contribution from the appropriation item for maintenance and~~
20 ~~general operation. When an agency does not have an appropriation line item~~
21 ~~for personal services matching, then it may pay the matching or contributions~~
22 ~~costs, as set out in this subdivision, from the appropriation line item~~
23 ~~entitled maintenance and general operation. In addition, the appropriation~~
24 ~~for personal services matching may be used to refund to employees those funds~~
25 ~~which were erroneously deducted from their pay for social security,~~
26 ~~retirement, and insurance program contributions. Upon notification by the~~
27 ~~retirement system or the administrator of the group employee insurance~~
28 ~~program to the agency affected, these funds shall be disbursed to the~~
29 ~~employee in the amounts so certified under rules and regulations promulgated~~
30 ~~by the retirement system or the administrator of the group employee insurance~~
31 ~~program and approved by the Chief Fiscal Officer of the State.~~

32
33 SECTION 11. Arkansas Code 19-4-522(c)(1) is amended to read as
34 follows:

35 (c) In the event an appropriation for maintenance and general
36 operation authorized for a state agency, board, department, or institution is

1 restricted in its use by budget classification as set out in subsection (d)
 2 of this section, transfers between such classifications may be made subject
 3 to the procedures set out as follows:

4 (1) In the event the amount of any of the budget classifications
 5 of maintenance and general operation in an agency's appropriation act are
 6 found by the administrative head of the agency to be inadequate, then the
 7 agency head may request, upon forms provided for such purpose by the Chief
 8 Fiscal Officer of the State, a modification of the amounts of the budget
 9 classification. In that event, he shall set out on the forms the particular
 10 classifications for which he is requesting an increase or decrease, the
 11 amounts thereof, and his reasons therefor. In no event shall the total amount
 12 of the budget exceed either the amount of the appropriation or the amount of
 13 the funds available, nor shall any transfer be made from the *capital outlay*
 14 *or data processing subclassifications unless specific authority for such*
 15 *transfers is provided by law, except for transfers from capital outlay to*
 16 *data processing when determined by the Department of Computer Services that*
 17 *data processing services for a state agency can be performed on a more cost-*
 18 *efficient basis by the Department of Computer Services than through the*
 19 *purchase of data processing equipment by that state agency*-. During the
 20 biennial period ending June 30, 2003, transfers may be made from capital
 21 outlay to other budget classifications of maintenance and general operation
 22 only in the event the Department of Finance and Administration has
 23 promulgated a regulation increasing the capitalization threshold during that
 24 biennial period.

25
 26 SECTION 12. Arkansas Code 19-4-524 is amended by adding the following:

27 § 19-4-524. Construction and permanent improvements.

28 (c) The Chief Fiscal Officer of the State is authorized to reclassify,
 29 but not consolidate an agency's appropriation for construction to effect the
 30 payment of construction related costs in the appropriate classification as
 31 described in this subchapter using the State's financial management system to
 32 invoke budget control.

33
 34 SECTION 13. Arkansas Code 19-4-525(a) is amended to read as follows:

35 (a) All other appropriations made by the General Assembly which do not
 36 come under any of the classifications mentioned in this section shall be

1 considered to be special appropriations and shall be used only for the
 2 specific purposes for which such appropriations were made. Except as
 3 otherwise provided by law, an agency receiving a special appropriation may
 4 not expend funds from any appropriation other than from the special
 5 appropriation for the special purpose covered by the special appropriation.
 6 However, the state's financial management system may invoke additional budget
 7 control using features of the system that are in addition to the
 8 appropriations of the General Assembly.

9 SECTION 14. Arkansas Code 19-4-608 is amended to read as follows:

10 § 19-4-608. Fiscal controls.

11 In order to provide proper fiscal controls, the Chief Fiscal Officer of
 12 the State shall assure the implementation of the procedures set out in this
 13 section:

14 (1) The annual operations plan of each state agency shall contain
 15 a quarterly fiscal program indicating the proposed expenditures and
 16 anticipated resources for each quarter of the ensuing fiscal year.
 17 Anticipated resources shall be based upon forecasted resources estimated to
 18 be available by the Chief Fiscal Officer of the State. In the event a
 19 revision of forecasted resources is made during a fiscal year, those agencies
 20 affected by the revised forecast shall submit a new quarterly fiscal program
 21 based upon the revised forecast;

22 (2) The Chief Fiscal Officer of the State shall review and approve
 23 the quarterly fiscal program ~~and shall establish quarterly allotments of~~
 24 ~~funds in accordance therewith~~ if he finds that the forecasted resources will
 25 be adequate for financing the proposed program during the fiscal year and for
 26 each quarter or other appropriate period within the fiscal year;

27 ~~(3) If significant differences exist between proposed expenditures~~
 28 ~~by quarters in the quarterly fiscal program and it is determined that~~
 29 ~~proposed higher quarterly expenditures in early quarters will not impair the~~
 30 ~~program during later quarters of the fiscal year, the Chief Fiscal Officer of~~
 31 ~~the State shall approve the program;~~

32 ~~—(4) If larger expenditures are proposed in the later quarters and~~
 33 ~~the higher level of expenditures can be maintained in subsequent years from~~
 34 ~~available resources, the Chief Fiscal Officer of the State shall approve the~~
 35 ~~program;~~

36 ~~(5)~~ (3) In the event an agency incurs expenses at a level that

1 would exceed the proposed expenditures in their quarterly fiscal program, the
 2 Chief Fiscal Officer of the State may require the submission of a revised
 3 quarterly fiscal program which reduces expenditures for the remainder of the
 4 fiscal year to a total which is within the level of the estimated resources
 5 available to the agency. Remaining appropriations will be unavailable to the
 6 agency until the revised program has been submitted and approved;

7 ~~(6) The Chief Fiscal Officer of the State may modify any current~~
 8 ~~allotments previously made by him upon request of the executive head of the~~
 9 ~~agency if no modification reduces an allotment below the amount required to~~
 10 ~~meet valid obligations or commitments previously incurred against the~~
 11 ~~allotment and if no such modification would permit expenditures in excess of~~
 12 ~~an approved quarterly fiscal program;~~

13 ~~(7) (4) In case the Chief Fiscal Officer of the State determines~~
 14 ~~that the estimated revenues or other sources of income for any agency will be~~
 15 ~~less than was anticipated and that consequently the funds available for the~~
 16 ~~remainder of the quarterly fiscal program year, either annually or quarterly,~~
 17 ~~will be less than the amount estimated, he shall, after notice to the agency,~~
 18 ~~reduce the amount allotted or to be allotted of available appropriation to~~
 19 ~~the level of expected revenue. if no such reduction reduces an allotment~~
 20 ~~below the amount required to meet current obligations or encumbrances~~
 21 ~~previously incurred against the then current allotment;~~

22 ~~(8) If, during any quarter, the expenditures of any agency are~~
 23 ~~less than that proposed in their quarterly fiscal program, the unexpended and~~
 24 ~~unencumbered balances shall be established in an unencumbered reserve, there~~
 25 ~~to be held until the close of the fiscal year or to be allocated to~~
 26 ~~subsequent quarters subject to the approval of a revised quarterly fiscal~~
 27 ~~program.~~

28
 29 SECTION 15. Arkansas Code 19-4-702 is amended to read as follows:

30 § 19-4-702. Time limits for presenting vouchers.

