



# State of Arizona Accounting Manual

Topic 50 Travel  
Section 66 Employee Travel Expenses  
Paid by Third Parties

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## INTRODUCTION

Questions repeatedly arise with respect to travel as to whether State limitations apply when the monies used to pay travel come from or the expenses are underwritten by non-State sources. Often the source is the Federal government, less frequently monies are provided by governmental sources other than the State of Arizona, professional or trade associations, commercial enterprises, charitable and social organizations, health and welfare groups, or athletic and recreational associations.

There are also times—involving contractors, volunteers, etc.—when the State pays for travel for those who, while engaged in State business, are not employed by the State. These situations are addressed in SAAM 5565.

This section of SAAM clarifies the treatment of travel expenses incurred by State employees, but which may be reimbursed, funded or paid for by a third party that, presumably, derives benefit from the travel under consideration.

To a great extent, the limitations that apply to such arrangements relate to the funding source and the nature of the entity providing the funding.

When used herein, the term “State” refers, as applicable, to the State of Arizona Government, an agency of the State of Arizona Government, and/or a program administered by the State of Arizona Government or any of its agencies.

## POLICY

1. Care must always be taken that the employee’s trip, though funded by a source other than the State of Arizona, is, like all other employee travel, conducted for a valid public purpose, that its cost to the State (including the cost of the employee’s time) is demonstrably outweighed by the ultimate benefit to the State, and that participation in whatever meeting, conference, etc., is contemplated cannot under any circumstances be construed as constituting a conflict of interest.
2. An employee cannot accept an honorarium or any other form of payment from the funding source while simultaneously being compensated by the State.
  - 2.1. An employee may accept honoraria while on annual or other non-compensated State leave.

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- 2.2. Expressions of recognition or gratitude in the form of gift cards, cups, pens, plaques, etc. falling below a de minimis value of fifty dollars (\$50) may be accepted while being simultaneously compensated by the State.
  3. If a State employee's travel expenses are paid by grant proceeds or under the provisions of another agreement (whatever its form, including a contract, memorandum of understanding, etc.) between the State and another entity, :
    - 3.1. The State is the legal recipient of such proceeds. Because of this, the proceeds, under the provisions of A.R.S. § 35-302, are public monies that must be deposited with the State Treasurer in accordance with the requirements of A.R.S. § 35-301.
    - 3.2. If the agreement is between any entity, whether public or private, and the State, the State is the proper recipient of any payments or reimbursements to be made. The State will reimburse the traveler at the State's travel-related rates.
      - 3.2.1. While neither the Arizona Revised Statutes nor SAAM generally require the provision of receipts for meals, often the grantor or payer does require meal receipts in order to reimburse the State. Because of this, an agency may require its employees to provide meal receipts to satisfy the requirements of the grantor or payer.
    - 3.3. Public monies fall within the purview of Title 35, which means in turn, that the expenditure of such monies is subject to State policies, including, but not limited to, the prescriptions and travel reimbursement limitations provided for by A.R.S. §§ 38-623 and 38-624 and published in SAAM 5095.
    - 3.4. Travel arrangements should generally be made by the State in cooperation, if necessary, with the funding source.
    - 3.5. Any payments or reimbursements made by the funding source should be made to the agency, not to the employee, the common carrier, the hotel, etc.
    - 3.6. The agency should arrange and pay for common carrier charges (i.e., air, train and bus fare) and hotel bills.
    - 3.7. The employee should be reimbursed for any out-of-pocket expenses in accordance with the provisions and limitations prescribed in SAAM.
    - 3.8. Unless the agreement with the third party provides to the contrary, any monies received from the third party in excess of the reimbursements claimed by the traveling employee should be remitted to the General Fund.
  4. If a State employee's travel expenses are paid directly (i.e., not through a grant to the State) by another government, not-for-profit entity, or trade or professional organization:

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- 4.1. Since the recipient is not and is not required to be the State, any proceeds paid by the funding entity are not public monies and, hence, not subject to State policies or reimbursement limits.
  - 4.2. Travel arrangements should be made and/or paid for by the paying entity in whatever manner is deemed to be the most convenient under the circumstances.
  5. If a State employee's travel expenses are paid directly to the employee by a commercial entity:
    - 5.1. The amounts paid for accommodations must be reasonable under the circumstances and not likely to raise suspicions related to an attempt to influence the traveler to favor the commercial entity.
    - 5.2. The commercial entity must not be currently contracted with the State nor a bidder on a State contract.
  6. For situations in which the traveler is compensated for certain government-mandated and government-paid services for which he receives some form of compensation, such as expert witness fees:
    - 6.1. Time is to be recorded as civic duty leave.
    - 6.2. Advances for transportation, lodging, meals and incidentals are to be retained by the traveler.
    - 6.3. Fees for services rendered are to be surrendered to the State and deposited into the General Fund.