



State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements Issued 07/02/18
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Personal Amazon Prime Memberships

INTRODUCTION

This section of SAAM addresses questions as to whether an agency may appropriately use State monies to pay for an Amazon Prime Membership. These questions arise because of issues involving “free” two-day shipping on many items, frequently discounted prices, the use of the P-Card to pay for Amazon Prime Membership and purchases, etc.

It is important to understand that an Amazon Prime Membership can only be issued in the name of an individual, not in the name of an agency; that an annual membership is not refundable for early termination of membership; that membership cannot be transferred from one individual to another; and, that “free” shipping in actuality requires a significant, prepaid annual membership fee.

A Personal Amazon Account is a way merchandise and services can be purchased, without “free” two-day shipping, from or through Amazon without paying for an Amazon Prime Membership.

An Amazon Business Account (ABA) can be issued to organizations, including State agencies, does not involve a membership fee and provides free two-day shipping for orders amounting to forty-nine dollars (\$49) or more.

Questions also arise as to whether the State would owe an individual for the occasional or even frequent use of that individual’s Amazon Prime membership to benefit from free shipping of merchandise to an agency.

POLICY & PROCEDURES

1. An agency must not use State monies to:
 - 1.1. Pay for an Amazon Prime Membership for any officer, employee, contractor, volunteer, board member or any other person (hereinafter collectively and individually referred to as a “person”).
 - 1.2. Reimburse a person, in part or whole, for the use of his Amazon Prime Membership in connection with any order placed for, on behalf of, or for delivery to the agency.

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2. An agency may, subject to certain limitations, use State monies to reimburse, by any practicable, legal and appropriately documented and reviewed means, a person for the actual cost of merchandise received by the agency purchased using a person's Amazon Prime Membership or Personal Amazon Account.
 - 2.1. A person who is not an officer, employee, volunteer, intern or board member of or with respect to the State should not be directly reimbursed by an agency.
 - 2.2. In the case of an independent contractor, temporary worker, or employee of a contractor or other organization/entity providing goods and/or services to the State, all payments and/or reimbursements should be made to the employer of that worker.
3. An agency must not use a P-Card or Central Travel Account to pay for merchandise purchased using an individual's Amazon Prime Membership or Personal Amazon Account. For authorized purchases for a valid public purpose, an individual who acquires merchandise for the State using one of these Amazon accounts, is to be repaid using an employee reimbursement.
4. An agency may establish, using the agency's name and address and other contact information, an Amazon Business Account (ABA).
 - 4.1. The ABA may be established online using the following web address: <https://www.amazon.com/b2b/info/amazon-business?layout=landing>.
 - 4.2. Unless receiving a written exception from the State Comptroller, each agency must not have more than one (1) ABA. (The balance of this policy statement presumes, for each agency, a single ABA.)
 - 4.2.1. If an agency elects to have an ABA, the agency head must appoint one (1) ABA administrator.
 - 4.2.2. It is recommended that an agency's ABA administrator be the same person who fulfills the role of P-Card administrator, as discussed in SAAM 4536.
 - 4.2.3. An agency's ABA administrator may authorize additional ABA user accounts for agency employees.
 - 4.2.3.1. The ABA administrator is responsible for setting ABA spending limits.
 - 4.2.3.2. The ABA administrator is responsible for approving purchases made by other agency employees authorized to use the ABA.
 - 4.2.4. An agency's ABA administrator must immediately terminate the user account of any employee who for any reason discontinues employment with the agency. An agency head or his designee must immediately arrange for the termination of the

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user account of an ABA administrator who for any reason discontinues employment with the agency.

- 4.3. An agency's P-Card, but not its Central Travel Account or any other form of payment, must be used to pay for the purchase of goods and/or services through its ABA. An agency must not establish a separate line of credit with Amazon.
- 4.4. In general, the ABA should only be used for purchases amounting to forty-nine dollars (\$49) or more, so as to qualify for free shipping. Shipping costs for orders of less than forty-nine dollars (\$49) may be greater than the related merchandise discount.
- 4.5. Purchases made using the ABA must be reviewed monthly by an agency employee without access to the ABA or the agency's P-Card. This review is to be signed or initialed by the employee having conducted the review and retained for audit.
5. Agencies must not register for tax-exempt purchasing. If transaction privilege tax (sales tax) is not collected as part of the transaction, use tax reporting and remittance is required. See SAAM 4506 for additional information on this subject.
6. Items available on a State contract must be purchased from an approved contractor and not purchased through an agency's ABA.
7. Agencies and agency personnel must comply with the State Procurement Code, State contracts, and directives and guidelines issued by the State Procurement Office in making any purchases.
8. The ABA administrator must establish, enforce and maintain adequate internal controls over access to and use of the ABA.