



State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements
Section 56 Payments to Wards of the State

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INTRODUCTION

This policy applies to payments made to wards of the State of Arizona.

A “ward,” for the purposes of this policy, is a person in the State’s custody for some indefinite, but generally lengthy, duration. As used herein, the terms “ward” and “ward of the State” are interchangeable. The designation “ward of the State” includes, but is not limited to, inmates, both adult and juvenile, and, under certain circumstances, residents of medical or mental facilities. Wards are directly subject to the authority and control of the State. Their material needs are provided to them by the State. Wards are, to a greater or lesser extent, prohibited from managing their own affairs.

Wards of the State are either compelled or volunteer to render service to the State. They are, however, neither employees of the State of Arizona nor independent contractors.

Because of their status as wards, they do not qualify for benefits offered by their employer or many of the legal provisions and protections—such as minimum wage, overtime premiums, unemployment insurance, social security retirement benefits, etc.—that apply to statutory employees. Since they are not free to contract with, solicit work from, or perform services for organizations other than what might be permitted or required by the institution with respect to which they are a ward, they are not independent contractors.

A ward’s earnings are reported on Federal Form 1099-MISC. To appropriately report those earnings, however, the ward’s correct name and Taxpayer Identification Number (TIN) must be collected using the State of Arizona Substitute Form W-9. The information provided by the ward will then be submitted by the GAO to the IRS in a process known as TIN-matching.

POLICY & PROCEDURES

1. All wards of State must complete a State of Arizona Substitute Form W-9, found on the GAO Website at <https://gao.az.gov/publications/forms>.
2. No payment, by whatever means, to a ward shall be made to a ward until the related Form W-9 has been completed, appropriately filed with the GAO or the paying agency, and has been TIN-matched.
3. If an agency wishes to perform its own TIN-matching, it should contact AFIS Operations at afis.operations@azdoa.gov.

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4. Not later than January 15 of the year following the year of payment to a ward or wards, payment data relating to the ward or wards must be forwarded to the GAO to enable the timely filing of Forms 1099-MISC.
5. Address questions concerning this policy to AFIS Operations at afis.operations@azdoa.gov.