31 (a) ~~All vouchers for the payment of obligations which are incurred or~~
 32 ~~which become due prior to the close of any fiscal year, or which are incurred~~
 33 ~~or become due prior to the close of any other fiscal period as defined in~~
 34 ~~this subchapter, must be presented to the Department of Finance and~~
 35 ~~Administration for voucher examination and approval not later than the close~~
 36 ~~of business of the last working day of each fiscal period. State agencies may~~

1 pay carryover obligations of the state that were incurred on or before June
2 30 of the current fiscal year up to forty-five (45) days after the end of the
3 current fiscal year. The carryover obligations must be supported by purchase
4 documents with corresponding receipts for the goods or services that have
5 been recorded as received in the state's financial management system by June
6 30 of the fiscal year previous to the fiscal year in which the carryover
7 obligations are requested to be paid. The payments of the carryover
8 obligations shall be charged against appropriations and fund cash balances of
9 the fiscal year in which the obligations were incurred. Any payments for
10 carryover obligations that are not supported by the documents as required
11 herein, or which are requested to be paid after forty-five (45) days
12 following June 30 of the fiscal year previous to the fiscal year in which the
13 carryover obligations are requested to be paid, shall be charged to the
14 appropriations and fund cash balances of the then current fiscal year.

15 (b) In the event such voucher or vouchers are approved for
16 payment, the Auditor of State shall issue his warrants in payment of them not
17 later than two (2) weeks following the receipt of such vouchers from the
18 department.

19 ~~(e)~~ (b) In the event of just claims against any state agency, where
20 the claims are submitted too late for payment in the manner prescribed in
21 this section and the agency affected has an appropriation for the same
22 purpose for the fiscal period following that period in which the claim was
23 incurred, then the disbursing agent may draw his voucher in the payment of
24 the claim against the new appropriation, but only in the event there were
25 sufficient funds and appropriations for the prior year to cover the claims.
26 Otherwise, such claims must be submitted to the Arkansas State Claims
27 Commission for payment.

28 ~~(e)~~ (c) In the event a biweekly pay period for personal services,
29 as defined in §§ 19-4-521 and 19-4-1607, commences in the closing period of
30 one (1) fiscal period and ends in the following fiscal year, then the payment
31 of the obligation may be made in whole from the appropriation for either
32 fiscal period, as determined by the Chief Fiscal Officer of the State.
33 However, in no event shall any obligation be incurred unless there are funds
34 on hand or estimated to become available to meet the obligation when it
35 becomes due.

36 ~~(e)~~(d)(1) All state agencies may carry over from the first fiscal

1 year of any biennium to the second fiscal year of the biennium any unexpended
2 appropriations and funds to the extent necessary to pay for items or
3 commodities ordered at least ninety (90) days prior to the end of the first
4 fiscal year but not received until after the end of the first fiscal year, if
5 the purchase of such items and commodities is substantiated by a written
6 contract resulting from the receipt of a formal bid.

7 (2) This subsection shall be supplemental to any other authority
8 granted any state agency by law to carry forward unexpended fund balances
9 from one (1) fiscal year to another.

10

11 SECTION 16. Arkansas Code 19-4-710(a) is amended to read as follows:

12 (a) To prevent the duplication of recording expenditures and revenues
13 resulting from interagency transactions, the Chief Fiscal Officer of the
14 State, after securing the approval of the proposed procedures by the
15 Legislative Auditor, may provide for an interagency transfer of moneys or
16 recognize a journal ~~voucher~~ entry to charge the expenditure to the disbursing
17 agency without creating a warrant and to identify the ~~revenue of~~ cash receipt
18 by the receiving agency ~~without creating revenue~~.

19

20 SECTION 17. Arkansas Code 19-4-802 is amended to add the following
21 section:

22 (d) State agencies as defined in 19-4-801 shall be required to post all
23 financial transactions of cash funds in the State's financial management
24 system in accordance with procedures established by the Chief Fiscal Officer
25 of the State.

26

27 SECTION 18. Arkansas Code 19-4-804 is hereby repealed.

28 ~~§ 19-4-804. Duties of Pre-Audit Section.~~

29 ~~(a) The Chief Fiscal Officer of the State is instructed to create within the~~
30 ~~Pre-Audit Section of the Department of Finance and Administration a special~~
31 ~~section for the processing of cash vouchers. The Pre-Audit Section shall have~~
32 ~~the authority to promulgate rules and regulations for the processing of cash~~
33 ~~vouchers.~~

34 ~~— (b) When conditions such as volume of transactions, expediency, or~~
35 ~~operational costs are sufficient to justify it, the Pre-Audit Section shall~~
36 ~~have the authority to perform pre-audit of cash vouchers on the premises of~~

1 ~~the state agency involved; otherwise, the Pre Audit Section shall pre-audit~~
2 ~~all cash vouchers at the same location as it pre-audits State Treasury~~
3 ~~vouchers.~~

4 ~~—(c) The department shall establish necessary rules and procedures for~~
5 ~~the orderly and timely processing of all cash vouchers.~~

6
7 *SECTION 19. Arkansas Code 19-4-807 through 19-4-809 are hereby*
8 *repealed.*

9 ~~§ 19-4-807. Reporting cash fund transactions.~~

10 ~~(a)(1)(A) All state agencies, having cash funds shall submit, on or before~~
11 ~~the tenth day after the conclusion of each calendar quarter, a quarterly~~
12 ~~financial statement of all cash funds, receipts, and expenditures for the~~
13 ~~immediately preceding calendar quarter.~~

14 ~~—(B) This financial statement shall be in such form and in such detail~~
15 ~~as shall be promulgated by the Chief Fiscal Officer of the State, after~~
16 ~~conferring with the Legislative Auditor in regard thereto.~~

17 ~~—(C) Copies of the forms for the financial statements, together with~~
18 ~~instructions for the completion of forms, shall be made available by the~~
19 ~~Chief Fiscal Officer of the State to each agency of this state which has cash~~
20 ~~funds.~~

21 ~~—(2) As used in this section, the term "cash funds" shall mean all income~~
22 ~~from whatever sources, and expenditures therefrom, of any state agency,~~
23 ~~whether derived from taxes, fees, penalties, assessments, charges for~~
24 ~~services rendered, federal grants, gifts, donations, or otherwise, which are~~
25 ~~handled, deposited, or expended in any manner other than through the State~~
26 ~~Treasury of the State of Arkansas.~~

27 ~~—(b) Any official of any state agency, having responsibility for the~~
28 ~~administration of the financial affairs thereof who shall fail to file the~~
29 ~~financial statements as requested in this section, and in accordance with the~~
30 ~~forms and instructions promulgated pursuant to this section, shall be guilty~~
31 ~~of malfeasance and shall be removed from the office or position of employment~~
32 ~~held by that official.~~

