



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 3 – Revenues and Refunds 2.0	EFFECTIVE DATE: 09/28/1984
TITLE: Gifts and Grants	REVISION DATE: 02/19/2014
AUTHORIZED BY: Director, Bureau of Fiscal Services	

BACKGROUND

Wis. Stat. § 46.03 (2a) authorizes the Department of Health Services (DHS) to accept funds from gifts, grants, donations or trusts. Wis. Stat. §§ 20.435 (8) (i) and 20.907 specify the manner of acceptance, custody and accounting. The Department of Administration (DOA) has long held the position that **restricted** gifts may be expended in accordance with the expressed wishes of the donor if such use does not conflict with any specific statutory provision or would not result in a completely absurd expenditure. However, an Attorney General’s Opinion [62 Wis. Op. Att’y Gen 4 (1973)] supported the DOA position that expenditures of **unrestricted** gifts are subject to the laws and conditions applied to state expenditures in general.

Gifts, grants, and such are required to be deposited into an appropriation. In order to expend these funds, an allotment must be issued to allow expenditure. Since these funds are **appropriated** [Wis. Stat. § 46.03 (2a)], all purchasing, audit and budgetary restrictions apply without specific statutory exclusion. Wis. Stat. § 20.907 (4) states that audit is for the “sole purpose of ascertaining that such expenditures are lawfully made and authorized by the proper authorities of such state agency.” This provision is similar to the audit expectations of general purpose revenue (GPR) funds.

In conclusion, gift and grant funds may have more restrictions than GPR funding. They may be used for program functions, which means the use should be consistent with GPR use. Use of such funds must be consistent with the purpose of the gift or grant, and finally, all requirements of state-appropriated monies apply.

POLICY

Acceptance

1. DHS may accept unrestricted funds from gifts, grants, donations, and trusts.
2. DHS will accept restricted funds from gifts, grants, donations and trusts provided the purpose is lawful and not in conflict with a specific statute.

Custody

All such gifts, grants, bequests and devices in the form of cash or securities will be deposited in the custody of the State Treasurer. Use an appropriation under Wis. Stat. § 20.435 within the gift and grants alpha (i) series to make such a deposit.

Expenditure

All funds received from gifts, grants, donations and trust funds and any income or interest received thereon may be expended as follows:

1. For any lawful purpose under the statutes governing state operations and authorized by the proper authority. Use of such funds should follow DHS accounting policies and procedures.
2. Must be consistent with the purpose of the gift if restricted by the donor.
3. Unless the gift or grant specifically states a use, it is assumed that its use is intended for normal operational expenses. Where its use is specified legal but **outside of normal practice**, the use must be approved by the division administrator and the Bureau of Fiscal Services (BFS). If the specified use is not legal, the funds cannot be accepted or used for that purpose. In that case, the funds should be returned with appropriate documentation for reasons, amount, and chronology of events.

Reporting

DHS will follow the gift and grants reporting requirements established by DOA in the State Accounting Manual. The report is currently due by December 1 of each year and will be provided to DOA and the Joint Committee on Finance. The report data is prepared by the BFS administrative appropriations (program 8) lead accountant.

Interest

Wis. Stat. § 20.906 (1) states, in part, that “all monies paid into the treasury shall be credited to the general purpose revenues of the general fund unless otherwise specifically provided by law.” The phrase “unless otherwise specified by law” pertains to accounts considered assets of legally established segregated funds and to situations where the account is the property of a third-party trust. In certain infrequent cases, specific statutory provisions may require the treatment of interest as other than GPR-Earned. Absent any of the above alternative requirements, interest is deemed GPR-Earned.

DHS will honor any bequest that specifies that any interest earnings be retained or are for endowment, etc. However, interest on gifts with no restrictions will be deposited and reclaimed by the general fund.

REFERENCES

Wis. Stat. §§ [46.03 \(2a\)](#), [20.435 \(8\) \(i\)](#), [20.906 \(1\)](#), and [20.907](#)
[WiSMART Accounting Manual, Volume 1, Section VI – Revenues, Subsection 2 – Gifts and Donations](#)

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