

**Small & Medium Agency
Chief Financial Officers Meeting Minutes**
January 22, 2008

PARTICIPANTS:

Megan Darian, ADA
Biju Kamaleswaran, AGA
Debb Pearson, APA
Julie McKnight, AUA
Dena Dotson, EPA
Lizette Morgan, GFA
Tracy Schmidt, HDA
Kim Bittrich, HIA
Diana Marczak, HUA
Glenn Hurd, ICA
Sharon Gulden, LDA
Richard Bichanich, PRA
Carmen Flores, PVA
Tyler Palmer, RGA
Don Bentley, SPA
Marcia West, TOA
Cheryl Fraulob, UOA
Ernie Nedd, UOA
Clark Partridge, DOA/GAO
Michael Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Joanna Greenaway, DOA/GAO
Angela Dillard, DOA/GAO
Amy Newby, DOA/GAO
Diane Gorham, DOA/GAO
Stu Wilber, DOA/GAO

ITEMS COVERED

Clark Partridge – Welcome & Introductions

**Agency Presentation: Arizona Game & Fish - Presented by Jim Harken,
Public Information Officer**

Jim Harken the Public Information Officer at Arizona Game & Fish gave an excellent and very informative presentation on the setup and operation of Arizona Game & Fish. For more information please visit their website at <http://www.azgfd.gov>.

Travel

Agencies were asked how the new travel policy and procedures were working for

them. Some of the agencies have not processed any travel expenses since the change while others are submitting their first claims. So far there have not been too many complaints.

Agency Travel Coordinators are not required to certify travel claim forms, only the traveler and their supervisor are required to certify the claim. The Agency Travel Coordinator signs the form in the "Agency Authorized Accounting Signature" field authorizing that there are funds available to pay the travel claim.

A question was asked about volunteers now having to pay taxes on their same day meals. Agencies are concerned this may create a negative out of pocket expenses after they pay the taxes. It was explained that this is the IRS Tax Rule. The State of Arizona could have opted to eliminate the reimbursement of same day meals altogether which would have meant that the volunteers receive no reimbursement. At this time employees and volunteers may be paying the tax but they are at least getting something back.

Another agency asked if additional travel training was available online for managers and supervisors since they are reviewing and certifying the new travel claim forms. GAO has noticed an increase in travel questions that do not pertain to items that were changed in the new travel policy, rather the questions pertaining to unchanged items. GAO is working with AzGU to develop a Travel Policy Training course that will cover the changes to the policy and those areas that are generating questions. Diane Gorham will follow-up with AZGU to find out when the training will be available. GAO will release a web story when the training information is available.

Lizette Morgan with Arizona Game & Fish thanked Joanna Greenaway and Shannon Landis for all of their hard work in creating the database being used to re-allocate employee travel expenses. This database has helped their agency identify the errors in the expense allocation and the extra reports provided to them help in reconciling their payroll. Game & Fish had 800 ERE adjustments in their first payroll for 2008.

GAO informed the agencies again of the HRIS issue with the expense allocation and offered to provide additional reports to agencies as requested.

An agency representative asked about the job roles in HRIS for approving travel. Their accounting and payroll groups are separate and their accounting group has never had access to HRIS. Due to security of employee information, the only HRIS job roles that can go back and inquire on employee records are Payroll Initiators or Approvers. Mike Smarik responded that the GAO is currently looking at establishing a travel management specialist approver roll to allow necessary staff more access to employee files.

Additionally an agency representative asked if trouble shooting steps could be

added to the travel screens for the errors received. Some of the problems agencies are experiencing have been resolved with patches. There may be multiple patches out there for an agency to download. Diane Gorham will send a web story to advise new HRIS users that their systems need specific requirements in order to enter travel reimbursements into HRIS.

Some of the agencies are receiving questions related to travel that were not part of the new changes in the travel policy. The questions are agency specific and Clark will address them separately with the agency. Clark suggested that when developing agency specific or unique policies to handle isolated types of incidents caution should be used. The agency representatives need to inform the travelers that the policy could change in the future. The intent of the policy is to help the travelers with their out of pocket expenses during travel status.