33
34 ~~§ 19-4-808. Funds not on deposit in State Treasury.~~

35 ~~The Chief Fiscal Officer of the State is authorized to establish procedures~~
36 ~~for requiring entities or boards and commissions of the State of Arkansas to~~

1 ~~report periodically, as determined by the Chief Fiscal Officer of the State,~~
2 ~~their various transactions from moneys other than those deposited in the~~
3 ~~State Treasury.~~

4
5 ~~§ 19-4-809. Expenditures subject to voucher examination and approval.~~

6 ~~(a) The expenditure of cash funds shall be subject to voucher examination~~
7 ~~and approval in the manner provided for by this subchapter before the~~
8 ~~proposed expenditure is approved for payment from such funds.~~

9 ~~(b) The expenditure of cash funds as defined in § 19-4-801 shall be subject~~
10 ~~to voucher examination and approved in the manner provided for by this~~
11 ~~subchapter before the proposed expenditure is approved for payment from such~~
12 ~~funds, and, except for payrolls, no voucher payable from state agency cash~~
13 ~~funds shall be subject to payment unless the same shall bear the approval~~
14 ~~stamp of the Chief Fiscal Officer of the State.~~

15
16 *SECTION 20. Arkansas Code 19-4-811 and 19-4-812 are hereby*
17 *repealed.*

18 ~~§ 19-4-811. Voucher examination and approval—Duties of Chief Fiscal~~
19 ~~Officer of the State.~~

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

31
32 ~~§ 19-4-812. Voucher examination and approval.~~

33 ~~—(a) Before any check for the disbursement of cash funds is signed by the~~
34 ~~disbursing officer, the cash voucher and supporting documentation shall be~~
35 ~~presented to the Chief Fiscal Officer of the State for his examination. If~~
36 ~~he approves the voucher, the Chief Fiscal Officer of the State shall, except~~

1 for payrolls, place his stamp of approval on the cash voucher and such cash
2 voucher shall be returned to the disbursing officer for payment. Provided,
3 however, the disbursing officer shall have the authority to make such further
4 examination, under the procedures established herein, as he deems advisable
5 before issuing his check in the payment of such cash voucher.

6 ~~—(b) Every such cash voucher shall be subject to examination and approval
7 to establish that:~~

8 ~~—(1) The cash voucher for the proposed expenditure is signed by the
9 bonded disbursing officer of the agency issuing such cash voucher, or by his
10 authorized agent;~~

11 ~~—(2) The proposed expenditure conforms to the laws, or administrative
12 rules and regulations, and to the purpose and intent of any legislative
13 authorization for expenditure;~~

14 ~~—(3) A legislative authorization for expenditure has been made to cover
15 such proposed expenditure;~~

16 ~~—(4) The proposed expenditure has been drawn on the proper cash voucher
17 form, and that the name and address of the disbursing agency, and the name
18 and address of the vendor or payee, is properly identified on the voucher
19 form;~~

20 ~~—(5) The voucher for the proposed expenditure is accompanied by proper
21 supporting papers as evidence that the indebtedness has been incurred and
22 that the amount for which the voucher is written corresponds with such
23 evidence;~~

24 ~~—(6) The obligation was incurred in conformity with all purchasing and
25 fiscal laws applicable to state agencies operating out of the State Treasury.~~

26
27 SECTION 21. Arkansas Code 19-4-814 is amended to read as follows:

28 § 19-4-814. Supporting papers generally ~~Copies of vouchers~~
29 documentation.

30 ~~(a) All vouchers issued by any state agency, for the disbursement of cash
31 funds, shall be transmitted to the Chief Fiscal Officer of the State. When
32 approved by the Chief Fiscal Officer of the State, said voucher shall be
33 returned to the state agency and true copies of said voucher shall be
34 maintained in the files of the state agency. Except for payrolls, both
35 copies of all such vouchers shall have attached thereto supporting papers
36 showing that the property, commodities, supplies, services, and expenses were~~

1 actually incurred, performed, and received, and were in accordance with the
2 law, authorization, contract, and agreement governing the same.

3 ~~(b) (a) Specifically, the supporting papers shall include the following:~~
4 Requirements for supporting documentation for disbursements shall be
5 determined as follows:

6 (1) In connection with purchasing procedures the Chief Fiscal Officer
7 of the State shall prescribe and define the necessary documents and other
8 evidence which shall be retained by the agency attached to or accompany
9 vouchers or checks which are issued in payment of obligations incurred under
10 any such purchasing procedure; and before the Chief Fiscal Officer of the
11 State shall approve any voucher for payment, he shall examine the supporting
12 papers attached to such voucher for the purpose of determining whether the
13 proper purchasing procedures have been complied with;

14 (2) In all instances where the evidences of indebtedness are represented
15 by vendor's invoices, the agency shall retain in the permanent file of the
16 business office of the agency the original invoice and corresponding
17 documentation of actual payment in accordance with procedures established by
18 the Chief Fiscal Officer of the State. ~~carbon impressions or duly~~
19 ~~authenticated copies of such invoices shall be attached to the vouchers~~
20 ~~transmitted to the Department of Finance and Administration. Provided, that,~~
21 ~~in those instances where the daily transactions with vendors are numerous,~~
22 ~~such as in the case of retail service station purchases, the Chief Fiscal~~
23 ~~Officer of the State may prescribe the use of monthly statements from such~~
24 ~~vendors as supporting papers for the vouchers; but in all such instances, the~~
25 ~~individual invoices must be retained in the permanent file of the business~~
26 ~~office of the agency for audit purposes, and the statement attached to the~~
27 ~~voucher shall bear a certificate to the effect that all invoices or tickets~~
28 ~~listed on the statement have been examined and found to be in the amounts~~
29 ~~listed;~~

30 (3) In connection with printing contracts, provided for by the
31 Constitution and laws of this state, the supporting ~~papers~~ documentation
32 attached to vouchers shall be those prescribed by the Auditor of State, or by
33 the Department of Finance and Administration as appropriate. ~~such other~~
34 ~~state official as shall be charged with the responsibility of examining~~
35 ~~payments made under any such contracts;~~

36 (4) In connection with the laws or regulations governing travel, where

1 individuals are reimbursed for expenses incurred for travel in connection
2 with their official duties, the supporting papers shall be the forms or
3 statements of such expenses prescribed by the Chief Fiscal Officer of the
4 State. In the case of per diem or other expenses established by law, the
5 disbursing officer shall attach to the vouchers issued in payment of such
6 allowances a citation of his authority for making such payments;

7 (5) Any indebtedness or expense incurred in connection with an approved
8 resolution of any state board or commission, shall be made a part of the
9 permanent minutes of such board or commission, and copies of such resolution
10 or minutes authorizing any indebtedness or expense shall be attached to the
11 vouchers issued in payment of any such indebtedness or expense;

12 (6) In instances where the General Assembly has authorized grants to
13 public schools, public welfare recipients, counties, municipalities, and for
14 other purposes specifically provided for by law; and for payments made to
15 individuals under retirement systems; and for income tax refunds, the Chief
16 Fiscal Officer of the State shall prescribe the forms of the vouchers to be
17 used and the procedure to be followed in making such payments. ~~The Chief
18 Fiscal Officer of the State shall check all such vouchers to determine that
19 they are issued in accordance with the appropriations or legislative
20 authorization for expenditures therefor.~~

21

22 SECTION 22. Arkansas Code 19-4-815 is amended to read as follows:

23 § 19-4-815. Original of supporting papers documentation to be retained
24 by the agency.

