

REFERENCE TITLE: budget units; encumbrance documents; exception

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
Second Regular Session  
2020

# **HB 2261**

Introduced by  
Representative Kavanagh

AN ACT

AMENDING SECTION 35-151, ARIZONA REVISED STATUTES; RELATING TO STATE MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 35-151, Arizona Revised Statutes, is amended to  
3 read:  
4           35-151. Encumbrance documents: issuance and disposition;  
5           exception  
6       A. An encumbrance document shall be processed in ~~the~~ THIS state's  
7 accounting system before a budget unit issues a purchase order or  
8 encumbrance document against appropriations to cover an obligation, actual  
9 or anticipated, except that encumbrance documents are not required for:  
10          1. Reimbursements to employees for travel or other expenses  
11 incurred. ~~,~~  
12          2. Gross payrolls and related employee expenses of a budget unit. ~~,~~  
13          3. Eligibility payments. ~~,~~  
14          4. Required payments that are not discretionary. ~~, or,~~  
15          5. Under procedures prescribed in the state accounting manual of  
16 the department of administration, ~~for~~ expenditures not exceeding ~~five~~  
17 ~~thousand dollars~~ \$5,000.  
18       B. Copies of ~~these~~ THE ENCUMBRANCE documents shall be submitted  
19 immediately to or entered into the state accounting system of the  
20 department of administration. The budget unit shall certify that the  
21 proposed expenditure is authorized by appropriation and allotment and that  
22 the amount involved does not exceed the unencumbered and unexpended  
23 balance of the appropriation as recorded in the state's accounting  
24 system. If any proposed certified expenditure is found to exceed the  
25 unencumbered and unexpended balance or to be contrary to this chapter or  
26 any other law, the head of the budget unit or ~~his~~ THE HEAD'S designee  
27 shall disallow the proposed expenditure. If the encumbrance is found to  
28 be in order, it shall be immediately submitted or electronically  
29 transmitted to the department of administration central accounting system,  
30 which shall not accept an encumbrance in excess of the appropriation. The  
31 amount of the encumbrance shall be set aside to be used exclusively ~~for~~  
32 ~~payment of~~ TO PAY the claim when presented. If an adequate appropriation  
33 balance is not available, the accounting system shall reject the  
34 transaction.  
35       ~~B.~~ C. The department of administration may require encumbrances  
36 for all funds of ~~the~~ THIS state, except for the investment of public  
37 monies or permanent endowment funds, which are not appropriated but are  
38 held in custody by the state treasurer.  
39       ~~C.~~ D. ~~NO~~ AN encumbrance document may NOT be approved by or for any  
40 budget unit that will involve an expenditure of any amount in excess of  
41 the unencumbered and unexpended balance of the appropriation or fund  
42 source to which the resulting expenditure will be chargeable.  
43       ~~D.~~ E. ~~Notwithstanding~~ EXCEPT FOR AN EXPENDITURE THAT IS EXEMPT  
44 UNDER subsection A of this section, an expenditure under section 35-191  
45 shall be encumbered regardless of the dollar amount of the expenditure.