An agency representative wanted to express their gratitude as they feel that the travel information is easier to input into HRIS. If travel is paid from the same expense accounts as the normal payroll the users have fewer fields to input into the system. For agencies that want to charge travel to a different expense account, they will have to key in the following fields: AFUND, Accounting Unit, Activity, and Account Category. For most agencies, the Account Category field can be left blank and the system will default all Z's into the field.

At this time, the attendees had received no comments from travelers about the new travel data on their pay checks. There are two travel categories on employees pay checks one for non-taxable and the other for taxable travel. So far, 1,880 checks to over 700 employees in 48 agencies have travel information on them.

A new lodging and meal rate change can not be considered or established until the executive budget comes out. The GAO is now waiting to find out when they will be able to submit the new rate changes to the JLBC.

Travel Policy

GAO has noticed an increase in the number of employees asking questions about the new travel policy (both items that changed and items that were not changed). This shows an increased awareness by employees and should start to help change, correct and modify employee behavior. All of these changes will be a step in the right direction to comply with the policy.

P-Card and Travel Card

**There were P-Card and two Travel Card kick-off sessions held on January 3, 2008 to address the new contract with US Bank with agency Travel Card/P-Card Program Administrators, Travel Coordinators, Agency Heads, and Chief Financial Officers. More information will be posted to the GAO website with an email notification from GAO.

The new US Bank cards will be available in late February and early March. Agencies will be using a State liability Travel Card account instead of the P-Card to book airfare and lodging reservations. Individual Travel Cards can be issued to frequent travelers. Other future changes will be phased in gradually.

The P-Card will be able to help the agencies manage their operations and it will be utilized as one of the agencies primary tools during disaster recovery or business continuity operations. If access to AFIS is lost during a disaster agencies will be able to buy items and pay their bills with the P-Card.

Currently the State Procurement Office is working on extending the current AMEX card contract past its expiration date of February 29, 2008 for an additional year to ensure the State is covered. Smaller agencies may be ready to start utilizing the new cards sooner than the larger agencies. A few of the larger agencies will require new interfaces with US Bank to help populate their sub-systems. Creating the new interfaces with US Bank may take approximately six months to develop.

Additional information will be released when the new cards are rolled out. The new contract seems to be a better solution for the State's travel and purchasing needs and will help solve previous specific travel issues. The Travel Card will be good for State travelers and will give them a tool to minimize the impact of their personal cash flow.

Travel Management Sub-System Update

A meeting was held with the Lawson representatives to evaluate the expense management module of HRIS (Lawson) which can be used in place of the Travel Management Subsystem. Based on the demo the GAO feels that the tool will be sufficient for the State's travel needs. There will be reports available with the new tool.

During this meeting, the GAO made Lawson aware of the expense pro-ration problem and Lawson requested that they be provided with additional information to help resolve the problem.

The next Lawson upgrade for HRIS is scheduled for June 2008. This upgrade may resolve a portion of the employer related expense pro-ration to non-taxable travel payments. The taxable travel pay codes may continue to be problematic.

An agency questioned what will happen with travel reimbursements during the 13th month year-end and how will the processing be addressed? One solution would be to do a transfer in AFIS and charge to the current year in HRIS or try to find an alternate method in HRIS. Another larger challenge is the admin adjustments process. Clark will be watching during the upgrade to see if they can be addressed. Business processes may have to be changed a little to allow agencies to be able to complete their FYE processes.

Payroll Calendar Year-end

Clark asked the agencies how the calendar year-end went with their agencies. None of the agency representatives had any issues.

W-2s

Approximately 54,000 W-2s related to the 2007 wages were mailed to State employees on January 16, 2008. Congratulations to the HRIS staff and the GAO Central Payroll group as this was the earliest mailing of W-2s in State history. A local vendor was utilized which also contributed to the quickness of the distribution. The 2007 duplicate W-2 request memo was posted on the GAO website on January 17, 2008. All returned W-2s will be sent directly to the agencies so the agencies will be able to update the employee's address in the system and distribute the returned W-2 to their employees quicker. Employees can also update their address on Y.E.S. The GAO Central Payroll group will start accepting duplicate W-2 requests from the agencies on February 1, 2008. All returned W-2s for terminated employees will be held in the GAO's Central Payroll group's office. If an agency receives a W-2 for a terminated employee, they should send them back to the GAO.