25 (a) The original evidences of indebtedness, including documents prepared in
26 connection with purchasing procedure, and all other original contracts,
27 invoices, statements, receipts, petty cash tickets, bank statements,
28 cancelled checks drawn upon bank accounts, and other original supporting
29 papers, shall be retained in the permanent file of the business office of
30 each state agency, or attached to the office copy of the agency's voucher;
31 and such documents shall be kept in a safe place subject to audit and shall
32 not be destroyed until authorization is given for their destruction by the
33 Legislative Auditor.

34 (b) With the approval of the Legislative Auditor of the state, a state
35 agency may retain evidences, to satisfy record retention policies, of
36 indebtedness and other contracts, invoices, statements, receipts, petty cash

1 tickets, bank statements, cancelled checks drawn upon bank accounts, and
2 other supporting papers by microform or a form of stored images in a computer
3 system or other form of computer technology in lieu of retaining the
4 originals of such documents.

5
6 SECTION 23. Arkansas Code 19-4-816 is amended to read as follows:

7 § 19-4-816. Contracts for procurement of commodities and services.

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

14
15 SECTION 24. Arkansas Code 19-4-902(b) is amended to read as follows:

16 (b) It shall be the responsibility of the administrative head of any
17 agency to keep on file in the place of business of the agency, subject to
18 audit, copies of all ~~vouchers and~~ supporting documents and required receipts
19 for expenses incurred in connection with the travel authorizations and
20 allowances for persons traveling in behalf of the agency.

21
22 SECTION 25. Arkansas Code 19-3-518 is amended to add the following
23 subsection (d) to read as follows:

24 (d) Interest Bearing Funds. The State Board of Finance is authorized
25 to invest funds deposited in the State Treasury by State agencies, boards and
26 commissions that were previously held as cash funds in financial
27 institutions other than the State Treasury in order to enhance investment
28 opportunities and earnings. The State Board of Finance is authorized to
29 invest Interest Bearing Funds the same as state funds are authorized in
30 subsection (b) of this section. The interest earned on these investments
31 shall be credited back to the fund. On the first day of business of the
32 month, the Treasurer of State shall compute the average daily balance of
33 this fund, including all internal accounts and funds, during the preceding
34 month and shall transfer on that day to the participants of the fund interest
35 on the average daily balance to be computed at a rate equivalent to the
36 average rate of interest earned on all State Treasury funds invested in fixed

1 income securities and in money market accounts during the preceding month
 2 less its proportionate share of any assessments for the expenses of
 3 administration.

4
 5 SECTION 26. Arkansas Code 19-4-1008(a) is amended to read as follows:

6 (a) The Chief Fiscal Officer of the State is authorized to promulgate
 7 appropriate rules and regulations authorizing state agencies, boards,
 8 commissions, and institutions of higher learning to establish revolving funds
 9 which shall be within such limitations as the Chief Fiscal Officer of the
 10 State may prescribe or to make advances of expense funds for authorized
 11 travel by officials and employees of state agencies, boards, commissions, and
 12 institutions of higher learning whose travel is in conjunction with
 13 institutionally sponsored events or programs. The advanced funds shall be
 14 reimbursed by the individual borrowing the funds from moneys to the
 15 individual upon filing an authorized expense account in connection with the
 16 travel.

17 (1) These funds shall be used to make advances of expense funds for
 18 authorized travel by officials and employees of state agencies, boards,
 19 commissions, and institutions of higher learning whose travel is in
 20 conjunction with institutionally sponsored events or programs.

21 (2) These funds shall be reimbursed by the individual borrowing the
 22 funds from moneys to the individual upon filing his authorized expense
 23 account in connection with his travel.

24
 25 SECTION 27. Arkansas Code 19-4-1101(a) is amended to read as follows:

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

30
 31 SECTION 28. Arkansas Code 19-4-1102 is hereby repealed:

32 ~~§ 19-4-1102. Exemption from preexpenditure examination.~~

33 ~~(a) Where the Chief Fiscal Officer of the State has determined that the~~
 34 ~~executive head of a state agency has established adequate internal~~
 35 ~~administrative procedures and controls pursuant to law, which determination~~
 36 ~~shall be made only after the Chief Fiscal Officer of the State shall have~~

1 consulted with the Legislative Auditor, he may grant an exemption from the
 2 preexpenditure voucher examination and approval required by law in connection
 3 with expenditures, not in excess of five thousand dollars (\$5,000) each, made
 4 by that agency to be paid from agency funds.

5 ~~—(b)(1) The Chief Fiscal Officer of the State may revoke any such~~
 6 ~~determination by transmitting a thirty day notice to the head of an agency~~
 7 ~~when the Chief Fiscal Officer of the State finds that internal administrative~~
 8 ~~procedures and controls of the agency are not adequate.~~

9 ~~—(2) The Legislative Joint Auditing Committee shall advise the Chief~~
 10 ~~Fiscal Officer of the State and keep him informed regarding any of its~~
 11 ~~findings which may be relevant to such determination regarding the agencies.~~

12
 13 SECTION 29. Arkansas Code 19-4-1103 is amended to read as follows:

14 § 19-4-1103. Responsibilities of agency heads.

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

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

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

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

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

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

36 (5) The voucher or check is prepared in sufficient time to take

1 advantage of all available discounts being offered;

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

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

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

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

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

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

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

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

26
27 SECTION 30. Arkansas Code 19-4-1104 is amended to read as follows:

28 § 19-4-1104. Duty to examine and approve.

29 It shall be the duty of the Chief Fiscal Officer of the State to
30 ~~examine all vouchers and checks presented to him for approval, as provided~~
31 ~~for by this subchapter. If, in his opinion, design the State's financial~~
32 ~~management system to provide reasonable assurances that the proposed~~
33 ~~expenditure financial transactions conforms to the provisions of law and~~
34 ~~regulation on the subject, he shall approve the voucher or check for payment.~~
35 He shall not be required to pass upon the propriety of any financial
36 transactions proposed expenditure if it is found to conform to the provisions

1 of this subchapter. However, ~~he shall have the power and authority, in case~~
 2 ~~he should question the nature of any proposed expenditure, to withhold~~
 3 ~~payment therefor until the executive head of the state agency affected shall~~
 4 ~~submit, in writing, satisfactory justification for the proposed expenditure~~
 5 the Chief Fiscal Officer of the State may perform examinations of
 6 transactions to determine the propriety of the transactions in conformity
 7 with applicable laws and regulations.

8
 9 SECTION 31. Arkansas Code 19-4-1105 is amended to read as follows:

10 § 19-4-1105. Examination and approval generally.

