

**Small & Medium Agency
Chief Financial Officers Meeting Minutes**
January 23, 2007

PARTICIPANTS:

Pat Mah, DOA/TPO
Biju Kamaleswaran, AGA
Gloria Gonzales, AGA
Christina Murphy, ECA
Dena Dotson, EPA
Lizette Morgan, GFA
Jeff Hessenius, GTA
Denise Goode, HUA
Glen Hurd, ICA
Kenneth Bell, JCA
Sharon Gulden, LDA
Graham Bennett, LOA
Evangeline Webster, MEA
Rebecca Rivera, PRA
Susan LaBotz, REA
Julie Ruff, TEA
Linda Yuhas, TOA
Davis Medina, TXA
Cheryl Fraulob, UOA
Deb Ludington, VSA
Clark Partridge, DOA/GAO
Mike Smarik, DOA/GAO
Jan Sharon-Strieby, DOA/GAO
Angela Dillard, DOA/GAO
Anita Kleinman, DOA/GAO
Shannon Landis, DOA/GAO
Joanna Greenaway, ADOA/GAO
Kjell Anderson, DOA/GAO
Donna Cornella, DOA/GAO
Randi Orchard, DOA/GAOI

ITEMS COVERED

Clark Partridge – Welcome & Introductions

TPO – Pat Mah

Pat Mah from the ADOA/TPO gave an update regarding the 2008 AZNet budget. **The FY 2008 AZNet budget request for all State agencies was submitted in October 2006. The Governor adopted the FY 2008 AZNet budget request in her recommendation. The JLBC recommendation modified the request to eliminate

General Fund dollars added in FY 2007 for on-going operational costs. The TPO has been working with OSPB to get the funding restored. If you have any concerns, Pat recommends that you contact your OSPB analyst and let them know you need that money.

**If anyone has any telecommunications concerns, please contact Pat Mah by phone at (602) 364-0558.

Annual Financial Report (AFR) Issued

The AFR for FY 2006 has been issued. The Comprehensive Annual Financial Report (CAFR) has not been issued yet. The tentative issue date for the CAFR should be around the end of May. The delay is due to not being able to gather information for the auditors from various agencies.

Travel Card Update

After continuous negotiations with American Express on a new travel card contract, the American Express attorneys would not agree to eliminate language included in the contract that was contrary to Arizona Revised Statutes. The State was unable to enter into a contract because of this with American Express.

There were some very good ideas that came up during the negotiations that would have worked well for the State. Those ideas will be rolled in to a new RFP. The GAO will be working with the State Procurement Office on evaluating contracts and looking at other State's contracts while preparing the new RFP.

The current P-Card contract with American Express expires in February of 2008. One of the benefits of a good travel card program would be to help reduce travel advance requests, eliminating some of the travel burden that the agencies deal with on a daily basis.

Travel Policy

Angela Dillard gave a travel policy update. Several of the potential policy changes concern meals and incidentals.

**If there is no overnight stay, the meals and incidental reimbursements will be sent to the HRIS as non-pay taxable wages.

**The rule that a traveler must be 35 miles or more from home and duty post to be reimbursed for meals and incidentals may be changing to 50.

**The current policy for determining which meals and incidental expenses qualify for reimbursement is confusing for many State employees and agencies. The policy will be revamped to help simplify the process. Hopefully, the revised policy will be based on a grid system. The grid system will be based on the number of hours an employee is in travel status as well as the time they consumed their meals. Right now, we are looking at six, twelve, and eighteen hours as the cutoffs for breakfast, lunch and dinner. If an employee is in travel status for 24 hours then they would receive all three meal reimbursements. This would hopefully simplify the current policy and comply with the IRS requirements.

**Currently for travel advances, if the first night's hotel gets charged upfront (100% of the first night's stay), then it can be included in the travel advance to the employee. This policy may be eliminated if travel cards are implemented.

**The GAO-509S “Out-of-State Travel Approval Request Supplement” form that went along with Technical Bulletin 05-16 “Out-of-State Travel Approval Requirements” may be eliminated with the implementation of the new Travel Management Subsystem. The new subsystem would still require justification and supporting documentation for the trip. Reports may be run from the new system to monitor the three or more people and/or \$5,000.00 or more travel activity in lieu of the forms being submitted to GAO for approval.

Travel Management Subsystem (TMS)

Angela Dillard provided an update on the new TMS.

**One of the goals of the new TMS is to help agencies manage and track their travel expenses. Some agencies attended the TMS presentations held in December. These initial presentations were designed for the large and medium agencies that have a great deal of travel. There will be a full demonstration of the new TMS further along in the development that all agencies may attend and are highly encouraged to do so. Information will be communicated in the CFO meetings and through the GAO website.

**A new category has been added to the GAO website titled “Travel Mgmt Subsystem.” Angela will be posting an updated version of the PowerPoint presentation (which will also be available in Adobe format) from December and any new information on the TMS to this section of the website. The presentation has a good overview of the TMS and can be used as a good reference until more in-depth presentations and training sessions are held.