1099s

24,000 1099 file records were sent to the vendor to be processed and should be mailed by the end of this week or early next week.

Payroll Benchmarking

Last week the GAO received the payroll benchmarking process results and the GAO will be scheduling a meeting with the agencies within the next few months.

Upcoming Audio Conferences

**The GAO has scheduled the following audio conference with CPE available:
Wednesday February 6, 2008 at 12:00 p.m. – Internal Controls

**The GAO will be scheduling and issuing web stories for the following audio conferences with CPE available:

Wednesday March 5, 2008 at 12:00 p.m. – Environmental Fraud

Wednesday March 26, 2008 at 11:00 a.m. – Emerging Issues at FASAB and GASB

**A discussion was held on which agencies hold "Brown Bag" informational meetings and whether they are for internal employee or open to include external participants.

Internal Audit Meeting with all Agencies

Jaimie Soulvie, the Audit Manager for the GAO, will be setting up bi-annual or quarterly internal audit meetings and/or training exercises to provide ways to help agency auditors be more efficient and effective. These meetings will allow everyone to share thoughts and ideas. The primary focus will be towards the larger agencies that have an internal audit group. Agencies internal audit shops

do not report to the GAO but a statewide forum can help in knowledge sharing. Some smaller agencies representatives may be the internal audit liaison or have an auditor for their agency that may be interested in attending. A web story will be posted with additional information when Jaimie is ready to meet with the agencies.

Issues, Concerns, Questions

****Q:** One of the agencies had a supervisor question why they have to include their EIN on the new travel claim forms. The agency representative was advised that the EIN will be used for tracking purposes. The supervisor then wanted to know what we were going to be tracking.

****A:** Each employee has two identifiers, one is their name and the other is their EIN. For HRIS the best unique identifier is an employee's EIN as there could be multiple people with the same name. Eventually all GAO forms will require EINs.

****Q:** In the past Game & Fish has asked to volunteer to move toward not distributing direct deposit advices and wants to know if there was some way they could move in that direction.

****A:** By law the State of Arizona has to provide a statement of earnings to all State employees. AHCCCS will be piloting not distributing direct deposit advices beginning on the February 15, 2008 pay day. One of the prerequisites for an agency to participate in the pilot is that every employee in the agency has to have access to a computer and the internet to get to Y.E.S. All 1,300 employees at AHCCCS have a computer and have access to Y.E.S. AHCCCS employees will be utilizing Y.E.S. to access their statement of earnings and the agency will be sending an email with the payroll stuffer information to all of their employees. Eventually all payroll stuffers will be converted to PDF posted on the Y.E.S website. In addition, the pay advices in Y.E.S. may have to be reformatted and converted to PDF for posting due to the system constraints of all employees accessing their advice. The current "pay advices" on Y.E.S. actually calculate the advice in real-time by accessing HRIS. This calculation could put a strain on system performance; therefore the GAO is evaluating software that integrates with Lawson to create 'pay advices' in PDF. The PDF pay advice document will be encrypted for added security. As part of the AHCCCS pilot, the current 'pay advices' on Y.E.S. will be unavailable to employees during the Tuesday compute (due to the calculation Y.E.S. performs). This will prevent employees going in on the Y.E.S. website to view their pay checks on Wednesday morning before the compute is finished. This change impacts all employees who access their advice on Y.E.S. AHCCCS will be sending a survey to their employees in a few months to gather responses or feedback to the paperless pay advices. AHCCCS has their own internal survey tool that they will be using and plan to ask very simple and realistic questions of the employees.

An agency representative mentioned that she had an employee who was complaining about his salary. The representative had the employee go on the Y.E.S. website to view his total compensation statement and see what his true wages were with benefits. The employee was totally surprised and realized he

wasn't that underpaid if he looks at the overall picture. The representative remarked on how nice using Y.E.S. was in handling this situation.

Future Agenda Items

Emphasis on Electronic Payments (Direct Deposit & ACH)

Payroll Stuffers

Payroll Card and Direct Deposit

Internal Controls

If you have any questions or concerns, please contact the GAO.

Meeting adjourned at 3:40 p.m.

The next meeting is scheduled for Tuesday, February 19, 2008 at 2:00 p.m. in the General Accounting Office.