11 ~~(a) Before any voucher for the disbursement of funds in the State~~
 12 ~~Treasury is presented to the Auditor of State for the issuance of his warrant~~
 13 ~~thereon, it shall be presented to the Chief Fiscal Officer of the State for~~
 14 ~~his examination. If he approves it, the voucher shall be presented to the~~
 15 ~~Auditor of State for payment~~ recorded in the State's financial management
 16 system in accordance with procedures established by the Chief Fiscal Officer
 17 of the State. The Auditor of State shall have the authority to ~~make such~~
 18 ~~further~~ perform an examination, under the procedures established in this
 19 section, as he deems advisable before issuing his warrant in the payment of
 20 the voucher.

21 ~~(b) Every voucher shall be subject to examination and approval to~~
 22 ~~establish that:-~~

23 ~~—(1) The voucher for the proposed expenditure is signed by the bonded~~
 24 ~~disbursing officer of the agency issuing the voucher or by his authorized~~
 25 ~~agent;-~~

26 ~~—(2) The proposed expenditure conforms to the laws, or administrative~~
 27 ~~rules and regulations, governing appropriated funds and to the purpose and~~
 28 ~~intent of any such appropriations;-~~

29 ~~—(3) An appropriation has been made to cover such proposed expenditure~~
 30 ~~and that there is sufficient balance remaining in the appropriation account~~
 31 ~~and in the fund against which it is drawn to take care of such voucher when~~
 32 ~~it is converted into a warrant;-~~

33 ~~—(4) The proposed expenditure has been drawn on the proper voucher form~~
 34 ~~and the name and address of the disbursing agency and the name and address of~~
 35 ~~the vendor or payee is properly identified on the voucher form;-~~

36 ~~—(5) The proposed voucher is drawn in accordance with the established~~

1 general accounting procedures relating to appropriation titles and codes and
 2 the proposed expenditures are identified and classified in accordance with
 3 the administrative regulations on the subject; and

4 ~~—(6) The voucher for the proposed expenditure is accompanied by proper~~
 5 ~~supporting papers, as evidence that the indebtedness has been incurred and~~
 6 ~~that the amount for which the voucher is written corresponds with such~~
 7 ~~evidence.~~

8 ~~—(c)(1) The designated disbursing officers for the Arkansas State Highway~~
 9 ~~Employees' Retirement System are authorized to complete and sign one (1)~~
 10 ~~certification for each state voucher or other designated document that~~
 11 ~~authorizes the Auditor of State, or other official, to draw a state warrant~~
 12 ~~or check on a fund administered by the Arkansas State Highway Employees'~~
 13 ~~Retirement System.~~

14 ~~(2) The voucher or other authorizing document can consist of one (1) or~~
 15 ~~more pages.~~

16 ~~—(3) In the event that more than one (1) page is used, then the~~
 17 ~~designated disbursing officer is to manually sign the last page only, and any~~
 18 ~~certification is to be so worded that it will apply to all pages of the~~
 19 ~~document.~~

20
 21 SECTION 32. Arkansas Code 19-4-1107 is amended to read as follows:

22 § 19-4-1107. Supporting ~~papers~~ documents generally.

23 ~~(a) All vouchers and checks issued by any state agency for the disbursement~~
 24 ~~of state funds shall be transmitted to the Chief Fiscal Officer of the State.~~
 25 ~~When approved by the Chief Fiscal Officer of the State, the voucher shall be~~
 26 ~~transmitted to the Auditor of State, and a true copy of the voucher shall be~~
 27 ~~maintained in the files of the Auditor of State. However, the Chief Fiscal~~
 28 ~~Officer of the State shall retain a copy of each payroll voucher. Except for~~
 29 ~~payrolls, the copy of all vouchers shall have attached thereto supporting~~
 30 ~~papers showing that the property, commodities, supplies, services, and~~
 31 ~~expenses were actually incurred, performed, and received and were in~~
 32 ~~accordance with the laws, authorization, contract, and agreement governing~~
 33 ~~them.~~

34 ~~(b)(a) Specifically, the supporting papers~~ Supporting documents for the
 35 disbursement of state funds shall include the following:

36 (1) In connection with purchasing procedure, the Chief Fiscal Officer of

1 the State shall prescribe and define the necessary documents and other
2 evidence which shall be attached to or accompany vouchers or checks which are
3 issued in payment of obligations incurred under any such purchasing
4 procedure. ~~Before the Chief Fiscal Officer of the State shall approve any~~
5 ~~voucher for payment, he shall examine the supporting papers attached to the~~
6 ~~voucher for the purpose of determining whether the proper purchasing~~
7 ~~procedures have been complied with;~~

8 (2) In all instances where the evidences of indebtedness are represented
9 by vendors' invoices, the agency shall retain in the permanent file of the
10 business office of the agency the original invoice and corresponding
11 documentation in accordance with procedures established by the Chief Fiscal
12 Officer of the State ~~carbon impressions or duly authenticated copies of the~~
13 ~~invoices shall be attached to the vouchers transmitted to the department. In~~
14 ~~those instances where the daily transactions with vendors are numerous, such~~
15 ~~as in the case of retail service station purchases, the Chief Fiscal Officer~~
16 ~~of the State may prescribe the use of monthly statements from the vendors as~~
17 ~~supporting papers~~ documents ~~for the vouchers. However, in all such instances,~~
18 ~~the individual invoices must be retained in the permanent file of the~~
19 ~~business office of the agency for audit purposes. The statement attached to~~
20 ~~the voucher shall bear a certificate to the effect that all invoices or~~
21 ~~tickets listed on the statement have been examined and found to be in the~~
22 ~~amounts listed;~~

23 (3) In connection with printing contracts provided for by the
24 Constitution and laws of this state, the supporting ~~papers~~ documents ~~attached~~
25 ~~to vouchers~~ shall be those prescribed by the Auditor of State or by ~~such~~
26 ~~other state official as shall be charged with the responsibility of examining~~
27 ~~payments made under any such contracts;~~ the Department of Finance and
28 Administration as appropriate;

29 (4) In connection with the laws or regulations governing travel, where
30 individuals are reimbursed for expenses incurred for travel in connection
31 with their official duties, the supporting papers shall be the forms or
32 statements of such expenses prescribed by the Chief Fiscal Officer of the
33 State. In the case of per diem or other expenses established by law, the
34 disbursing officer shall attach to the vouchers issued in payment of such
35 allowances a citation of his authority for making such payments;

36 (5) Any indebtedness or expense incurred in connection with an approved

1 resolution of any state board or commission shall be made a part of the
2 permanent minutes of the board or commission. Copies of the resolution or
3 minutes authorizing any indebtedness or expense shall be attached to the
4 vouchers issued in payment of any indebtedness or expense;

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

8 (a) To public schools, public welfare recipients, counties, and
9 municipalities;

10 (b) For other purposes specifically provided for by law;

11 (c) For payments made to individuals under retirement systems; and

12 (d) For income tax refunds.

13 (ii) The Chief Fiscal Officer of the State ~~shall check all such~~
14 ~~vouchers~~ is authorized to review all disbursements to determine that they are
15 issued in accordance with their respective appropriations and that there are
16 sufficient funds to cover all the payments.