**The new TMS will be a web-based system. The tentative deployment date is scheduled for December of this year. There will be multiple phases of the project. Currently, the TMS is in the design phase and the profiles are being developed. One of the goals of the TMS is to consolidate all State travel into one system and automate travel requests, travel advances, approvals, and reimbursements. Travelers will be able to go online to submit their own reimbursements. The TMS will allow for travel coordinators to submit travel reimbursements on behalf of any traveler they are authorized to submit for.

**Security of the TMS will be similar to the process of utilizing job rules that the HRIS uses. The job role will determine what functions the user will be able to perform.

**The system will allow up to eight levels of approval for pre-travel approvals as well as travel advances and travel reimbursements. Most of the smaller agencies may not require that many levels. The agencies will also be able to establish default approvers. This will allow the system to establish the HRIS supervisor hierarchy by default so that traveler’s approval information does not need to be individually input. A position can be excluded from the approval hierarchy obtained from the HRIS. Vacation designation can be established so that approvers may be skipped when an approver is out of the office.

**The travel policies will be built into the TMS. There will also be an ability to request pre-approved exceptions to policy. This will automate the exception process and eliminate letters to Clark. Clark will electronically receive the exceptions through the TMS. Some travel issues can be identified upfront and

exceptions requested before the trip takes place to speed up the reimbursement process on the back end.

**Travel advance and reimbursement entries in TMS will be linked to AFIS in a real-time mode. This will allow for generation of the payments in the next nightly batch run in AFIS (if no errors exist).

**The meals and incidental reimbursements that are identified as taxable wages will be sent to the HRIS via an interface file as a non-pay time record.

**Multiple grants can be identified with index codes on the accounting distribution screen in the TMS. AFIS coordinators at the agency will be able to go in and assign all the accounting elements. Approvers may assign accounting elements as well.

**The TMS should be able to produce numerous reports. The reports can be used for procurement purposes along with managing agency travel. Detailed travel information should be available to export into Excel or Access.

W-2 Update

Mike Smarik provided an update on the W-2s. W-2s were mailed today from the Phoenix vendor. Employees should start seeing them in the mail this week. The Statewide Payroll office will start accepting duplicate W-2 requests on Monday February 12th. This will allow the U.S. Post Office a chance to return or forward the W-2s. Statewide Payroll will verify if there is a new address entered in the HRIS when they receive the returned W-2, and if so, they will send the W-2 to the new address.

1099 Update

The 1099-MISC forms are being printed today. Fewer agencies sent corrections this year as compared to the past years. There was a shorter turn-around time this year for the corrections. Vendor corrections can be done by the agencies throughout the year and not just at the end of the calendar year. The reminder at the end of the calendar year is just to notify the agencies that any last corrections need to be input.

Internal Controls

Internal controls will be left on the agenda as a reminder. The GAO has scheduled some upcoming conferences related to internal controls. Agencies may want to sign up for them. Please be aware of your agency's overall internal control structure and what risks may be there.

Warrant Pickup

Clark reminded everyone that couriers from agencies picking up warrants require "gold cards" and couriers need to be aware of renewal dates on their cards. If your agency's courier is not available to pick up the warrants, please make sure there is a back up in place. If not, a letter from the agency head is required.

Emphasis on Electronic Payments (Direct Deposit & ACH)

An increased emphasis on electronic payments will be happening over the next

year.

**There is some efficiency that comes with electronic payments. If someone has direct deposit and they are out ill for a week, they do not have to worry about getting their paycheck; the money would already be in their bank account.

**Electronic vendor payments (ACH) have efficiencies reducing the time a vendor receives their payment as well as reducing the manual handlings of the paper warrant. ACH is not required at this time when a new vendor enters into a contract with the State. If an agency is interested in setting up an ACH for a vendor, they can contact their AFIS liaison to coordinate the ACH setup. Some vendor files have multiple names for the same vendor and this can cause problems. It is best for these records to be consolidated.

GAO Website Registration

Please ensure your GAO website registration is correct. If you are not receiving the updates, double check your registration. Most of the agencies have changed their e-mail addresses and the old addresses are being turned off. The GAO webmaster has received over 300 bad e-mail addresses.

Issues, Concerns, Questions

**An agency spends an enormous amount of time sorting through and paying their employees' cell phone bills. The agency questioned whether or not a cell phone allowance could be established. If an allowance is established, it would need to be taxable and you can not pay them more than what the benefit to the State is. If a cell phone is available for personal use even if it is never used for personal use, it would be taxable.

**An agency questioned if they reimburse an employee for setting up their home office if it would be considered as taxable wages. Clark advised according to the IRS it would be taxable if it is available for personal use. For an example if an agency is reimbursing an employee for internet access when the employee telecommutes and the internet is available for personal use, it would be taxable.

**An agency questioned if there was an audit contract. Clark will check with the State Procurement Office.

Future Agenda Items

Payroll Card – Discussions concerning payroll cards should be starting in the next few months.

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

Meeting adjourned at 3:10 p.m.

The next meeting is scheduled for Tuesday, February 20, 2007 at 2:00 p.m. in the General Accounting Office.