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

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

31 (D) In the case of vouchers written upon the Arkansas Public
32 Employees' Retirement System, the Arkansas Local Police and Fire Retirement
33 System, the State Police Retirement System, the Arkansas Judicial Retirement
34 System, and the Arkansas Teacher Retirement System funds for retiree
35 benefits, the Auditor of State shall process paper or electronic warrants to
36 pay the vouchers upon certification by the Chief Fiscal Officer of the State

1 that funds are available from the Arkansas Public Employees' Retirement
2 System, the Arkansas Local Police and Fire Retirement System, the State
3 Police Retirement System, the Arkansas Judicial Retirement System, and the
4 Arkansas Teacher Retirement System funds with which to pay the warrants when
5 they shall be presented for payment.

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

11

12 SECTION 33. Arkansas Code 19-4-1108(a) is amended to read as follows:

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

22

23 SECTION 34. Arkansas Code 19-4-1109 is amended to read as follows:

24 § 19-4-1109. Procurement contracts.

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

31

32 SECTION 35. Arkansas Code 19-4-1203 is amended to read as follows:

33 § 19-4-1203. Disbursing agents.

34 In the event the executive head of any state agency shall designate
35 some full-time employee to act as his agent in the disbursement of funds
36 under his control, then that agent may act without furnishing additional bond

1 if the executive head of that agency shall notify the Chief Fiscal Officer of
2 the State and the Auditor of State in writing of such designation, ~~and shall~~
3 ~~furnish to the Chief Fiscal Officer of the State and the Auditor of State a~~
4 ~~sample of the signature of the agent.~~

5
6 SECTION 36. Arkansas Code 19-4-1205 is amended to read as follows:

7 § 19-4-1205. Signature or facsimile.

8 ~~(a)~~ The original copy of all checks ~~and vouchers~~ drawn in connection
9 with the disbursement of public funds for which the disbursing officer is
10 responsible shall bear the manual signature of the disbursing officer or his
11 authorized agent, ~~except that checks may~~ or may contain or bear a
12 mechanically produced facsimile signature of the disbursing officer or his
13 authorized agent. Where the Chief Fiscal Officer of the State has determined
14 that the executive head of a state agency has established adequate internal
15 administrative procedures and controls pursuant to law, which determination
16 shall be made only after the Chief Fiscal Officer of the State shall have
17 consulted with the Legislative Auditor, he may grant an exemption from manual
18 signatures to allow for a computer-produced digitized signature of the
19 disbursing officer or his authorized agent.

20 ~~(b) Copies of all disbursement documents shall contain either a~~
21 ~~carbon impression or facsimile of the disbursing officer's, or his authorized~~
22 ~~agent's, manual signature, except that copies of checks may contain a~~
23 ~~mechanically produced facsimile signature of the disbursing officer or his~~
24 ~~authorized agent. Where the Chief Fiscal Officer of the State has determined~~
25 ~~that the executive head of a state agency has established adequate internal~~
26 ~~administrative procedures and controls pursuant to law, which determination~~
27 ~~shall be made only after the Chief Fiscal Officer of the State shall have~~
28 ~~consulted with the Legislative Auditor, he may allow for copies of vouchers~~
29 ~~to contain a computer digitized signature of the disbursing officer or his~~
30 ~~authorized agent.~~

31
32 SECTION 37. Arkansas Code 19-4-1207 is amended to read as follows:

33 § 19-4-1207. Duty to monitor finances.

34 It shall be the duty and responsibility of the head of the agency for
35 which appropriations are authorized and of the agency's disbursing officer
36 to:

1 (1) Be cognizant at all times of the resources available,
 2 including applicable fund balances, revenues, and other income, for financing
 3 the appropriations authorized by the General Assembly;

4 ~~(2) See that the state agency is maintained on a cash basis;~~

5 ~~(3)~~ (2) See that no obligations shall be incurred which cannot be
 6 lawfully discharged from funds appropriated or available from other sources
 7 when they become due and payable; and

8 ~~(4)~~ (3) Not operate the agency during any fiscal year from the
 9 then-current fiscal year's available resources at a level of operations that
 10 would require for the succeeding fiscal year funds in addition to those
 11 already authorized by the General Assembly.

12
 13 SECTION 38. Arkansas Code 19-4-1208 is hereby repealed:

14 ~~§ 19-4-1208. Quarterly allotment procedure.~~

15 ~~(a) The disbursements of funds shall be subject to the controls of the~~
 16 ~~quarterly allotment procedure authorized by this subchapter, other acts of~~
 17 ~~the General Assembly, and rules and regulations established by the Department~~
 18 ~~of Finance and Administration.~~

19 ~~—(b) If during any quarter it is determined that the proposed~~
 20 ~~disbursements exceed the amount approved for that quarter, then, upon~~
 21 ~~direction of the Chief Fiscal Officer of the State, necessary reductions in~~
 22 ~~proposed disbursements shall be made.~~

23 ~~—(c) If, in accomplishing the necessary reductions in~~
 24 ~~disbursements, it shall be required to reduce employees' salaries, the~~
 25 ~~reductions shall be made in proportion to existing salaries, and the~~
 26 ~~reductions shall be made in the salaries of all employees, including~~
 27 ~~administrators and directors.~~

28 ~~—(d) The Chief Fiscal Officer of the State is directed to withhold~~
 29 ~~all allotments of special and general revenues as prescribed in this chapter~~
 30 ~~and the Revenue Stabilization Law, § 19-5-101 et seq., at any time that a~~
 31 ~~state agency fails to comply with the restrictive provisions of this chapter.~~

32
 33 SECTION 39. Arkansas Code 19-4-1210 is amended to read as follows:

34 § 19-4-1210. Revenues insufficient to meet appropriations.

35 (a) The disbursements of funds shall be subject to the controls of the
 36 procedures authorized by this subchapter, other acts of the General Assembly,

1 and rules and regulations established by the Department of Finance and
2 Administration.

3 (b) In the event that during any fiscal year the governmental revenues
4 available to the state or a state agency are not sufficient to cover the
5 appropriations made by the General Assembly from such revenues, then:

6 (1) The bonded disbursing officer for each agency shall be responsible
7 and held accountable for the incurring of any obligations and disbursements
8 of any funds in behalf of the agency for which he acts as disbursing officer.
9 It shall be his duty to keep advised as to the amount of governmental
10 revenues available for the operation of his agency. Each such disbursing
11 officer is prohibited from incurring any obligations in excess of the funds
12 made available by this chapter and other laws providing revenues for any such
13 agency, and all such disbursing officers shall be subject to the restrictions
14 and limitations of this chapter;

15 (2) The Chief Fiscal Officer of the State shall ~~pre-audit all~~
16 ~~funds deposited in the State Treasury, and he shall~~ exercise the powers of
17 his office to enforce the fiscal laws of the state to prohibit deficit
18 spending and to promulgate rules and regulations which will require that all
19 agencies comply with such fiscal laws. He may require, whenever he deems
20 necessary, a financial report from any agency. If any such financial report
21 or any other available information of any agency which has appropriated funds
22 or an agency which has both state and bank funds shall reveal that the agency
23 is in financial distress, then he may direct that all of the funds of the
24 agency, including any bank funds, shall be subject ~~to pre-audit and~~ approval
25 under the provisions of this chapter;

26 (3) If during any year it is determined that the proposed disbursements
27 exceed the amount approved for that year, then, upon direction of the Chief
28 Fiscal Officer of the State, necessary reductions in proposed disbursements
29 shall be made.

30 (4) If, in accomplishing the necessary reductions in disbursements, it
31 shall be required to reduce employees' salaries, the reductions shall be made
32 in proportion to existing salaries, and the reductions shall be made in the
33 salaries of all employees, including administrators and directors.

34 (5) The Chief Fiscal Officer of the State is directed to withhold all
35 distributions of special and general revenues as prescribed in this chapter
36 and the Revenue Stabilization Law, §19-5-101 et seq., at any time that a

1 state agency fails to comply with the restrictive provisions of this chapter.

2 ~~(3)~~ (6) It is provided that the creditors of any agency shall have
3 first consideration in connection with disbursement of the funds of the
4 agency. If the funds of any agency become depleted to an extent that the
5 creditors cannot be paid from funds on hand or which will become available
6 during the same fiscal year, the Chief Fiscal Officer of the State shall
7 direct the agency to stop incurring obligations until the funds on hand and
8 the funds estimated to become available are sufficient to meet all such
9 obligations.

10

11 SECTION 40. Arkansas Code 19-4-1306(b) is amended to read as follows:

12 (b) In furtherance of the purposes of this subchapter, the Chief
13 Fiscal Officer of the State shall institute the following additional
14 procedures and controls:

15 (1) At least thirty (30) days prior to the commencement of each
16 fiscal year, the Chief Fiscal Officer of the State shall make studies for the
17 purpose of estimating the anticipated amount of general and special revenues
18 to be made available for distribution under the provisions of the Revenue
19 Stabilization Law, § 19-5-101 et seq., and for the support of agencies which
20 derive their support from special revenues, for such fiscal year or such
21 fiscal quarter, or for any calendar month if he deems it necessary. In
22 addition, the Chief Fiscal Officer of the State shall compute the estimated
23 amount of general revenues that will be available for ~~allocation~~ distribution
24 to the respective State Treasury accounts in accordance with the respective
25 percentage distributions of general revenues authorized under the provisions
26 of the Revenue Stabilization Law, § 19-5-101 et seq. It shall be the duty of
27 each agency head responsible for administering special revenues or federal
28 funds to notify the Chief Fiscal Officer of the State of any unusual events
29 which would adversely affect the estimate of the moneys received upon which
30 the agency is operating. Such notification shall be given immediately upon
31 knowing of the existence of such events by agency heads;

32 (2) Upon completion of revenue estimates for each fiscal year or
33 each fiscal quarter, or monthly if deemed necessary, the Chief Fiscal Officer
34 of the State shall prepare schedules reflecting the estimated amount of
35 general revenues to be available for distribution to the State Treasury funds
36 and accounts for each of the agencies which share in the distribution of

1 general revenue funds of the state, either in whole or in part. In addition,
2 the Chief Fiscal Officer of the State may require the preparation of
3 estimates from the administering agency or prepare estimates of the
4 anticipated amount of special revenues to be available for distribution to
5 those agencies which receive support from special revenues, from both general
6 and special revenues, or from cash funds or other sources;

7 (3) After preparing the estimates and schedules for each fiscal
8 year, fiscal quarter, or month, the Chief Fiscal Officer of the State shall
9 review the ~~quarterly allotment estimates of those agencies operating under~~
10 ~~quarterly allotments and shall review the~~ annual operations budgets ~~and~~
11 ~~quarterly fiscal programs~~ of each agency. The Chief Fiscal Officer of the
12 State shall institute such controls as he deems necessary to modify or
13 restrict the level of approved expenditures that may be incurred by each
14 agency to assure that sufficient funds will be available to maintain a
15 minimum level of essential services and programs by each agency without undue
16 interruption or curtailment of the level of programs and essential services
17 provided for any extended period during each fiscal year or which might
18 create circumstances that would institute deficit spending to meet the
19 obligations or services in excess of the funds available for the support
20 thereof, as provided by law;

21 (4) If the Chief Fiscal Officer of the State, in reviewing the
22 ~~quarterly allotment plans or the~~ annual operations budgets ~~or quarterly~~
23 ~~fiscal~~ programs of any state agency, determines that the level of operations
24 thereof or the projected commitment thereof is being operated in a manner
25 that would impose serious curtailment of essential services or would create
26 circumstances of deficit spending, then he shall immediately notify the head
27 of the agency responsible for the operation of such services as to the
28 curtailments and controls that should be instituted to bring the level of
29 operations or services within the necessary fiscal restraints recommended by
30 the Chief Fiscal Officer of the State.

31
32 SECTION 41. Arkansas Code 19-4-1408(b) is amended to read as follows:

33 (b) In those instances where construction projects utilize funds other
34 than those deposited in the State Treasury, the Chief Fiscal Officer of the
35 State shall prescribe the procedure for payments from all other funds made
36 available to the agency ~~and may provide that all such payments be subject to~~

1 ~~voucher examination by the Department of Finance and Administration.~~

2
3 SECTION 42. Arkansas Code 19-4-1501(2) is amended to read as follows:

4 (2) Require that the addition and disposition of all new property or
5 equipment added, including purchase, trade-in, exchange, or transfer, or by
6 constructing or making such property or equipment, shall be promptly reported
7 upon such forms and in such detail as shall be required; and

8
9 SECTION 43. Arkansas Code 19-4-1606 is amended to read as follows:

10 § 19-4-1606. ~~Preaudit~~ Review of payroll ~~vouchers~~ required.

11 (a) The Department of Finance and Administration shall ~~pre-audit~~
12 review the payroll ~~vouchers~~ of state agencies covered by the provisions of
13 the Uniform Classification and Compensation Act, § 21-5-201 et seq., with
14 respect to the salaries of all employees of affected state agencies. This
15 ~~pre-audit~~ review shall determine the correctness of each payroll ~~voucher~~ with
16 respect to each position to assure compliance with the compensation plan and
17 to assure that no position is being paid, during any payroll period, an
18 amount greater than authorized in the compensation plan or the amount
19 authorized for the position in the appropriation act applicable to the
20 agency.

21 (b) Any proposed rate of pay for an employee found not to be in
22 accordance with the provisions of the compensation act and the appropriation
23 act governing the agency shall be changed to the appropriate rate of pay by
24 the state agency covered by the provisions of the compensation act before the
25 department shall approve it for payment.

26 (c) No ~~voucher~~ for payment of salary of any employee of any state
27 agency affected by the provisions of the compensation act shall be made
28 without the certification of correctness by the department based on its ~~pre-~~
29 ~~audit-~~ review duties as provided in this section.

30 (d) The department is authorized to develop and implement rules
31 and procedures to accomplish the purposes authorized in this section.

32
33 SECTION 44. Arkansas Code 19-4-1607(b) is amended to read as follows:

34 (b) The remuneration paid to an employee of the state may exceed the
35 maximum annual salary as authorized by the General Assembly as follows, and
36 the following shall not be construed as payment for services or as salary as

1 contemplated by Arkansas Constitution, Article 16, § 4:

2 (1) Overtime payments as authorized by law;

3 (2) Payment of a lump sum to a terminating employee, to include
4 lump sum payments of sick leave balances upon retirement as provided by law;

5 (3) Payment for overlapping pay periods at the end of a fiscal
6 year as defined or authorized by law;

7 (4) Payment for the biweekly twenty-seven (27) pay periods.

8 (5) Payment for Career Service Recognition as authorized by law;

9 (6) Payment for Career Ladder Incentive Program Bonus as
10 authorized by law;

11 (7) Payment in accordance with Special Language salary provisions
12 in individual agency appropriation acts.

13
14 SECTION 45. Arkansas Code 19-4-1609 is amended to read as follows:

15 § 19-4-1609. State-supported institutions of higher learning.

16 (a)(1) Pursuant to administrative procedures established by the Chief
17 Fiscal Officer of the State, each state-supported institution of higher
18 learning may request a salary and personal services matching and/or a
19 maintenance and general operations expense disbursement procedure. This
20 procedure shall be requested, in writing from the executive head,
21 communicated to the Chief Fiscal Officer of the State by which, effective
22 ~~July 1, 1989, or~~ at a date in accordance with the request, each payroll for
23 all of its salaries payable to employees and/or a maintenance and general
24 operations expense of the institution and personal services matching for
25 employees of the institution may be disbursed by the institution and paid
26 from state agency bank funds of the institution, subject to reimbursement and
27 correction of reporting as provided in this section.

28 (2)(A) The Chief Fiscal Officer of the State may approve such
29 salary and personal services matching and/or a maintenance and general
30 operations expense disbursement procedure ~~and vouchers~~ for such reimbursement
31 if he determines that each institution has complied with all administrative
32 procedures established by the Chief Fiscal Officer of the State.

33 (B)(i) The Chief Fiscal Officer of the State may revoke any such
34 approval by transmitting a thirty-day notice to the executive head of the
35 institution when the Chief Fiscal Officer of the State finds that internal
36 administrative procedures and controls of the institution are not adequate.

1 (ii) The Legislative Joint Auditing Committee shall advise the
2 Chief Fiscal Officer of the State and keep him informed regarding any of its
3 findings which may be relevant to such determination regarding these
4 institutions.

5 (b) (1) Upon completion of salary and personal services matching
6 and/or a maintenance and general operations expense disbursements by the
7 institution, the disbursing officer or other appropriate official of the
8 institution shall examine ~~forward to the Chief Fiscal Officer of the State a~~
9 ~~copy of the payroll and/or a maintenance and general operations expense as~~
10 ~~disbursed~~ for such amounts as are properly payable from State Treasury funds.

11 ~~(2) The copy of the payroll and/or a maintenance and general~~
12 ~~operations expense shall contain an indication of which salary and personal~~
13 ~~services matching and/or a maintenance and general operations expense amounts~~
14 ~~are to be charged to funds in the State Treasury and shall include a request~~
15 ~~for reimbursement to the institution for such amounts as are properly payable~~
16 ~~from State Treasury funds.~~

17 ~~(3) (2) At such time as the~~ disbursing officer or other appropriate
18 official of the institution ~~Chief Fiscal Officer of the State~~ examines the
19 ~~copy of the payroll and/or a maintenance and general operations expense~~
20 ~~forwarded to him for determining the reimbursable amount, he shall also~~
21 review it in order to discover any erroneous or improper payments as provided
22 for by law. ~~He shall forward to the disbursing official of the institution~~
23 ~~the identification of any erroneous or improper payments he may discover.~~ The
24 liability for those payments shall be with the executive head of that
25 institution and its bonded disbursing officer, or his designated bonded
26 assistant.

27 (c) All salaries and personal services matching and/or a
28 maintenance and general operations expense shall be subject to the
29 restrictions and controls provided by law and. ~~However, where this method of~~
30 ~~salary and personal services matching and/or a maintenance and general~~
31 ~~operations expense disbursing is approved,~~ the administrative procedures of
32 the Chief Fiscal Officer of the State, for its effectuation shall be
33 ~~followed, but no preexpenditure procedures or voucher examination and~~
34 ~~approval shall be required for salary and personal services matching~~
35 ~~disbursements of an institution which is approved to follow this procedure.~~

36

1 SECTION 46. Arkansas Code 19-4-1613(a) is amended to read as follows:

2 (a) Upon termination, resignation, retirement, death, or other action
3 by which a person ceases to be an active employee of a state agency, the
4 amount due the employee, or his estate, including any accrued unpaid annual
5 or holiday leave which is due in accordance with the policies of the agency
6 and lump sum payments of sick leave balances upon retirement as provided by
7 law, may, and should, be included in the final pay to the employee or his
8 estate for his active work, even though the final payment of salary or wages
9 may exceed one twenty-sixth (1/26) or other fractional amount based upon
10 days, weeks, or months of the employee's annual authorized compensation at
11 the date active employment ceases.

12
13 SECTION 47. Arkansas Code 19-4-1711 is amended to read as follows:

14 § 19-4-1711. ~~Pre-audit~~ Review requirement.

15 (a)(1) Every contract covered by this subchapter shall be filed with
16 the Office of Accounting of the Department of Finance and Administration
17 within five (5) working days of the execution date of the contract.

18 (2) The execution date of all contracts shall be defined as the
19 date upon which performance of the services to be rendered under the contract
20 is to begin and not the date upon which the agreement was made.

21 (b)(1) No voucher shall be ~~cleared for payment by the Pre-Audit~~
22 ~~Section of the Department of Finance and Administration~~ paid if a copy of the
23 contract under which the payment is being made has not previously been timely
24 filed.

25 (2) No payment shall be ~~approved~~ made covering services rendered
26 prior to the execution date of the contract.

27 (c) It is the intent of the General Assembly that this section be strictly
28 construed and enforced. However, in the unusual event that an obligation has
29 been incurred by a state agency under any contractual agreement or proposed
30 contract prior to the approval of the contract, the Chief Fiscal Officer of
31 the State may approve payment for such services after having first received
32 the advice of the Legislative Council.

33
34 SECTION 48. *NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR*
35 *PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. In addition to*
36 *those purposes set out in Act 333 of 2001, the appropriations provided in*

1 Section 5 of Act 333 of 2001 may also be transferred to agencies that convert
2 cash accounts that are in financial institutions outside of the State
3 Treasury to State Treasury funds during the biennial period ending June 30,
4 2003.

5
6 SECTION 49. EMERGENCY CLAUSE. It is found and determined by the
7 General Assembly that proper and effective management requires that changes
8 to the state's finance and accounting laws begin on the first day of the
9 fiscal year and that if there is an extended recess of the General Assembly,
10 the required ninety day period may extend past July 1. Therefore, an
11 emergency is declared to exist and this act being immediately necessary for
12 the preservation of the public peace, health and safety shall become
13 effective on July 1, 2001.

14
15 /s/ Joint Budget Committee
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